UNIVERSAL REGISTRATION DOCUMENT **2021**

including the annual financial report

SAINT-GOBAIN

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The elements of the annual financial report are identified in the table of contents by the AFR icon AFR

The Non-Financial Performance Declaration is identified by the EFPD icon EFPD

SAINT-GOBAIN

2021 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

www.saint-gobain.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

On March 22, 2022, the French version of this Universal Registration Document was filed with the French Financial Markets Authority (Autorité des marchés financiers, AMF), the competent authority pursuant to (EU) Regulation No. 2017/1129, without prior approval, in accordance with Article 9 of said regulation.

The French version of this Universal Registration Document may be used for the purposes of a public offer of securities or the admission of securities to trading on a regulated market if it is supplemented with a securities note and, if required, a summary note, as well as all updates made to the Universal Registration Document. The whole is then approved by the AMF in accordance with (EU) Regulation No. 2017/1129.

This version of the Universal Registration Document cancels and replaces the previous version filed with the French Financial Markets Authority (Autorité des Marchés Financiers, AMF) and posted on the Saint-Gobain website on March 22, 2022.

The changes made are as follows:

• Addition of a clarification in the form of a footnote concerning the achievement rate of the 2017 performance share plan for which the performance condition has been determined chapter 5, section 2.4.2, page 218;

• Correction of the achievement rate of the 2017 stock option plan for which the performance condition has been determined chapter 5, section 2.4.3, page 219 ;

• Correction of Table 8 - "History of stock option grants (AMF nomenclature)" with regard to (i) items relating to the 2017 stock option plan, (ii) the number of shares exercised and options outstanding as of December 31, 2021, and (iii) footnotes to the table chapter 5, section 2.4.3, page 220.

This English-language version of the Universal Registration Document is a free translation of the original French version of the Universal Registration Document made available on the Company's website. It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version which is the authentic text. The auditors' report applies to the French version of the Management Report and the financial statements.

Message from **Pierre-André de Chalendar**

Chairman of the Board of Directors of Saint-Gobain

Governance, strategy, social and environmental commitment: in 2021, Saint-Gobain opened a new chapter in its history and achieved a historic performance that I would like to salute here. Our Group has once again demonstrated its resilience and its unwavering ability to reinvent itself. This performance is the result of the ever-renewed commitment of Saint-Gobain teams on all continents, around an ambitious and demanding purpose. It is also the translation of a consistent strategy and a clear vision; finally, it is the result of a historical culture of transmission, based on trust and empowerment of all. With such assets, the Group is ready to pursue profitable and sustainable growth. As Chairman of the Board of Directors, I am delighted by this for our employees, for our customers and for all our stakeholders.

> **« Saint-Gobain has a unique business model that combines profitable performance and contribution to sustainable development. »**

The 2021 figures, announced on February 24, highlight Saint-Gobain's financial performance as well as its progress in terms of corporate social responsibility. These results open a new page in the Group's history, and build on the profound and successful transformation of the company, initiated at the end of 2018 through the *Transform & Grow* plan. They also reflect Saint-Gobain's determination to create value by taking into account, more than ever, the interests of all its stakeholders. Guided by the strength of its purpose, *Making the World a Better Home*, the Group has a unique business model that combines profitable performance and contribution to sustainable development. The non-financial key performance indicators show strong environmental and social progress in 2021, enabling Saint-Gobain to reduce its footprint while maximizing its positive impact across its entire value chain. I would like to remind you that the Group, which had already announced its target to reduce its CO_2 emissions by 20% between 2010 and 2025, is committed to achieving the target of "net zero emissions" by 2050.

The Board of Directors is pleased with this progress as well as with this strategy implemented by Senior Management. In this respect, I am pleased with the Board's decision to follow my proposition and appoint Benoit Bazin to succeed me as Chief Executive Officer. This transition reflects Saint-Gobain's image; it underlines its trust in talent and its commitment to the transmission of its values and vision.

I am also delighted by the quality of the collaboration between the Group's governance bodies and within its Board of Directors, whose work benefits from the broad international experience and diversity of its members, keeping with Saint-Gobain's global dimension and diversity.

The Board of Directors is thus very confident in the Group's ability to fully achieve its growth and development objectives in 2022 and well beyond.

Message from **Benoit Bazin**

Chief Executive Officer
of Saint-Gobain

2021 was an outstanding year for Saint-Gobain, marked by the successful execution of our *Grow & Impact* plan, in the service of our strategy to position the Group as the worldwide leader in light and sustainable construction; a year of commitment, with the acceleration of our strategy in terms of corporate social responsibility. Saint-Gobain achieved record financial performance in 2021 and was able to make the most of a very dynamic market environment. Made possible by the very high level of commitment of the teams worldwide, this robust momentum allows the Group to continue to move forward and aim for another year of growth in 2022.

The 2021 results, underlined by a strong increase in the share price, are first and foremost the result of the expertise and unfailing mobilization of all Saint-Gobain employees, under the responsibility of a new management team. With 50% non-French, eight nationalities and nearly 40% women, this new Executive Committee reflects the wealth and diversity of our talent on a global scale.

This is also the result of two major developments. First, a new organizational structure. This is based on the complete success of our *Transform & Grow* competitiveness plan, undertaken three years ago and which has created an organization with simplified governance, a rapid decision-making process and a widespread culture of trust, empowerment and collaboration. Local leaders, who are native to their country in more than 90% of cases, now control all of Saint-Gobain's activities within their scope, as close as possible to their teams and customers. This new multi-local organization allows the Group to develop an offering of integrated solutions and systems that enhances the full scope of its range of activities in each country. Saint-Gobain is thus able to provide solutions to complex market issues, driven by requirements for both performance and contribution to sustainable development. Positioned by country as close as possible to its customers, the Group anticipates their expectations by combining its expertise, developing new products and services, implementing all its innovation know-how and exploiting the wealth of data it generates throughout the value chain.

> « **Saint-Gobain is able to provide answers to complex market issues.** »

The second major change concerns the optimization of our business profile, through the disposal of the least performing assets, and the acquisition of high-growth and profitable companies, perfectly aligned with our strategy. After the successful acquisition of Continental Building Products in 2020, it is this approach that has led us to develop a global leadership in construction chemicals, thanks in particular to the two significant acquisitions announced in 2021, Chryso and GCP Applied Technologies.

The challenge underlying all these transactions is the same: to make Saint-Gobain an ever stronger Group and to consolidate our performance in terms of growth - superior to that of our markets - and profitability. The trends such as climate change, the scarcity of natural resources, rapid urbanization in emerging countries, digitalization and changes in lifestyles require the widespread adoption of new construction methods, which are innovative, more frugal and respectful of the circular economy; they call for effective solutions for the renovation of buildings and the comfort of their users; and for the decarbonization of industry. These three vectors of structural growth are the development areas of Saint-Gobain, which has the broadest range of solutions on the market and an unrivalled positioning.

Because our strategy is implemented in an integrated manner, our operational performance systematically takes into account environmental, social and governance criteria. We are resolutely deploying our CSR strategy, which is at the heart of our development model. The Group has an ambitious CO_2 roadmap for 2030; details of the reduction of our direct and indirect emissions, contained in this roadmap, have been validated by the SBTi (Science-Based Targets initiative). Minimizing our footprint and maximizing the positive impact of our solutions are the two aspects of Saint-Gobain's day-to-day actions. We have been included in the "Climate Change A List" established by CDP. Emissions avoided thanks to the environmental performance of the solutions sold by the Group in one year are 40 times larger than its current carbon footprint. In addition, thanks to the attractiveness of the Saint-Gobain brand as an employer, for the 7th consecutive year we have been recognized as a "Top Employer Global", a distinction that reflects the exceptional level of commitment of our employees around the world. We can be proud of that, and I would like to congratulate and thank them.

In this context, and excluding major impacts of the geopolitical situation, I am confident in our ability to continue to progress in 2022, by achieving another year of growth, both financial and extra-financial, thanks to our very good positioning on markets which are structurally buoyant over the long-term.


SAINT-GOBAIN
CertainTeed

1

Saint-Gobain Today

1. Saint-Gobain in figures

1.1 Key figures

€44,160M
Sales

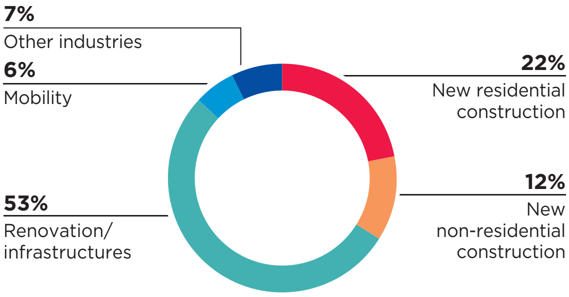
€4,507M
Operating income

€2,815M
Recurring net income

€2,904M
Free cash flow

1.2 Markets

Breakdown of revenue by market



As a % of sales – 2021 estimations

1.3 Global presence

1.3.1 A global footprint

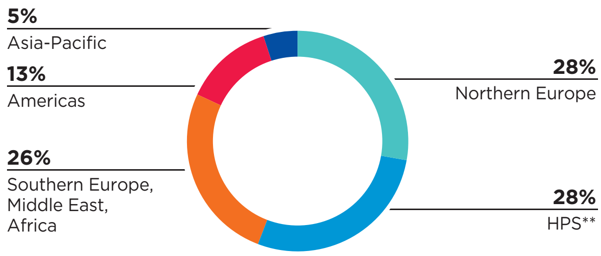
Industrial presence in 75 countries

Albania	Côte d'Ivoire	Italy	New Zealand	South Africa
Algeria	Czechia	Japan	Netherlands	South Korea
Angola	Denmark	Jordan	Oman	Spain
Argentina	Egypt	Kazakhstan	Peru	Sri Lanka
Australia	Estonia	Kenya	Philippines	Sweden
Austria	Ethiopia	Kuwait	Poland	Switzerland
Belgium	Finland	Latvia	Portugal	Tanzania
Bhutan	France	Lebanon	Qatar	Thailand
Botswana	Germany	Lithuania	Romania	Turkey
Brazil	Ghana	Luxembourg	Russia	United Arab Emirates
Bulgaria	Greece	Malaysia	Saudi Arabia	United Kingdom
Canada	Hungary	Mauritius	Serbia	United States
Chile	India	Morocco	Singapour	Venezuela
China	Indonesia	Mexico	Slovakia	Vietnam
Colombia	Ireland	Norway	Slovenia	Zimbabwe

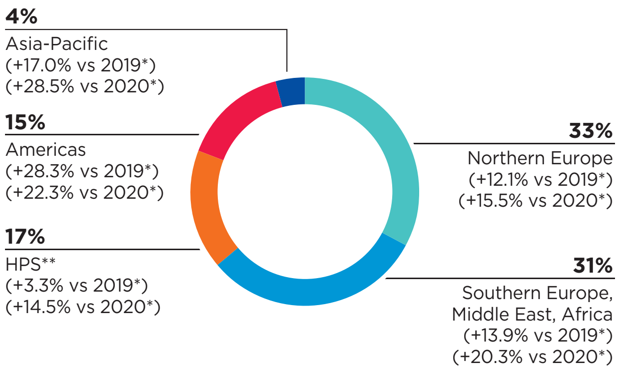
1.3.2 A multinational Group

165,871 employees

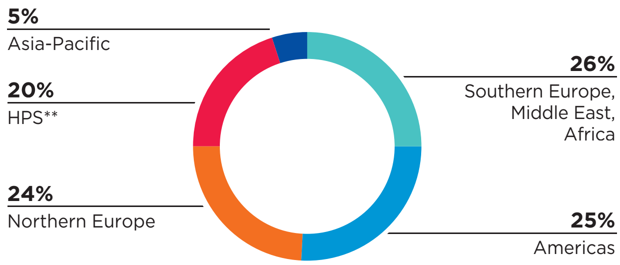
117 nationalities represented



1.3.3 Breakdown of revenue



1.3.4 Breakdown of operating income



* *Like-for-like*
** *High Performance Solutions*

1.4 Financial and non-financial performance

1.4.1 Financial results

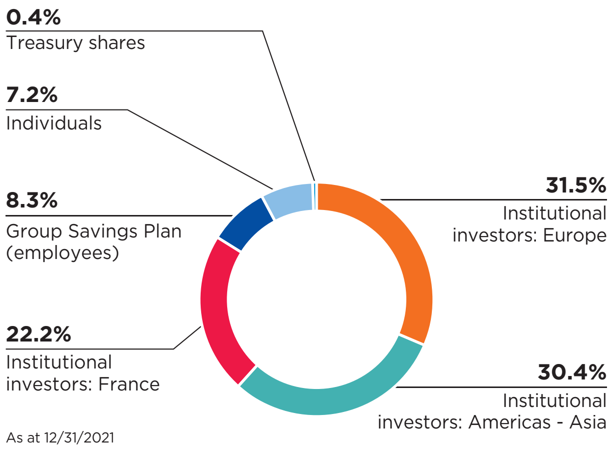
€5.35
Recurring earnings per share

€7,287M
Net debt

€20,715M
Shareholders' equity – Group share

€1,591M
Capital expenditure

1.4.2 Shareholding



As at 12/31/2021

1.4.3 Non-financial performance

Thanks to its commitment and determination to put social responsibility at the very heart of its strategy, striving for continuous improvement (see chapter 2, Section 3.4), the Group is a leading player in terms of non-financial performance, as evidenced by its presence in various stock market indices, but also the recognition achieved through other rankings and certifications.

1.4.3.1 Stock market indices

An essential tool of "sustainable finance", ESG stock market indices are intended to help build a financial ecosystem capable of accelerating the transition to a sustainable economy, by directing financial flows towards the most virtuous organizations in terms of environmental, social and societal responsibility. Saint-Gobain is included in the following indices:

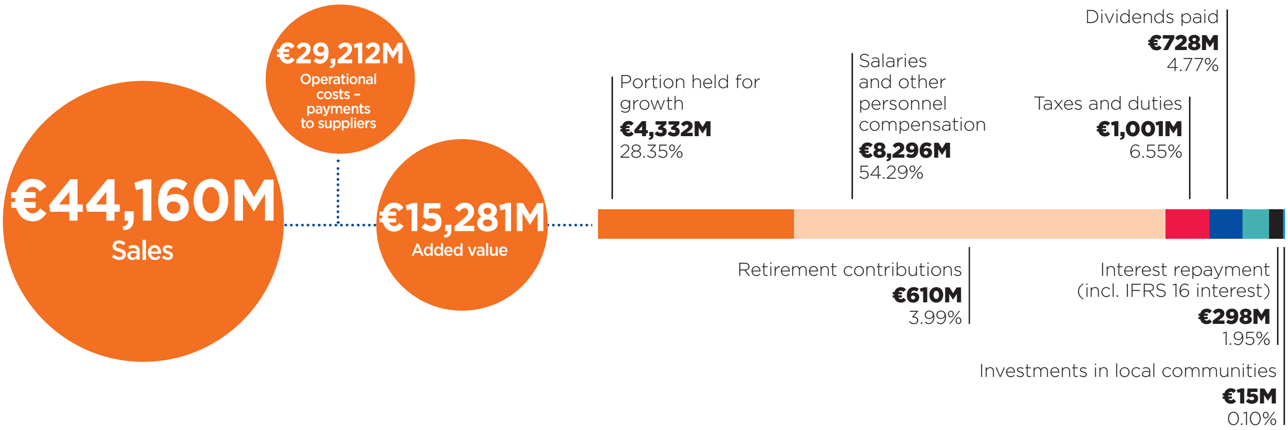
Organization	Index	Description
EURONEXT	**CAC40 ESG**	Launched in March 2021, this first ESG index created by EuroNext at the national level in France brings together 40 companies listed in Paris (selected from the CAC Large 60 companies) which have demonstrated best practices, based on the assessment carried out by the VigeoEiris agency [(1)].
SOLACTIVE	Saint-Gobain is listed in several **Solactive** ESG indices such as:	
	Solactive Euro 50 ESG	This index tracks the price movement of the 50 largest companies within the Eurozone that are also member of the Ethibel Sustainability Index Excellence Europe.
	Solactive ISS ESG Developed Markets Paris-Aligned Benchmark	The underlying assets are selected to ensure that the portfolio's GHG emissions are aligned with the long-term objectives of the Paris Agreement on global warming and by including only companies that operate in accordance with market standards in terms of responsible business conduct and trade in controversial weapons.
FTSE Russell	**FTSE4Good**	The FTSE4Good index series, launched in 2001, uses transparent metrics of environmental, social and governance (ESG) performance to select its constituents, incentivizing companies to improve their sustainability practices.
MSCI	Saint-Gobain is listed in several **MSCI** ESG indices such as:	
	MSCI World Climate Change	Index based on the MSCI World Index, aiming to represent the performance of an investment strategy that re-weights securities based upon the opportunities and risks associated with the transition to a lower carbon economy.
	MSCI Europe Climate Change	With the same goal as the World Climate Change Index, described above this index is based on the the MSCI Europe Index.
	MSCI Europe Select Green 50	This index represents the performance of the largest 50 stocks by free-float market capitalization from the MSCI Europe Index, that offer products and services that contribute to an environmentally sustainable economy through efficient use of limited global natural resources.
STOXX	**STOXX Europe 600 ESG**	Index based on the STOXX Europe 600 index, one of the key benchmarks in Europe, and uses standardized ESG exclusion criteria.

1.4.3.2 Other rankings and certifications

Index		Description
Bloomberg Gender-Equality Index 2022	**Bloomberg Gender Equality Index**	Saint-Gobain was included for the year 2021 in the Bloomberg Gender Equality Index, a recognized index in the area of diversity and inclusion [(2)]. The Group is thus one of the 418 companies included.
CDP A LIST 2021 CLIMATE	**Climate Change A List**	CDP (Carbon Disclosure Project) is an international non-profit organization created in 2000, which publishes data on the environmental impact of major companies. It is based in the United Kingdom. In 2021, Saint-Gobain is one of the 200 companies included on CDP's Climate Change A List, which is based on the evaluation of 12,000 companies.
top employer	**Top Employer Global**	Each year, the Group submits its human resources practices to the Top Employers Institute, an independent organization that evaluates HR and ethical performance on the basis of a questionnaire followed by audits of practices. In 2021, Saint-Gobain is among the 16 certified companies worldwide. The Group is also recognized as a Top Employer in 38 countries, covering 92% of its employees.

(1) *Presentation brochure: https://www.euronext.com/sites/default/files/2021-08/52118_CAC40-ESG*-Index_brochure_v08_1.pdf*
(2) *Presentation: https://www.bloomberg.com/gei/*

1.4.3.3 Breakdown of revenue and value added by stakeholder



1.4.3.4 CSR indicators and significant events

Saint-Gobain has taken the commitment to reach **net zero carbon** emissions **by 2050**: its CO_2 emissions have decreased by 23% (scopes 1 and 2) compared to 2017 (2030 intermediate objective : 33%).

100% of contracts with European partners (51% of purchases) are covered by the **Suppliers Charter,** 91.3% for non-trade purchases (as compared to 90.6% in 2020).

In 2021, for the fourth consecutive year, Saint-Gobain is included in the **Bloomberg Gender Equality Index.**

Saint-Gobain's actions in favor of the **circular economy** have helped avoid the extraction of **9.952 million tonnes of virgin raw materials.**

1.9
Frequency rate for all fatalities, Lost Time and Non-Lost Time accidents involving Saint-Gobain employees, temporary workers and permanent subcontractors.

"CARE by Saint-Gobain" **social protection** program: 88% of employees covered in 2021 (2023 objective: 100%).

Saint-Gobain's CSR approach is presented in the Group strategy, chapter 2, section 3.4 as well as in chapter 3.

1.4.3.5 Digital and innovation

662,000
followers

+16%
(2021 vs 2020)

… on the Group's central social media accounts and profiles

405,000
interactions and initiated **conversations**

+ than 400
patents filed in 2021

3,600
researchers

3,400
marketing experts*

* All seniority levels

1.4.3.6 Governance (1)

14
Directors
of which:

55%
Women

73%
Independent Directors, Committee Chairmen all independent

98%
Attendance rate

1
Lead Independent Director

2
Employee Directors

+

1
Director representing employee shareholders

(1) The figures are calculated taking into account the provisions of the Afep/Medef Code and the French Commercial Code, which exclude employee Directors from the calculation.

2. Saint-Gobain's DNA

2.1 Major milestones in the construction of the Group

- Saint-Gobain was founded in 1665 by Louis XIV, under the name of the "Royal Manufacture of Mirrors", in order to put an end to the technological and commercial supremacy of the Republic of Venice in the manufacturing of mirrors [(1)].
- Throughout the 19th century, Compagnie de Saint-Gobain, which became a limited company in 1830, diversified its activities into sectors such as chemicals, glass products and the automotive industry. It quickly expanded into international markets, establishing itself in the United States in 1829, Germany in 1858 [(2)], Italy in 1888 and Spain in 1905.
- In 1970, the Group, which successfully overcame the major crises of the century and invested heavily in research and development, withdrew from its chemical activities and merged with Pont-à-Mousson, created in 1856 and specializing in cast iron pipes.
- In 1986, the privatization of Saint-Gobain - which had been nationalized in 1982 - was a huge popular success: 1,500,000 shareholders subscribed to the operation [(3)].
- In 1990, through the acquisition of Norton, the Group doubled its presence in the United States, which opened up new markets and enabled it to develop its know-how in the areas of abrasives, plastics and ceramics.
- The acquisition of Poliet in 1996 provided the basis for developing the distribution businesses. Saint-Gobain then continued its acquisitions in the world of construction materials trading.
- The acquisition in 2005 of British Plaster Board, the global leader in plasterboard, was Saint-Gobain's largest ever. Combined with Isover glass wool and its range of insulation solutions, it made Saint-Gobain the world leader in interior solutions.
- In 2007, Saint-Gobain focused its strategy on sustainable housing, while continuing to serve many industrial markets and, thanks to its numerous locations, continued to expand in emerging countries.
- In 2019 and 2020, the Group implemented its "Transform & Grow" plan, which aimed at establishing a new organization - by country and by market -, and to ensure an agile and value-creating portfolio management.
- In 2020, Saint-Gobain formulated its corporate purpose, "Making the world a better home" (see below).
- In 2021, with the acquisition of Chryso and the announcement of the acquisition of GCP Applied Technologies, Saint-Gobain would become a major player in the construction chemicals sector.
- In July 2021, the Group changed its governance, with Benoit Bazin succeeding Pierre-André de Chalendar as Chief Executive Officer, the latter remaining Chairman of the Board of Directors (see this chapter, section 3.1).
- In October 2021, Saint-Gobain launched its "Grow & Impact" strategic plan (see this chapter, section 3.2).
- At the end of 2021, the Group was present in 75 countries (see this chapter, section 1.3.1).

(1) Saint-Gobain archives - https://archives.Saint-Gobain.com/ressource/xviie/1665/1665-louis-xiv-fonde-la-manufacture-royale-des-glaces-miroirs-linstigation-de
(2) Saint-Gobain archives - https://archives.Saint-Gobain.com/ressource/xixe/1858/1858-Saint-Gobain-affirme-sa-vocation-internationale
(3) Saint-Gobain archives - https://archives.Saint-Gobain.com/ressource/xxe/1986/1986-le-pari-reussi-de-la-privatisation

2.2 The fundamentals of Saint-Gobain's identity

2.2.1 A purpose, the cornerstone of the Group's identity

In 2020, Saint-Gobain established its purpose, "Making the world a better home". It is the result of a process conducted with its stakeholders: nearly 15,000 in-house contributions, over 600 workshops worldwide and contributions from external stakeholders such as investors, NGOs, partners and opinion leaders.

With this purpose, Saint-Gobain took on its ambition to improve everyone's lives by making the planet a fairer, more harmonious and sustainable living space. Through its business model generally and with its solutions specifically, Saint-Gobain has a tangible impact on the life of each individual, their environment and their way of working, caring for themselves and getting around. The Group's purpose is the link between the infinitely small unit of each person's living space and the infinitely large one of our shared home: the planet.

"MAKING THE WORLD A BETTER HOME": THE MANIFESTO

Our purpose sets the course for our common future. Together with and for our customers, we design, manufacture and distribute materials and solutions that have a positive impact on everyone's life and provide well-being, quality of life and performance, while caring for the planet.

Our purpose reflects who we are. Our 350 years of history, our collective strength and our leadership empower us to pursue our development, by addressing the major challenges facing humanity, namely, climate change, resource protection and the fight against inequality.

We are both an international and multi-local company, fully integrated into the territories where we operate to support their vitality and help build a fairer and more sustainable, open and engaging world.

Our purpose is a call to action. Our approach is clearly focused on the future. Together with our customers, partners and all our stakeholders, it guides our action to unleash individual and collective aspirations, and enable everyone to live better in the world. It calls on us to innovate openly, with the ever-renewed ambition of better uniting humanity and nature for the common good.

Our purpose is based on values that guide us. We carry out our business in compliance with the Principles of Conduct and Action and the humanist values that permeate our corporate culture. Listening, dialogue, care, solidarity, trust and respect for difference are central to our commitment.

This is the profound ambition of our purpose: to act every day to make the world a more beautiful and sustainable place to live.

2.2.2 Values: the Saint-Gobain Principles of Conduct and Action

Building on its corporate purpose, the Group bases its development on strong values embodied in nine Principles of Conduct and Action, which constitute a true code of ethics. Formalized in 2003, translated into 31 languages, and distributed to all employees, these principles constitute an ethical reference applicable in action. They are a condition of belonging to Saint-Gobain.

5 PRINCIPLES OF CONDUCT

- **Professional commitment**
- **Respect for others**
- **Integrity**
- **Loyalty**
- **Solidarity**

These principles of conduct are the fundamental values that unite managers and employees.

4 PRINCIPLES OF ACTION

- **Respect for the law**
- **Caring for the environment**
- **Respect for health and safety at work**
- **Respect for employee rights**

These principles guide the actions of all management and employees in the performance of their duties.

The Principles of Conduct and Action refer explicitly to the applicable conventions of the International Labor Organization (ILO), the International Charter on Human Rights, the Guidelines for multinational enterprises of the Organization for Economic Co-operation and Development (OECD), and the OECD's convention on the fight against corruption. Saint-Gobain has been signed up to the United Nations Global Compact since 2003. This demonstrates the Group's drive for Corporate Social Responsibility (CSR), which includes regular communication of its progress in areas covered by the Global Compact.

The implementation of the Group's strategy is reflected in policies and commitments applied by all of its entities in all countries in which they operate. Foremost among these commitments are the "reference policies". These are directly derived from the Principles of Conduct and Action and define the management principles applicable to all Saint-Gobain entities and employees, as well as to subcontractors in their work for the Group, and suppliers under the Responsible Purchasing policy (see chapter 3, section 1.4).

This desire to establish the Principles of Conduct and Action as a sign of belonging is illustrated by the objective set by the Group's Board of Directors, of training all managers in the Principles in their first year with the Group. In addition, the Principles of Conduct and Action are included in the welcome booklets for all Saint-Gobain employees and in most employment contracts (see chapter 3, section 1.1.1).

2.2.3 A permanent ambition: health, safety and operational excellence

Building on its ambition to protect health and to promote well-being, Saint-Gobain expresses to all its stakeholders - and in particular its clients, its suppliers, and the neighbors of Group sites - its will to take action so as to maximise its positive impact on health, and to minimize any potentially negative impact that may stem from its operations (see chapter 3, section 4.2). As a a value that is common to all its employees, this ambition lies within the framework of both its Principles of Conduct and Action and its corporate purpose. It draws on the Group's policy regarding the environment, health and safety, and on its principles in terms of social responsibility.

With regard to **its employees**, Saint-Gobain's promotes a healthy work environment by managing professional risks - including psychological risks - thanks to action plans managed at local and global levels and monitored in accordance with the Groups' guidelines and standards, and by taking into account both the diversity of profiles and the most fragile categories of people. It also means fostering better health thanks to customized medical monitoring, adapted to each individual's risk profile; deploying global prevention campaigns; ensuring welfare protection for all; and workstation ergonomics adaptation or personalized mobility programs in the event of limitations in the employee's ability to work (see chapter 3, section 4.2.1).

With regard to **its clients and the users of its solutions**, Saint-Gobain's approach aims at ensuring safe use of its products and materials throughout their entire lifecycles, from design - notably by working on the choice of component substances with its suppliers - to the use stage and to their end of life. It also entails promoting health and wellbeing of clients and end users, and fostering transparency and dialogue, thanks to products and solutions that bring benefits in terms of acoustic, thermal, and visual comfort as well as in terms of internal air quality.

With regards to the **residents and communities adjacent to its sites**, the Group's ambition means protecting health and wellbeing of individuals by abiding by all applicable regulations and by going further; continuously reducing the environmental impact of its operations; collaborating with local public healthcare agencies; participating in community social development, notably via housing-, education- and professional integration-related projects; fostering skill-based and equipment-based sponsorship; maintaining dialogue with all stakeholders (see chapter 3, section 2.3).

Saint-Gobain's health promotion approach implies **involvement on the part of top management, leading by example, collaboration and empowerment of all, transparency and dialogue with all stakeholders, regulatory, scientific and societal monitoring, process control and continuous improvement**. The Group's health policy, applicable in all its sites, entails, as a minimum, full compliance with local regulations. This policy is tantamount to a personal and collective pledge on the part of all Saint-Gobain personnel. Each employee is involved in protecting health and promoting wellbeing, for the sake of all. It helps the Group being an attractive workplace, demonstrating its difference and its desire to have a positive impact on its stakeholders.

In general, the Group puts **operational excellence** at the heart of its model, in the context of a particularly complex value chain (see chapter 3, section 3.1). This concerns first of all **links with Saint-Gobain customers** by seeking a close alignment between its offers and current and future market expectations, by cultivating ever greater proximity with its customers, by analyzing their satisfaction, and by deploying the "Solutions for Growth" program, which consists of analyzing the whole package of products and services offered by the Group and quantifying their ability to provide customers with performance and sustainability benefits (see chapter 3, section 3.4.4).

This ambition for excellence also concerns **industrial performance**: first and foremost, the aim is to continuously improve processes and results across all operations, from environmental risk management to industrial and distribution risks. It is then a question of conducting a continuous improvement approach in terms of environmental protection, in all its dimensions: GHG emissions (greenhouse gas), water and natural resource management, recycling and protection of biodiversity (see chapter 3, section 2).

Lastly, it involves managing the relationship with **Saint-Gobain suppliers**. This concerns, first of all, purchasing, a key factor in the Group's competitiveness, whose effectiveness and the related risks must be managed. This also applies to transport and logistics across the entire value chain, by maximizing Saint-Gobain's contribution to bringing benefits to its customers by guaranteeing service (satisfaction and loyalty) and the profitability of its operations (optimization of costs and inventories) while minimizing its footprint in order to reduce CO_2 emissions of physical flows (logistics and transport) by optimizing its supply chain (information flows and material/product flows).

2.2.4 One objective: financial performance and shareholder value

True to its approach to sustainable and profitable development, Saint-Gobain has set itself, as part of its "Grow & Impact" strategic plan, the goal of accelerating its growth, financial performance and value creation for its shareholders.

In particular, the Group has set **new financial targets** in the form of annual averages for the period 2021-2025 [(1)]. Firstly, **accelerating income and cash generation**, with organic sales growth of between 3% and 5%, an operating margin of between 9% and 11%, and a free cash flow conversion rate of over 50%. Then a **sustained discipline in capital allocation**, with a return on invested capital (ROCE) of between 12% and 15%, and a "net debt to Ebitda" ratio of between 1.5 and 2. Finally, an **attractive shareholder return policy**, with an annual dividend payout rate of between 30% and 50% of recurring net income, paid in cash, and a share buyback program worth up to €2 billion for the period 2021-2025 equivalent to more than 30 million net shares bought back based on the recent Saint-Gobain share price.

Concerning the **business portfolio**, the Group's scope continues to be regularly reviewed: performance and strategic alignment for disposals, and capital allocation according to specific criteria for value-creating acquisitions. This involves allocating the necessary resources for development in markets with growth potential (see chapter 2, section 3.1) and taking the necessary measures, on an ongoing basis, to restructure, optimize or dispose of activities that are underperforming (cf . chapter 2, section 4.2).

(1) Press release, October 6, 2021.

2.3 The value creation model

In a changing world and faced with the challenges of climate change, the depletion of natural resources, urbanization and population growth, digitalization and changes in lifestyles, the new organization of Saint-Gobain, which is simpler and more agile, draws on internal and external resources to accelerate the Group's transformation, with the aim of contributing to the creation of shared value with its stakeholders.

MEGATRENDS, RISKS AND OPPORTUNITIES:

CLIMATE CHANGE P. 40 | DEPLETION OF NATURAL RESOURCES P. 41 | DEMOGRAPHICS AN

ENGAGED EMPLOYEES, REFLECTING THE DIVERSITY OF THE MARKETS IN WHICH THE GROUP OPERATES P. 107

- **165,871** employees of **117** nationalities in 75 countries
- **26.3%** of women managers
- Engagement rate of **83%**
- Saint-Gobain has once again been awarded the Top Employer Global certification at the beginning of 2022
- More than **60,000** employees are shareholders

AN AGILE AND EFFICIENT ORGANIZATION P. 33

- The principle: autonomous decision-making at the local level
- **90%** of Chief Executive Officers are native to the region where they operate
- A global force in terms of R&D, marketing, innovation, industrial performance and distribution

RESPONSIBLE WITHDRAWAL OF RESOURCES P. 92

- Constant progression towards circularity with **9.952** million tonnes of virgin raw materials not extracted thanks to recycling
- Industrial specialties (glass, gypsum) indefinitely recycled in a closed loop
- Increased use of renewable energies

A GLOBAL FOOTPRINT P. 7

- Around **3,500** sales outlets
- Around **800** industrial sites

A GLOBAL PORTFOLIO OF BRANDS P. 29

- A strong brand: Saint-Gobain
- Recognized professional brands in construction and industry

A SOLID FINANCIAL BASE, SUPPORTING TRANSFORMATION P. 122

- Sales: **€44,160M**
- Operating income: **€4,507M**
- Recurring net income: **€2,815M**
- €100 million budget per year allocated to CAPEX and research and development investments for the next ten years to achieve carbon neutrality

KEY SKILLS FOR INNOVATION AND TRANSFORMATION P. 56

- **8** research centers worldwide
- **3,600** researchers
- **50** projects involving collaboration with start-ups approved in 2021

PERMANENTLY TAKING INTO ACCOUNT THE INTERESTS OF SAINT-GOBAIN'S STAKEHOLDERS P. 49

- Precise mapping of the Group ecosystem, and of the designated contacts for each stakeholder
- Analysis and prioritization of key issues and incorporating them into strategic decisions

SAINT-GOBAIN IS EXPANDING

Building and renovation P. 222

On all

FROM THE RESOURCES IN ITS ECOSYSTEM...

SAINT-GOBAIN

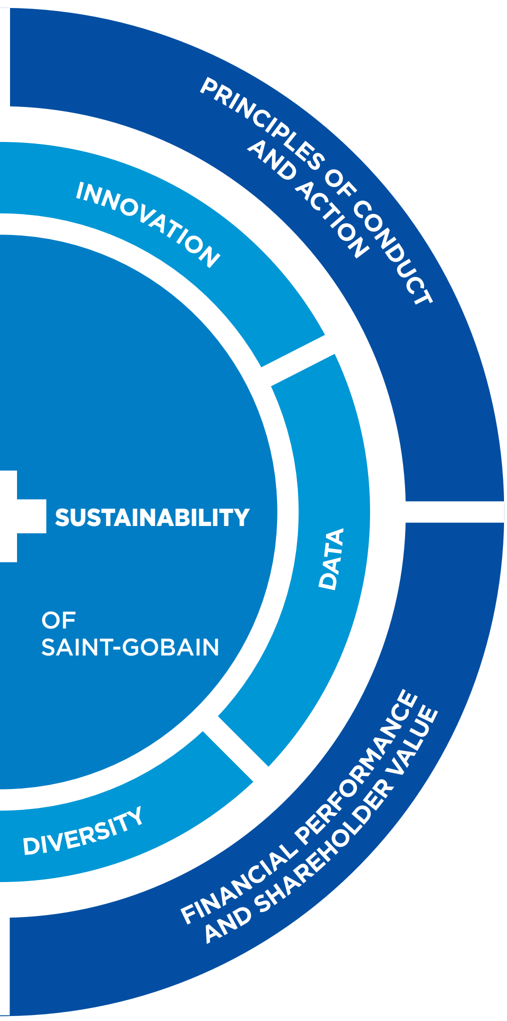
THE WORLD IN WHICH SAINT-GOBAIN OPERATES

D URBANIZATION P. 42 | DIGITALIZATION P. 42 | CHANGING LIFESTYLES P. 43

ON GROWING MARKETS

Industry P. 48

continents P. 7



DUAL DEMAND P. 62

- Minimize the footprint of Saint-Gobain operations
- Maximize the positive impact for all its stakeholders
- See "Solutions for Growth", chapter 3, section 3.4.4

DELIVER PROFITABLE GROWTH P. 53

- Between 2019 and 2021, Saint-Gobain delivered growth superior to that of its competitors
- For the period 2021-2025, Saint-Gobain is aiming for an organic growth of **3 to 5%**, an operating margin of **9 to 11%**, and a return on invested capital of **12 à 15%**

IMPLEMENT A CSR ROADMAP BASED ON 6 PILLARS P. 63

- Building a decarbonized world
- Moving towards a circular economy
- Ensuring health and safety across the entire value chain
- Ensuring inclusive growth
- Encouraging an open and engaging working environment
- Ensuring absolute respect for business ethics

ACHIEVE SUSTAINABLE GROWTH P. 106

- **72%** of Saint-Gobain's sales generated with sustainable solutions (in 2020)

CREATING SHARED VALUE WITH ITS STAKEHOLDERS

Economic

- Sales: **€44,160M**
- Added value: **€15,281M**
- Portion held for growth: **€4,332M**
- Interest repayment: **€298M**
- Dividends paid: **€728M**

Employment and societal P. 135

- Salaries and other personnel compensation: **€8,296M**
- Taxes and duties: **€1,001M**
- Retirement contributions: **€610M**
- Operating costs – payments to suppliers: **€29,212M**
- Investments for local communities: **€15M**

CREATES VALUE... FOR A SHARED, SUSTAINABLE AND PROFITABLE GROWTH

3. Highlights of 2021

3.1 Timeline of significant events

January 2021

- Saint-Gobain announces that it has entered into exclusive negotiations with BME (Building Materials Europe) for the sale of **Saint-Gobain Building Distribution the Netherlands** (SGBD NL), an entity operating under the Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen brands, which has 38 sales outlets in seven countries.
- **Saint-Gobain obtains, for the sixth consecutive year, the "Top Global Employer" certification.** Only 16 companies worldwide have received this certification, awarded by the Top Employers Institute.
- The tower housing the Group's headquarters, recently completed by Generali Real Estate in the La Défense district of Paris, obtains the **best international environmental certifications**.
- Saint-Gobain announces its **results for the fourth quarter of 2020** with sales significantly exceeding expectations to reach approximately €10.2 billion, with organic growth (at comparable structure and exchange rates) exceeding 6%.

February 2021

- The Group announces that it has completed the sale of **Sanigrif**, its distribution of plumbing, sanitary and heating products in Spain, as well as the sale of Saniplast, its civil engineering materials distribution business.
- The **Board of Directors** decides to **separate the functions of Chairman and Chief Executive Officer of the Group**.

March 2021

- Saint-Gobain announces the acquisition of a majority stake in **Brüggemann**, one of Germany's leading companies for the manufacture and installation of turnkey **modular timber solutions** for new construction and renovation, generating sales of €40 million. This acquisition strengthens the Group's capabilities as a leader in light and sustainable and construction.
- The Group announces an investment of €40 million for the construction of a new plasterboard production line at its Quinto plant in **Spain**. Operational in 2022, this line will **reduce the environmental impacts** of the manufacturing process and integrate recycled raw materials, with advanced **digitalization** and **automation**.
- In the United States, Saint-Gobain enters into an **energy purchase agreement** for a period of 12 years with Invenergy, which develops and operates **sustainable energy solutions**. Covering 120 megawatts, this agreement is the largest signed by the Group to date in renewable energies and is a key step towards achieving carbon neutrality by 2050.

April 2021

- Saint-Gobain announces the signature of an agreement under which the Group sells 67% of its **pipe** business in China to a consortium led by local management. The transaction values the company at around €100 million. This transaction results in the divestment of Saint-Gobain's control of PAM China, while allowing it to maintain its link with the pipeline business in Europe, as part of a long-term industrial partnership. It is part of the strategy of continuing to optimize the Group's portfolio, aimed at improving its growth and profitability profile.
- Saint-Gobain announces the construction of a second plasterboard production line at its plant in Turda, in northern **Romania**. This investment, amounting to €45 million, aims to increase the Group's production capacity to meet very high growth needs in all Central and Eastern European countries, and to consolidate Saint-Gobain's leading position in the light construction market.
- The Group launches an **internal carbon fund**, to engage all its employees on the road to carbon neutrality by 2050, and to contribute to the achievement of Saint-Gobain's targets to reduce CO_2 emissions by 2030. First implemented in a pilot region, Northern Europe, it aims to accelerate the reduction of non-industrial CO_2 emissions through the daily actions of employees and targeted investments, on topics such as sustainable employee mobility, renewable energies and improving comfort and energy efficiency on the Group's sites.
- Saint-Gobain inaugurates in Eindhoven the **first single-family house in the world made entirely of concrete printed in three dimensions**. The Group, through its Dutch subsidiary Saint-Gobain Weber Beamix, has developed special high-tech mortars that can be used in 3D printing, and has developed the printing technique in collaboration with Witteveen + Bos, a consulting and engineering company.

May 2021

- The Group announces that it has entered into exclusive negotiations with a view to the acquisition of the French company **Panofrance**, a specialist distributor of timber and panels for construction and furnishing industries with sales of around €160 million in 2020 and employing nearly 600 people. This acquisition will enable Saint-Gobain to increase its regional presence in the fast-growing market for timber-based building systems, bringing lightweight and rapid implementation.

- The Group signs an agreement for the acquisition of **Duraziv**, a Romanian company specializing in the production of adhesives and other value-added solutions in building chemicals. This acquisition enables Saint-Gobain to expand its range of interior and exterior solutions. It follows the recent acquisition of Scientific and Production Company Adhesive LLC in Russia, a specialized company that controls the entire production cycle of polyurethane and epoxy. These acquisitions represent around €40 million in sales.
- The Group announces the sale of **Saint-Gobain Glassolutions Objekt-Center**, which specializes in glass processing operations as part of the Glassolutions network in Germany, to the German privately owned AEQUITA group based in Munich. This sale concerns the two sites of Döring Berlin and Radeburg, which generated sales of €20 million in 2020. AEQUITA had already acquired the activities of Glassolutions in the Netherlands in 2019.
- Saint-Gobain signs an agreement to acquire **Chryso**, a leading global player in the construction chemicals market, offering differentiated and innovative solutions. Chryso, which employs approximately 1,300 employees, provides complete additive solutions for sustainable construction based on innovative chemical processes, formulation expertise and knowledge of building materials.
- The Group announces the start of production of a new plaster plant in **China**, in the Jiangsu province, for the local construction market. With an annual capacity of 350,000 tonnes, the new site complies with the highest standards in terms of industrial performance, safety and respect for the environment. This new investment allows Saint-Gobain to continue its strong growth in China in recent years.
- The Group announces an investment of around €25 million in its plasterboard plant in **Fredrikstad, Norway**, to increase the site's production capacity by around 40% and make it **the world's first carbon-neutral plasterboard plant**. This investment is a tangible demonstration of Saint-Gobain's commitment to reduce its scope 1 and 2 CO_2 emissions by 33% by 2030 compared to 2017, as part of its key target to become carbon-neutral by 2050. It also enables the Group to strengthen its leading positions in light construction offers in Norway, and to respond to a strong demand for more sustainable solutions. The investment, which is accompanying the increase in demand in a very dynamic local market, consists in particular of an innovative project to electrify the production process, currently using natural gas.
- Saint-Gobain inaugurates its twenty-eighth plant in **South-East Asia** in southern **Malaysia**, which will produce advanced solutions for the construction market in the region. On a 50,000 m^2 site, the new facilities bring together the best of the Group's technologies and manufacturing processes and are dedicated to the manufacture of a wide range of waterproofing and construction chemistry solutions, not to mention 3D printing solutions, in order to be able to establish Saint-Gobain as a pioneer in this emerging segment.

June 2021

- The Group announces that it has completed the sale of **Lapeyre** to Mutares, a company listed on the Frankfurt Stock Exchange. This transaction, announced at the end of 2020, aims to concentrate Saint-Gobain's resources on its strategic activities.
- The **Combined General Meeting of Shareholders** of Compagnie de Saint-Gobain appoints Benoit Bazin as new Director and approves the distribution of a dividend of €1.33 per share, with full payment in cash.
- The Group announces the winners of the **16th edition** of its international student competition "**Multi Confort**", with participants from more than 200 universities in 38 countries focusing on the conversion of an industrial zone into a residential, learning and leisure activities area in the heart of a large green area.
- **Saint-Gobain cancels 5.7 million treasury shares** purchased on the market. At the end of this transaction, the total number of shares comprising the share capital amounted to 532.6 million shares and the number of outstanding shares was 530 million.
- The Group announces the **publication of its first integrated report**, based on the reference framework of the International Integrated Reporting Council (IIRC). This report provides all stakeholders with an overview of Saint-Gobain's strategy, its financial and non-financial performance and the way in which the Group creates value in the short, medium and long term by taking into account the interests of all its contacts.

July 2021

- **Benoit Bazin succeeds Pierre-André de Chalendar as Group Chief Executive Officer**, the latter remaining Chairman of the Board of Directors (see this chapter, section 3.2).
- **Saint-Gobain announces that it has finalized the sale of two retail chains in Spain**, La Plataforma de la Construccion to the BigMat Group, and Discesur to Group Jorge Fernandez in association with Group Terrapilar. With 16 sales outlets, these two brands generated sales of around €140 million in 2020.
- **Saint-Gobain signs agreements for the sale of Graham**, its distribution business specializing in plumbing, sanitary and heating products in the United Kingdom. With around 130 sales outlets, it generated sales of around €260 million in 2020.

August 2021

- Saint-Gobain announces that it has sold the French company **Aurys**, which specializes in the shaping and transformation of flat glass, to a former Group manager. Saint-Gobain also sold the German company GVG Deggendorf, which specializes in tempered glass, to the Swiss group Arbonia.

September 2021

- **Saint-Gobain announces that it has completed the acquisition of Chryso**, which joins the activities serving the sustainable construction market within its High Performance Solutions division.

- The Group announces that it has entered into exclusive negotiations with the BME Group for the acquisition of the company **Raboni Normandie**, a multi-specialist distributor of construction materials with sales of around €30 million in 2020 with 12 sales outlets.
- Saint-Gobain announces that it has completed the acquisition of **Panofrance**.

October 2021

- The Group annonces that is has completed the acquisition of Raboni Normandie.
- Saint-Gobain signs an agreement to acquire **IMPAC**, a leading player in the construction chemicals market in **Mexico**, with recorded sales of nearly €50 million in 2020. The company operates a production plant in Monterrey and employs around 630 people. This acquisition will enable the Group to consolidate its leading position in Latin America while accelerating its growth momentum in the region and expanding its offering of solutions for the sustainable construction markets.
- Saint-Gobain signs an agreement to acquire **Z Aditivos**, a Peruvian company with a strong experience in addives for cement and asphalt. Together with other acquisitions completed in 2019 and 2020, the Group strengthens its position as a leader on the construction markets in Peru, with 6 plants and more than 350 employees.
- Saint-Gobain holds a **meeting for investors and analysts**, dedicated to the Group's strategy and its objectives for the **2021-2025 period**. On this occasion, the Group launched its **"Grow & Impact" strategic plan** (see below, section 3.2).
- Saint-Gobain announces the construction of its third plasterboard line near São Paulo, **Brazil**. Thanks to this investment, the Group will significantly increase its production capacity and be able to cope with the rapid growth in local demand, and consolidate its leading position in the light construction markets in **Latin America**.

November 2021

- The Group announces the acquisition of a minority stake in **Livspace**, a fast-growing digital company in **India** and **South East Asia**. Created in 2015, Livspace is a digital intermediation platform offering complete solutions for the residential interior design market, from design to installation. This investment will strengthen Saint-Gobain's full range of solutions in the Indian residential market, which represents more than 80% of the country's construction market.
- The Group expands its presence in **Africa**: in **Kenya**, with the acquisition of a gypsum plant in Nairobi, and in **Mauritius**, with the acquisition of a majority stake in a leading player in technical mortars, additives and waterproofing products. Its global scope in 2021 thus amounts to **industrial sites in 75 countries** (see this chapter, section 1.3.1).
- Saint-Gobain announces its **decision to invest more than $400 million** over the next four years to increase the production capacity of roofing, insulation and plaster at four key production sites in the **United States**. These new capacities meet the highest standards in terms of industrial performance, safety, energy consumption and respect for the environment.
- **The Group announces its intention to recruit 36,000 employees in 2022**, including 7,500 in France, including 3,500 people under the age of 26.
- **Saint-Gobain announces that in 2021 it has already bought back more than 8.5 million of its shares** (net of employee shareholding transactions) for an amount of approximately €500 million, ahead of the schedule presented in early October to buy back €2 billion of shares over five years (2021-2025).

December 2021

- Saint-Gobain and **GCP Applied Technologies** announce that they have entered into an agreement for the acquisition by Saint-Gobain of all GCP shares. This acquisition is a decisive step in establishing the Group as a world leader in construction chemicals - with total sales of over €4 billion (compared to €3 billion previously).
- Saint-Gobain announces that it has sold **Glassolutions**, its regional glass transformation activity in **Denmark**, to the German glass manufacturer Semcoglas Holding GmbH.
- The Group announces that it has signed agreements for the **sale to Wolseley UK** of three of its last **four retailers specializing in plumbing, heating and sanitation in the United Kingdom**: Neville Lumb, DHS and Bassetts. These transactions are expected to be completed in early 2022. Saint-Gobain has also entered into exclusive negotiations with Wolseley UK for the sale of Ideal Bathrooms, its last retailer specializing in plumbing, heating and sanitary products in the United Kingdom.
- Saint-Gobain announces that it has entered into a definitive agreement with Alghanim group for the acquisition of its 100% subsidiary, **Rockwool India** Pvt Ltd., a major manufacturer of stone wool in India with a wide range of insulation products for thermal, acoustic and fire safety applications. Rockwool India has two manufacturing facilities in the country, one in Hyderabad and another in Silvassa, with a total capacity of around 50,000 tons. It has a strong marketing network across the country.
- This year, the Group is once again on the **"Climate Change A List"** established by **CDP**, a global non-profit organization recognized as a benchmark for environmental rating and transparency. Saint-Gobain is one of the companies at the forefront of environmental ambition and transparency, thanks to its significant and demonstrable climate action. This year, 200 companies are on the A list (compared to 277 in 2020), out of nearly 13,000 companies assessed.

Legend:

- *portfolio transactions*
- *distinctions and awards*
- *announcements and commitments*

3.2 Feedback on a pivotal year

2021 was a year of transition for Saint-Gobain in more ways than one. Firstly, this is the second year of the "new normal" following the outbreak of the Covid-19 pandemic and its consequences. Beyond the shock of the crisis, this event has profound effects on growth, consumption, the organization of production and supply chains. These phenomena have a direct impact on the Group's value creation model: in a context of accelerating energy cost inflation, in October 2021 for example, Saint-Gobain expected an increase in its energy and raw materials costs of around €1.5 billion in 2021 compared to 2020, of which €1.1 billion for the second half alone [(1)].

This **set of new constraints and risk factors** is superimposed on **major trends**, both structural and global, such as **climate change, depletion of natural resources, population growth, digitalization or changing lifestyles** (see chapter 2, section 1.1). In this context, **the light and sustainable construction sector, in which the Group is very well positioned, represents a structurally growing market**, requiring solutions that can help decarbonize the economy, move towards the circular economy, and meet the needs arising from urbanization.

In this context, in 2020 Saint-Gobain took up the challenge posed by the pandemic, by taking care of its stakeholders, by demonstrating its commitment to serving society as a whole, and by demonstrating its ability to prepare the future, thanks to an **agility** and **tenacity** which are both the product of the Group's culture and the strategic orientations adopted as part of the "Transform & Grow [(2)]" plan. This transformation plan, announced at the end of 2018 and implemented over a two-year period, has enabled Saint-Gobain to achieve major objectives: greater speed and greater consistency in its operations; refocusing on growth and cash generation requirements; and lastly, maintaining a portfolio of activities and brands consistent with the strategy, through a value-creating approach to mergers, acquisitions and disposals.

In early 2021, Saint-Gobain was **an efficient Group, strengthened by its new local organization and its "multi-national" culture**, driven by performance and proximity to its customers, whose employees share the same ambition, summarized by its purpose: "Making the world a better home". **On these solid foundations, Saint-Gobain announced its strategic plan in October 2021, "Grow & Impact"**, formulating a clear vision: **to be the worldwide leader in light and sustainable construction**, improving the daily lives of everyone thanks to its high performance solutions (see chapter 2, section 2). The Group is thus positioned as a provider of solutions to the complex problems faced by its customers, satisfying a dual requirement of sustainability and performance (see chapter 3, section 3.4.4).

By capitalizing on its potential for innovation, and by fully exploiting the source of value offered by data, "Grow & Impact" aims to enable Saint-Gobain to outperform its underlying markets, achieve its CSR objectives by systematically minimizing its footprint across its entire value chain, and maximize its positive impact in multiple areas: customer satisfaction and performance, value creation for its shareholders, as well as the well-being and commitment of its employees.

- "Grow" represents the power to **boost Saint-Gobain's growth as an international Group** by designing, producing and distributing the most innovative, efficient and sustainable solutions for its customers;
- "Impact" represents the responsibility of **having a positive impact on everyone's life** by ensuring personal and collective well-being, while taking care of the planet.

To achieve Saint-Gobain's medium and long-term objectives, the "Grow & Impact" plan is based on six major levers: **positioning itself in high-growth markets**; being a **supplier of solutions; accelerating growth** by putting the customer at the heart of innovation and by unleashing the power of digital technology through the collection and use of data; **embedding CSR at the heart of the Group's business model**; feeding a **culture of trust and responsibility**; and finally, **focusing on talent, diversity and inclusion**. For the full presentation of the "Grow & Impact" plan and its various priorities, see chapter 2, section 3.

2021 was also marked by a milestone in the governance of Saint-Gobain, the transfer of responsibilities between Pierre-André de Chalendar and Benoit Bazin. From July 1, the latter took over as Chief Executive Officer, in accordance with the decision taken by the Board of Directors to ensure a smooth transition, separating the functions of Chairman and Chief Executive Officer. Pierre-André de Chalendar remains Chairman of the Board of Directors of Saint-Gobain [(3)].

(1) Press release, October 6, 2021.
(2) Saint-Gobain 2020 Universal Registration Document, p.18-20.
(3) Press release, June 3, 2021.

4. The Group's activities

The Group designs, produces and distributes solutions that are found everywhere in our homes and our daily lives – individual and collective buildings, transport, infrastructure – as well as in many industrial applications. These solutions provide the Group's customers with benefits in terms of performance and sustainability (see chapter 3, section 3.4.4), while meeting the challenges that shape the future of the economy and society.

Today, Saint-Gobain already covers most of the applications for **renovation** as well as for **new construction**, and in particular sustainable construction: interior systems, interior and exterior insulation, cladding, floor coverings, façades and lightweight structures, glazing, ceilings, waterproofing, roofing solutions, pre-assembly and prefabrication, and the distribution of products, solutions and services for construction and housing. The Group's **high performance solutions**, for their part, help meet the market's growing needs on issues such as the decarbonization of construction processes, sustainable mobility and sustainable industry.

4.1 An offer based on the expectations of Saint-Gobain customers

4.1.1 Customers in the construction and renovation market

4.1.1.1 Single-family homes

On all continents, the Group markets complete solutions, combining innovative products and services for the building envelope (with brands such as Saint-Gobain, Weber, Isover and CertainTeed, the market leader in North America), with interior solutions (with brands such as Placo®), or services dedicated to professionals and individuals (with programs such as Solu+ or La Maison Saint-Gobain in France).

For the construction of an individual residence, the Group offers a whole range of solutions for pipes, ventilation and electricity, both inside and outside the building. Saint-Gobain is also making progress on innovations such as three-dimensional printing, which optimize construction time and minimize waste production.

The Group is also present in several countries in the distribution market, with brands such as Point.P, Telhanorte, Optimera and Dahl, which makes it possible to offer an unrivaled range of solutions, particularly in the case of renovation. In France, Saint-Gobain offers a range of products and services through its sole retailer Point.P, from thermal insulation to adhesives, as well as partition solutions and construction site waste collection services. The Group leverages the strength of its offering to take full advantage of the renovation market opportunities. This involves, for example, bringing to market a complete series of solutions for the renovation of a single family home (33 products and services) helping achieve long term energy consumption objectives (with 70% savings), better comfort (acoustics, luminosity, air quality in particular) and lower CO_2 emissions (275 tonnes eq. CO_2 over 50 years by housing unit).

4.1.1.2 Collective residential and non-residential

Saint-Gobain responds to the complex issues of the construction and renovation of multi-family residential and non-residential buildings, with solutions covering both the interiors of buildings and the distribution of spaces, through partition systems (in particular to allow subsequent reuse or change in the use of spaces throughout the life of the building); on the building envelope, in particular by offering innovative solutions for lightweight façades combining several systems and products, or through the supply of cutting-edge glass solutions; recycling services to recover waste on construction sites, in particular to supply its industrial manufacturing processes, in a circular approach. In Brazil, no less than 13 products and services (and up to 21 in Germany) are integrated into the solutions proposed by the Group for the construction of a multi-family residential building. Saint-Gobain's offering provides its customers (developers, architects, building professionals, owners and end users) with a whole range of benefits, notably in terms of reducing energy costs, speed of construction and reducing the carbon footprint, and easier dismantling. The Group's advanced expertise in the field of Innovative Materials also enables architects to design iconic buildings with original and innovative shapes.

Saint-Gobain thus supports market demand on all continents by providing solutions adapted to each region of the world. Its offer meets expectations in terms of reducing greenhouse gas emissions, in terms of volume and price of housing, and in terms of comfort and well-being.

4.1.2 Industrial customers

4.1.2.1 Mobility

In the mobility sector, with brands such as Sekurit, Saint-Gobain manufactures and delivers windshields, side windows, rear windows, glass roofs and pre-assembled modules to major car manufacturers. These solutions ensure everyday comfort for drivers and passengers and respond to the changes in mobility in terms of use and regulations, notably as regards to the environment. The Group is thus a key player in the transition of the automotive market (see chapter 2, section 1.2.2); number one in the glass market for electric vehicles, it offers a whole series of solutions (in particular with systems for insulation, batteries and electric motors) to improve their performance in terms of energy efficiency, well-being, security and connectivity.

Saint-Gobain is also present in the distribution of automotive replacement glass on the independent market and has a network of repair stations in Europe.

The Group is present in the entire transport market with glazing intended for the aeronautics and rail sectors, ships and industrial vehicles. Saint-Gobain also designs and supplies bearings and tolerance rings designed to reduce weight, noise and vibrations, and improve vehicle performance. For the aerospace market, the Group provides high performance technological solutions such as high-performance plastics, composite mold-release films, seals and low-pressure conduits. It also manufactures air and ground radomes providing maximum radio frequency protection, while ensuring uninterrupted communication with optimal reliability.

4.1.2.2 Other industries

For all of its industrial customers, Saint-Gobain provides high performance solutions, able to meet market expectations thanks to its capacity for innovation, its research and development potential, its proximity to its customers and its use of digital technology and data analysis.

The Group relies on strong expertise in materials science, formulation, design of glass applications, ceramics, abrasive solutions, performance polymers and fiberglass. It has expertise in multiple state-of-the-art applications that make use of the specific properties of its materials (high temperature resistance, abrasion, chemical stability, surface properties, etc.). Many HPS products are developed jointly with customers to cater to their specific needs, particularly in plastics, highly sophisticated refractory products for the metalworking and glass manufacturing industries, and crystals for radiation detection systems.

4.2 A range of solutions based on business expertise

4.2.1 Solutions for local and global markets…

Based on the results of the plan "Transform & Grow", carried out over the period 2019-2020, Saint-Gobain, on the strength of its global presence and its extensive offering, now offers market players **a true solution-based approach**, which is one of the pillars of its "Grow & Impact" strategic plan. Beyond the traditional approach of meeting a specific need with an appropriate product, the objective is to offer its customers **end-to-end support for complex issues**, modeled as "use cases" or situations, such as the construction of a single-family house or the renovation of a hospital (see chapter 3, section 3.4.4). The Group analyzed all of its product and service lines to define four situations in which it proposes **solutions for global markets** (engineering and infrastructure, mobility, industrial markets) and 22 in which it offers **solutions for local markets** (new construction and renovation for residential and non-residential buildings).

Saint-Gobain's organization by country and by market enables it to be as close as possible to its customers and anticipate their expectations, taking into account local specificities, whether in terms of architectural styles, building methods, climate, standards and regulations, or cultural particularities. By capitalizing on its proximity to its customers, by combining its skills, by inventing new services, by strengthening synergies between its business lines, by accelerating innovation and data, by offering its employees an open and inclusive working environment, the Group differentiates itself and offers **the widest range of integrated solutions on the market** to better meet the expectations of its customers, as well as performance and sustainable development challenges.

4.2.2 … incorporating strong business expertise

4.2.2.1 Glazing for buildings and cars

To address the challenges associated with protecting the environment, aesthetics, comfort, ergonomics and safety, Saint-Gobain develops, produces and sells **high-tech glazing solutions** intended for the façade, window and interior decoration markets and to protect assets and people. With brands such as Saint-Gobain, GlassSolutions, Vetrotech and SageGlass (see the list of the Group's main brands below, section 4.3), the Group's offering ranges from the production and transformation of flat glass to the distribution of glass solutions for the building market.

Saint-Gobain aspires to be the partner of choice for its customers: installers, processors, manufacturers, distributors and architects. The Group's glass solutions **improve the energy efficiency of buildings and user comfort in all its dimensions**: thermal insulation, control of light inputs, aesthetics, interior design and decoration, protection against bullets or fires. These properties are obtained as a result of thin film technologies: using physical and chemical methods, stacks of films transform the glass into functional glazing. **This means that the most complex glazing** can consist of up to twenty successive layers. Saint-Gobain presents itself as the technological leader in the sector by bringing to market innovations such as Priva-Lite active glazing, which is electrically opaque on demand, or SageGlass solutions, with variable tint, mainly offered for façade projects. State-of-the-art offers also meet specific needs: glazing with burglar resistance or fire protection capabilities.

The Group's glazing solutions play an essential role in both the **construction market** and the **renovation market** (see chapter 2, section 1.2.1) by providing strategic benefits, particularly in terms of energy savings. In the case of the construction of an office building in India, for example, this results in savings of 9% on the annual expenditure on temperature regulation (*i.e.* more than €50,000 per year) compared with standard glazing. These advances include solutions such as the integration of Eclaz One in façade solutions for the construction of new multi-family buildings, or Planitherm Stadip glass for the renovation of single-family homes, in particular to increase the reflection of thermal infrared rays and limit the loss of heat by radiation.

Endlessly recyclable, glass, in all its forms - from window and façade glass to automotive glass - is one of the areas where the Group's commitment to the **sustainable development of the circular economy** materializes (see chapter 3, section 2.2). This requires both investment in industrial processes - in particular to eliminate all types of contaminants present in glass waste - and also the development of efficient and sustainable collection networks. It is in this spirit that Saint-Gobain Glass France signed partnership agreements from 2019 with several companies specializing in the recovery of end-of-life windows. In addition to recovery, these companies sort and process glass to facilitate its reincorporation into glass floats.

4.2.2.2 Gypsum

Plaster-based solutions for partitions and coverings for walls, façades, ceilings and floors **provide Group customers with benefits** in terms of thermal and acoustic comfort, fire protection and humidity resistance, thus meeting the growing market demand. Gypsum is a decisive asset in Saint-Gobain's vision, formulated as part of the "Grow & Impact" plan, and which aims to **make the company the worldwide leader in light and sustainable construction**. Among the advantages of this construction method (see chapter 2, section 1.2.1.2), depending on the type of building, wall construction processes using plaster-based partitions can produce time savings of 20% to 50% compared to traditional materials. In emerging markets in particular, the replacement of traditional masonry walls with plasterboard walls represents a very significant source of growth.

To develop this offer, the Group extracts and transforms gypsum into an extensive range of plaster-based products for the construction and renovation markets, through all of its brands such as Placo®, Rigips and Gyproc (see the list of Saint-Gobain's main brands below, section 4.3), thanks to increasingly efficient and virtuous industrial facilities, particularly in terms of energy consumption, diversification of energy sources, and the commissioning of the first carbon neutral plasterboard plant in Norway planned for 2023. These solutions comply **with the highest technological standards** and Saint-Gobain promotes their widespread adoption, and remain a step ahead of new regulations concerning, for example, the elimination of formaldehyde to improve interior air quality (Activ'Air®).

Gypsum can be recycled indefinitely in a closed loop, thanks to processes allowing the removal of contaminants embedded in the paper present on the faces of the plasterboard. The Group has waste recovery and gypsum recycling services in a dozen countries in order to supply its industrial sites with recycled raw materials (up to 30% of input materials in some plants), also contributing to the **Group's strategic positioning** in the global movement to expand the circular economy. Saint-Gobain continues to expand in this market, strengthening its presence and industrial capacities, notably through the acquisition of Continental Building Products in the United States in 2020.

4.2.2.3 Ceilings

Through its **portfolio of complementary brands** such as Ecophon, CertainTeed, Eurocoustic, Sonex, or Vinh Tuong (see the list of the Group's main brands below, section 4.3), Saint-Gobain is **one of the world leaders in ceiling solutions**, providing benefits particularly in terms of thermal and acoustic insulation. The Group offers **a wide range of multi-material solutions** (glass wool, stone wool, metal) for ceilings and wall panels that combine acoustics and aesthetics for the comfort and well-being of the end user. Its main brand, Ecophon, develops high-performance acoustic systems (capable of halving noise pollution) intended primarily for non-residential markets (offices, schools, healthcare buildings). Other solutions, such as custom-made heated and cooled metal ceilings, by Plafometal, bring comfort benefits to a whole series of situations, from research centers to entertainment venues open to the public.

4.2.2.4 Insulation

In **residential and non-residential buildings**, Saint-Gobain's insulation market offering meets the **challenges of reducing energy consumption and improving thermal and acoustic comfort**. All of its brands, such as Isover, CertainTeed and Izocam, offer a wide range of products, from mineral wools (glass wool, rock wool), to polystyrene and polyurethane foams, to **bio-sourced products** (wood fibers), thus covering the insulation needs of all types of buildings as well as their interior installations (roofs, walls, floors). Its offer brings benefits in terms of **ease of installation** for professionals and in terms of efficiency and sustainability for investors and owners.

The Group has considerably increased its production of glass wool for blowing, a mechanized solution, greatly reducing installation time. It is complemented by a whole range of solutions for insulating heating or air conditioning systems, improve their efficiency and reduce their energy consumption. The Climaver range, for example, is a "two-in-one" product that replaces metal ducts as well as thermal and acoustic insulation. The solutions proposed by Saint-Gobain for the exterior and interior insulation of walls also **support the strong momentum in the renovation market** (see chapter 2, section 1.2.1.1), with innovations such as Optimax Habito, which saves installation time by 20% on average, reduces the risk of injury, and also reduces waste on site and makes the materials used in this solution completely recyclable.

The Group also provides **cutting-edge insulation solutions** for a very wide range of applications outside construction, ranging from engine compartments and vehicle interiors (cars, railcars, ships, etc.) to household appliances and photovoltaic panels.

In the insulation market, Saint-Gobain is once again demonstrating its **commitment to circularity**. It should be remembered that mineral wools can be recycled indefinitely. In France, Isover is the first player in the market to have launched a **glass wool waste recovery service** and recycling them by reinjecting them into its production process. The Group acts both through the technical characteristics of its solutions and through initiatives such as its ILOOP project, supported by the European Union, to contribute to the gradual recovery of glass wool waste generated on construction or demolition sites, or through its participation in the European project for the recovery of mineral wool waste WOOL2LOOP.

4.2.2.5 Mortars and construction chemicals

Protecting, insulating and decorating are among the key functions of Saint-Gobain's façade offering. The Group is one of the world leaders in the field of mortars and building chemicals with brands such as Weber. The Groups' special tiling **solutions ensure safety and ease of use**. In flooring, its solutions cover various fields of application: new and renovated subfloors, leveling and finishing prior to laying a floor, decoration with the use of self-colored mortars, solutions for areas of high footfall and underfloor heating, as well as a pump truck service to improve the productivity and comfort of installers.

A range of mortars is available, covering **all areas of construction**, to help in structural work, rework and water-proofing solutions. A line of admixtures caters to the growing demand for improved technical properties in concrete for use in construction.

The Group is expanding rapidly on the **construction chemicals market**, notably thanks to the acquisition in 2021 of Chryso, specializing in admixtures for construction materials, providing differentiated and innovative solutions and employing 1,300 people. Saint-Gobain also announced in 2021 the signature of an agreement for the acquisition of all GCP Applied Technologies shares, as well as significant acquisitions in Mexico (with Impac), in Romania (with Duraziv), in Peru (with Z Aditivos), and in Russia (with Adheziv). These acquisitions represent a decisive step towards establishing the Group as a worldwide leader in construction chemicals, with more than €4 billion in sales (as opposed to €3 billion previously). Pooling these resources offers customers a highly comprehensive portfolio and global coverage.

4.2.2.6 Exterior Products

Saint-Gobain is present in the United States and Latin America with a full range of outdoor products through its CertainTeed brand. For roofs, the Group offers premium asphalt and composite shingles, roll roofing systems and accessories. For façades, it offers shingle, insulation and vinyl cladding solutions. Saint-Gobain also supplies solutions such as barriers, terraces and balustrades. Solutions incorporating these various products provide the Group's customers with benefits in terms of aesthetics, ease of installation and maintenance, and resistance to bad weather.

4.2.2.7 Distribution of products, solutions and services for construction and housing

Saint-Gobain serves hundreds of thousands of customers each year on the **construction, renovation and home improvement markets**. With brands such as CEDEO, Point.P, Optimera and Dahl (see the list of the Group's main brands below, section 4.3), the Group has a network of strong and complementary brands, both generalist and specialist. Primarily oriented towards trade customers, the Saint-Gobain trading brands also serve small and medium-sized businesses and large companies and allow for a **presence of the Group across the whole construction value chain**. They also support individuals in the completion of their projects with professionals. The various brands thus strive to balance their customer portfolios, a guarantee of solidity and profitability. Another major asset is the regional network: in France, the Group has more than 2,000 sales outlets, anchored in the local fabric, able to serve the most dynamic economic areas.

The Group's expertise in the field of distribution is key to achieve the strategic goals of the Grow & Impact plan (see in this chapter, section 3.2) by providing its professional clients with a large array of solutions and **making Saint-Gobain a one-stop-shop provider**. It also allows for a very high degree of **proximity with the Group's clients**, thanks to data collection and analysis (see chapter 2, section 3.3.2) and thanks to the **support** Saint-Gobain provides its clients with across the board, including training on its products and services (see below). It also makes possible for the Group to capture the structural growth of the residential building renovation market in Europe (see chapter 2, section 1.2.1.1).

Logistics is essential to distribution and receives special attention through the automation and robotization of processes. The trading brands are making a system of centralized logistics bases and adapted delivery centers increasingly efficient. This allows for a successful deployment of Saint-Gobain's e-commerce offering (as regards delivery times especially) for low-volume and low-weight products in particular. To support logistics, robust information systems are necessary. Thanks in particular to **data collection and analysis, digital technology** is one of the tools available to Saint-Gobain brands to **offer customers a unique omnichannel experience**: e-commerce, m-commerce, enhanced product content (features, descriptions, visuals, technical and regulatory sheets, etc.), as well as digital services that save time. The teams also benefit from productivity tools (Robotic Process Automation), machine learning and optimal data exploitation using data processing algorithms. This approach allows us to better understand and model product and customer targets to optimize the work of the sales force. Ultimately, digital technology acts as a lever to boost the Group's growth (see chapter 2, section 3.3.2).

Through distribution, Saint-Gobain is also committed to supporting its professional clients throughout their journey. On the French market, the Group is giving concrete expression to this commitment by designing and marketing services ranging from training (tens of thousands of clients trained as regards the RGE label – see chapter 3, section 2.1.6.3) to the recovery of site waste (with the *Ripeurs du Bâtiment* for instance) to digital solutions offering assistance with estimates and costing on construction sites (with the Solu+ platform), or the rapid generation of estimates and invoices (with the Tolteck solution).

Lastly, distribution is an area where Saint-Gobain's demands in the area of **responsibility** materialize. This is reflected, for example, in **the search for an ever smaller delivery logistics footprint**, notably thanks to low-carbon delivery solutions, the optimization of circuits and the installation of sales outlets in the heart of urban areas (see chapter 3, section 3.2.2); or through the use of distribution chains as an essential tool in the collection of waste from construction sites, with a view to **promoting the circular economy**. In 2017, Saint-Gobain Distribution Bâtiment France set up structures to collect waste from the same types of construction materials, products and equipment that it sells to professionals, thus becoming the first private network of site waste collection points - with ca. 150 points - in the construction and public works sector.

4.2.2.8 Pipe

Saint-Gobain offers complete solutions drawing on **more than 165 years of experience** in the water supply market to meet the highest expectations. Through its PAM brand, the Group produces and markets ductile cast iron pipe systems for drinking water and sanitation, covers and gratings for roads as well as cast iron systems for collecting and evacuating wastewater and rainwater in buildings; it also serves the mining, hydroelectric and industrial sectors. Saint-Gobain's offer is aimed at public authorities, public and private water companies, as well as players in the mining, hydroelectric and industrial markets. To guarantee the preservation of water quality and the sustainability of these solutions, the Group offers a set of certificates and approvals in full compliance with all standards and regulations in force in its markets.

4.2.2.9 Construction industry and infrastructure

Saint-Gobain manufactures technical glass fiber fabrics for **customers in the construction and infrastructure markets**. Its range of innovative solutions combined with strong customer commitment mean it can cater for every kind of market need: grid systems to strengthen walls and floors; glass fiber mat solutions to improve product technical performance; ranges of wall coverings, joint tapes and insect screens; geogrids for the reinforcement of asphalt surfaces, as well as technical fabric solutions for thermal insulation and protection against fire.

4.2.2.10 Surface solutions

Saint-Gobain offers **comprehensive solutions for each stage of the abrasion, cutting and polishing process**. It serves a wide range of markets: construction and habitat (from rough cutting of concrete walls and floors to sanding of wooden floors and decorative finishes), heavy industry (steelworks, paper mills, and mineral extraction), and manufacturing and high-tech industries (automotive, aerospace, and electronics). The Group leverages its expertise in ceramic grains and its in-depth knowledge of materials to design abrasives systems that are optimized for its customers' applications, as well as being safe and comfortable to use. Lastly, Saint-Gobain produces **composite materials for construction and industry**: specialty films, foams, tapes, specialty adhesives and coated fabrics. The Group also designs, imports and distributes **instant adhesives, sealants and silicones**. They are sold to individuals and manufacturers in various sectors such as civil construction, consumer goods, crafts, furniture and the automotive industry.

4.2.2.11 Ceramics

Saint-Gobain has extensive expertise in ceramics and refractory materials, that enable the Group to serve a wide variety of markets such as the metallurgical, glass and abrasives industries, the automotive industry (notably the electric batteries market), the aerospace industry, electronics (particularly for the 5G market), and the chemical industry (for example regarding biofuels).

Saint-Gobain's strong R&D capabilities in the field of ceramics are key to help major industrial players and innovators achieve their objectives in terms of decarbonation, lower environmental impact, and contribution to a more circular economy. In the case of the glass industry in particular, the solutions offered by the Group, notably through its Sefpro brand, enable its customers to succeed in their technological transition towards "low carbon glass" by reducing their energy consumption and CO_2 emissions. Valoref, a subsidiary of Saint-Gobain's, offers a used refractory materials collection service for the end of life of glass furnaces; these materials are recycled as secondary raw material.

4.3 Main brands and competitive environment

4.3.1 Businesses for regional customers

4.3.1.1 Brands

Main brands [1]	Positioning
SAINT-GOBAIN	Provider of effective, sustainable solutions for more comfortable, safer living places. Brand also used for glass solutions.
GLASSOLUTIONS	Processor and distributor of effective glass solutions for residential and non-residential sector construction.
vetrotech	Expert in fire-resistant and high-security glazed solutions for building and marine applications.
SageGlass	Smart tintable glass.
SWISSPACER	Warm edge spacers for insulating glazing.
placo, gyproc, british gypsum, rigips, formula	Gypsum-based products and systems for interior solutions.
Ecophon, eurocoustic, PLAFOMETAL	Ceiling systems, islands and acoustic wall panels.
isover	Thermal, acoustic and fire-retardant insulation products and services for lasting comfort and optimum energy efficiency within residential, non-residential (educational, health, administrative) and industrial buildings.
weber	Wide range of mortar-based and building chemicals solutions for new buildings and renovation projects. Solutions for façades and external thermal insulation, tile adhesive solutions, floor preparation and flooring solutions, sealing solutions.
PAM	Full pipe system solutions for water supply, sewage and industrial systems.
France	
CEDEO	Distributor specializing in plumbing, heating, sanitaryware.
LA PLATEFORME DU BÂTIMENT	Distributor for urban renovation professionals.
PANOFRANCE	Distributor specializing in wood and construction panels.
POINT.P	Distributor specializing in building materials and construction products distributor.
North America	
CertainTeed	Products for North American building exteriors and interiors with solutions for roofs, siding, fences, decks, trims, insulation, partitions and ceilings.
CONTINENTAL	Plasterboard and construction solutions in North America.
Brazil	
telhanorte	Distributor to professionals and private individuals of home improvement products and services.
Brazil and Europe	
Alterna	International distributor specializing in sanitaryware and kitchens.
Spain	
Distriplac	Specialist retailer of interior solutions and insulation.
Europe	
Altech	International distributor specializing in plumbing, heating and ventilation products.
NOVIPRO	International distributor of tools, PPE, construction chemicals and site equipment.
Europe (excluding France)	
ULTIPRO	International distributor specializing in heavy building materials, roofing, interior solutions
Nordic countries (Denmark, Finland, Norway, Sweden)	
DAHL	Distributor specializing in plumbing, sanitaryware, heating, ventilation, civil engineering, industry and cooling products.
OPTIMERA	Distributor specializing in construction materials for professionals and private individuals.
BEVEGO	Distributor specializing in steel, insulation and ventilation.

Main brands [1]	Positioning
	United Kingdom
JEWSON	Supplier of building materials & equipment, tools & timber.
MINSTER	Specialist retailer of interior solutions and insulation.
	Switzerland
SANITAS TROESCH	Distributor specializing in bathrooms and kitchens, for professionals and individuals.

(1) All the brands mentioned are trademarks and/or registered in the name of Compagnie de Saint-Gobain and/or one of its subsidiaries

4.3.1.2 Competitive positions [1]

- Glazing: number 1 in Europe, number 2 worldwide (excluding China)
- Plaster and plasterboard: number 2 worldwide (excluding China)
- Insulation (all types of insulation products): number 2 worldwide and world leader in mineral wool
- Roofing: number 3 in the United States
- Vinyle siding: number 2 in the United States
- World leader in mortars, number 2 in mortars and construction chemicals
- Ceilings: number 3 worldwide in suspended ceilings
- A world leader in ductile cast iron pipe systems
- European leader in building materials distribution
- A major player in the plumbing-heating-sanitaryware market

4.3.1.3 Main competitors [1]

- NSG (worldwide)
- AGC Corporation (worldwide)
- Guardian (United States)
- Sisecam (Europe)
- Various Chinese glass manufacturers
- Armstrong (worldwide)
- BNBM (China)
- Johns Manville (United States)
- Kingspan (worldwide)
- Knauf (worldwide)
- Etex (worldwide)
- Technonicol (Europe)
- Rockwool (worldwide)
- Owens Corning (worldwide)
- GAF (United States)
- Ply Gem (United States)
- STO (worldwide)
- Ardex (worldwide)
- Mapei (worldwide)
- Sika (worldwide)
- Duktus-VonRoll (Germany)
- Electrosteel (worldwide)
- XinXing (worldwide)
- Jindal (worldwide)
- Travis Perkins (United Kingdom)
- SIG (United Kingdom, France)
- Grafton (United Kingdom, Belgium, Netherlands)
- Ahlsell (Scandinavia)
- Chausson, Herige, Samse (France)
- Stark/Lone Star (Scandinavia)
- Cordes & Graefe (France, Poland, Netherlands, Norway)

(1) Internal estimation.

4.3.2 Businesses for global customers

4.3.2.1 Brands

Main brands [(1)]	Positioning
SEKURIT	Innovative security glazing to make the automobile into a comfortable living space.
SAINT-GOBAIN	Saint-Gobain Sekurit Transport: specialist glazing for the railroad industry, trucks, buses and coaches, and tractor and machine operator's cabs.
SEKURIT service	Saint-Gobain Sekurit Service: distribution of replacement glazing and related products for businesses in the automotive after-sales market.
GLASSDRIVE	European network of fixed and mobile assembly stations for automotive glazing repair, fitting and replacement.
FRANCE PARE-BRISE	French network of specialist automotive glazing repair, fitting and replacement franchise operators.
NORGLIDE	Bearings for the automotive market in particular, designed to reduce weight, noise and vibrations and improve vehicle performance.
RENCOL	Tolerance rings for the automotive market in particular, designed to reduce weight, noise and vibrations and improve vehicle performance.
Omniseal Solutions	Essential parts for sealing control under extreme conditions for applications in the aerospace, energy, biology and manufacturing industries.
ADFORS	Reinforcement and covering solutions comprising a broad range of technical fabrics for construction (insect screens, reinforcement grids and mesh, joint tapes, wall coverings) for industry (glass fiber mat and mesh fabrics) and infrastructure (geogrids for the reinforcement of asphalt surfaces).
Vetrotex	Glass fiber reinforcement solutions for use in industrial and construction markets.
HKO	Technical fabric solutions for high-temperature thermal insulation and protection against fire and heat for the industry and automotive markets.
C-FLEX	Patented thermoplastic elastomers for use in the medical and pharmaceutical industry, as well as research and biotechnology.
TYGON	Precision tubes providing maximum performance and ensuring compliance with regulations, for a whole array of applications in specialty fluid transport.
FURON	Pumps, valves, connectors and manifolds for safe, accurate distribution of ultrapure fluids.
CHRYSO	A leading global player in construction chemicals, which provides its customers - cement manufacturers, concrete and precast manufacturers, applicators and construction companies - with its expertise in formulation and knowledge of materials.
NORTON	A complete range of abrasives solutions for all industrial application in all markets.
NORTON WINTER	Precision milling tools for high-tech sectors such as the automotive, glazing and aerospace industries.
NORTON clipper	Cutting tools, ultra-performance machinery and abrasives to meet the most demanding requirements of construction and building professionals.
flexovit	A comprehensive portfolio of high-performance abrasives for DIY and industrial applications in the metals processing and maintenance markets.
CARBORUNDUM	A full range of abrasives for all applications in the automotive after-market and industrial applications.
TEKBOND	Large portfolio of adhesive solutions: glues, sealants, sprays and strips.
NORBOND	Double-sided adhesive tapes with outstanding viscoelastic properties, for industrial use.
SHEERFILL	A pioneer in architectural membranes for sports facilities, transport terminals and other buildings with an eye-catching design.
SHEERGARD	High-performance technology solution for airplanes and land-based radomes, offering maximum protection and unrivaled radiofrequency performance, and ensuring the highest operational reliability in ongoing communication.
Solar Gard	High-tech glazing films and protective coatings for the automotive and architecture industries.
SEFPRO	Refractory solutions for glass furnaces.
Valoref	Management of refractory materials originating from furnace repairs, and ceramics, for a more circular economy.

(1) *All the brands mentioned are trademarks and/or registered in the name of Compagnie de Saint-Gobain and/or one of its subsidiaries.*

4.3.2.2 Competitive positions (1)

Saint-Gobain's competitive positions are estimated as follows:

- leader in zirconium-based abrasive grains, ceramic balls and refractories for the glass industry;
- leader for automotive glazing;
- number 1 worldwide for bearings for automotive applications;
- leader for single-use tubes for the pharmaceutical industry;
- number 1 worldwide for aircraft radomes for communications satellites;
- number 1 worldwide for glass fiber wall coverings.

4.3.2.3 Main competitors (1)

- Imerys
- Cumi Ceramics
- 3M
- Noritake
- Trelleborg
- NSG
- AGC Corporation
- Valmiera
- Fuyao
- Sika

(1) *Internal estimation.*

5. Organization and governance

5.1 The Group's global organization

5.1.1 Priority to the local level

Since 2019, Saint-Gobain has been organized according to its customers and therefore by geographical areas for its regional businesses, and by global Business Units within the High Performance Solutions entity, with a view to improving **agility and remaining as close as possible to its customers**. Based on "Transform & Grow" plan, the Group's **corporate governance model**, which is as close as possible to its markets, is part of a resolutely multi-national approach. The new organization has enabled a **profound culture change**, highlighting the **empowerment of teams**, their **performance**, and the satisfaction of customer needs, and granting a high degree of **decision-making autonomy** at the local level.

The organization and culture of Saint-Gobain have therefore been profoundly transformed, with a **simplified structure** ("one boss principle") and 90% of CEOs being native to the region where they operate. The new rules for executive compensation (bonus entirely linked to the performance of the country or market) are aligned with performance: priority given to cash generation, ROCE, Ebitda and ESG impact (on greenhouse gas emissions, diversity and safety). In full control of the Group's development in their market, they also aim to shape the evolution of local construction ecosystems.

5.1.2 The strength of a global footprint

At the global level, the strength of an international group allows it to build up a pool of expertise to support its local activities in the fields of research and development, marketing, technological and industrial performance, innovation and performance in distribution; it also makes it possible to test many innovative business models, in different contexts, and to promote the exchange of best practices between countries.

This clearly **differentiates Saint-Gobain from its competitors**: in addition to its in-depth knowledge of local markets, the Group sets itself apart from local competitors through its capacity for innovation and the operational excellence provided by its cross-functional organization at the global level. Through the richness of its offering and its ability to offer complete solutions adapted to each customer segment, Saint-Gobain stands out from its local and international competitors.

5.1.3 The search for synergies

The Group's new organization creates **synergies in support functions:** with unique customer services, shared online stores and common logistics, sales forces can work more efficiently and devote more time to cross-selling and upselling. It has also led **to changes in commercial structures**. The search for synergies is also manifested through the creation of unique platforms such as "La Maison Saint-Gobain" in France to support end-customers in their renovation projects.

On the other hand, the objective is to offer customers combined offers and to make the Group a one-stop-shop for a given application. In Brazil, the "Façade" Business Unit thus groups the Placo®, Isover, Weber, Brasilit and Adfors solutions within a single offering. Using these synergies, **Saint-Gobain facilitates the customer experience** by offering complete building systems along with exclusive related services. The customer only has to place a single order to receive all of the products at the worksite, while a Saint-Gobain team also ensures the smoothness of the work on site.

Thanks to its global dimension, **the Group develops cross-selling and supports its customers all over the world**. In addition, the creation of central centers of expertise, on which countries can rely - on topics such as industrial performance, marketing, innovation and research and development, information systems, as well as HR and Finance Shared Service Centers - facilitates the improvement of the Group's performance in terms of critical mass, sharing of best practices, cost containment, widespread deployment of excellence programs, as well as technical and collaborative work-flows.

The sharing of knowledge and expertise, essential to promote synergies, is facilitated by meetings between innovation and marketing professionals, and has materialized with the creation of the "Hive" community. Another example is the global roll-out *via* the Unicampus program (see chapter 3, section 4.3.5), of a training offer that includes courses on the main central functions (marketing, industrial performance, sustainable development, research and development, purchasing, etc.) combining theory, practice and experience sharing.

Finally, synergies are also generated through the **spreading a culture of innovation**, allowing the development of dynamic project management methods, putting the customer at the heart of the approach. This culture has historically been expressed in different ways within Saint-Gobain:

- the Group's industrial business lines can thus benefit from the experience of retailers in terms of digitizing their product and service offering for customers;
- the regional businesses, in the construction markets, are increasingly developing a co-development approach, a model that is in the DNA of the High Performance Solutions businesses. They thus benefit from the experiences already existing within Saint-Gobain.

5.2 Governance

5.2.1 Board of Directors

At January 1, 2022, the Board of Directors comprises the following members:

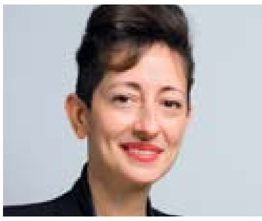
Pierre-André de Chalendar
Chairman of the Board of Directors of Compagnie de Saint-Gobain

Benoit Bazin
Chief Executive Officer of Compagnie de Saint-Gobain, Director

Jean-François Cirelli
Independent Director, member of the Nomination and Remuneration Committee

Lydie Cortes
Employee Director, member of the Nomination and Remuneration Committee

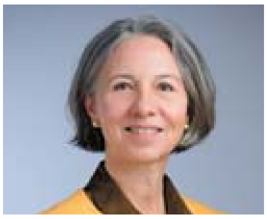
Sibylle Daunis Opfermann
Director representing employee shareholders



Lina Ghotmeh
Independent Director

Iêda Gomes Yell
Independent Director, member of the Audit and Risk Committee

Anne-Marie Idrac
Independent Director, Chairwoman of the Nomination and Remuneration Committee, Member of the Corporate Social Responsibility Committee



Pamela Knapp
Independent Director, Chairwoman of the Audit and Risk Committee

Agnès Lemarchand
Independent Director, Chairwoman of the Corporate Social Responsibility Committee, Member of the Audit and Risk Committee

Dominique Leroy
Independent Director, member of the Nomination and Remuneration Committee

Gilles Schnepp
Director, member of the Audit and Risk Committee

Jean-Dominique Senard
Lead Independent Director, Member of the Corporate Social Responsibility Committee

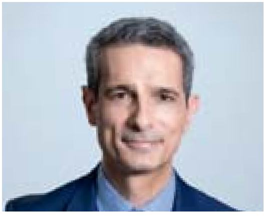
Philippe Thibaudet
Employee Director, member of the Corporate Social Responsibility Committee

Secretary of the Board of Directors of Compagnie de Saint-Gobain:

Antoine Vignial
Corporate Secretary

5.2.2 The Executive Committee

At January 1, 2022, the Executive Committee comprised the following members:



Benoit Bazin
Chief Executive Officer

Noémie Chocat
Vice-President, Corporate Strategy

Patrick Dupin
Senior Vice-President, CEO of the Northern Europe Region

Thierry Fournier
Senior Vice-President, CEO of the Southern Europe, Middle East, Africa Region

Javier Gimeno
Senior Vice-President, CEO of the Latin America Region

Cordula Gudduschat
Vice-President, Marketing and Development

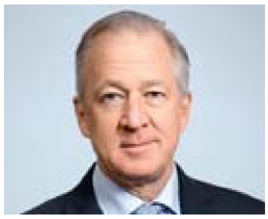
Anne Hardy
Chief Innovation Officer

Benoit d'Iribarne
Senior Vice-President, Technology and Industrial Performance

David Molho
CEO of High Performance Solutions

Claire Pedini
Senior Vice-President, Human Resources and Corporate Social Responsibility

Laurence Pernot
Vice-President, Communications



Mark Rayfield
Senior Vice-President, CEO of the North America Region

Santhanam B.
CEO of the Asia-Pacific and India Region

Ursula Soritsch-Renier
Chief Digital and Information Officer

Sreedhar N.
Chief Financial Officer

Antoine Vignial
Corporate Secretary

The Executive Committee meets once a month. 37.5% of its members are women and 50% international profiles.

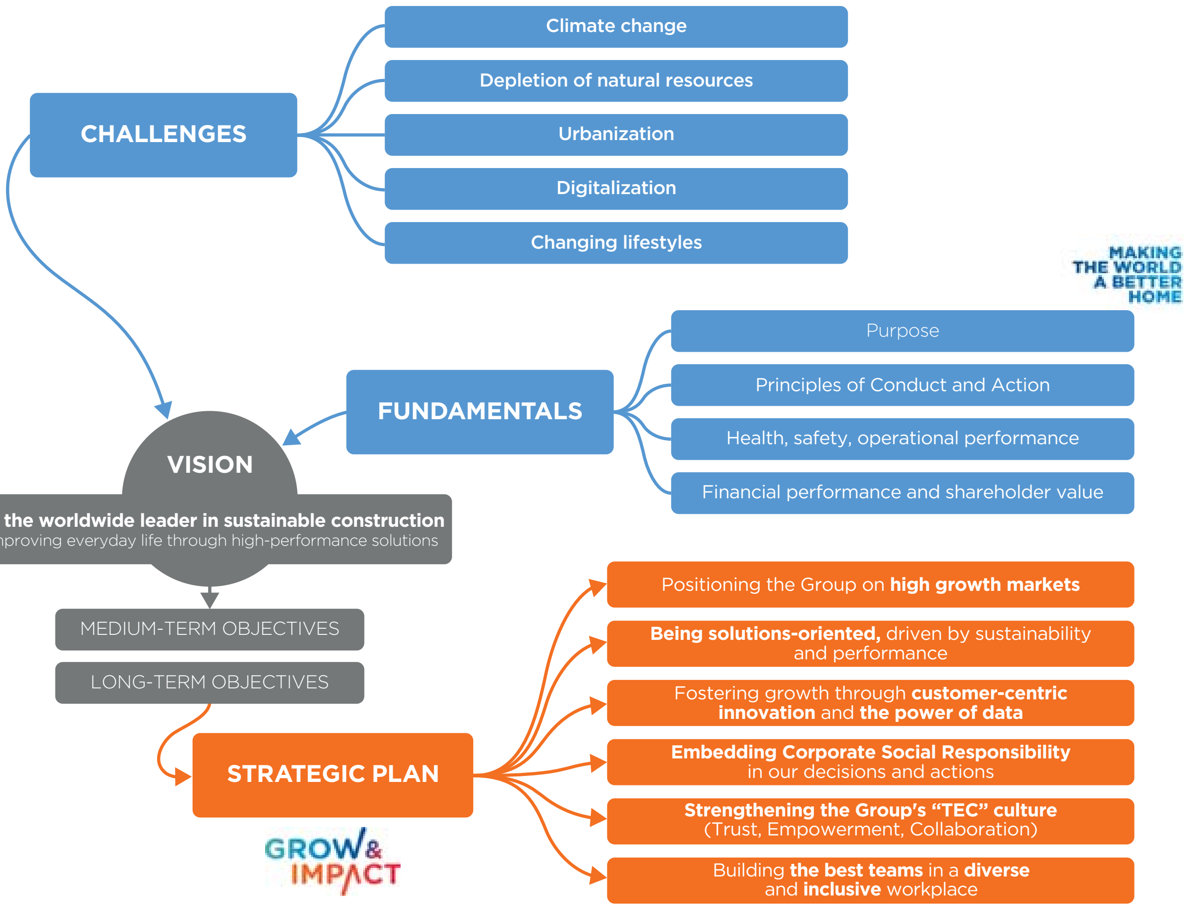
2

Strategy

In recent years, Saint-Gobain has undertaken a **major transformation** thanks to the implementation of the "Transform & Grow" plan, in order to **build a stronger, more agile and "multi-local" Group, close to its customers and markets.** All employees around the world now share the same ambitious **purpose**: "Making the world a better home", which guides their daily actions and is a permanent call to action (see chapter 1, section 2.2.1). Collectively, they are now opening a new chapter in the Group's history.

For Saint-Gobain, the economic climate is favorable and all eyes are on the construction and industrial sectors, whose contribution will be essential to tackling the global challenges of climate change, depletion of resources and rampant urbanization.

In the context created by these challenges and opportunities (see in this chapter, section 1.1.1), and based on the fundamentals of the Group's identity (see chapter 1, section 2.2), **Saint-Gobain has formulated a clear vision: to be the worldwide leader in light and sustainable construction, which improves everyone's daily life thanks to its high performance solutions** (see in this chapter, section 2). This vision is embodied in a strategic plan unveiled in November 2021: "Grow & Impact" (see section 3).



1. The Group's environment

1.1 Major challenges and opportunities

Climate change, depletion of natural resources, urbanization and demographic growth, digitalization, changing lifestyles: the world is facing considerable challenges.

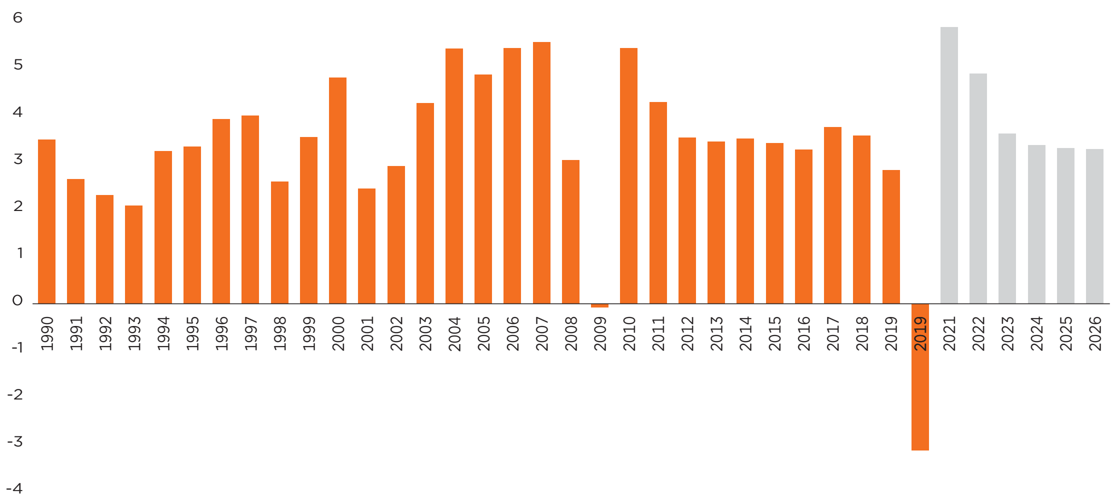
Megatrends and challenges	Saint-Gobain's responses
Climate change	Decarbonization of the construction and industrial sectors
Depletion of natural resources	Reduction of material extraction, accelerated movement towards a circular model
Urbanization	Solutions for renovation, construction and mobility
Digitalization	Acceleration in innovation, collection and use of data
Changing lifestyles	Solutions adapted to new uses, adaptation to new demands

These challenges are doubly important for Saint-Gobain: they offer immense growth potential and give the Group the opportunity to make a difference by having a positive impact on the planet and on the lives of all. These are long-term trends, which are mutually reinforcing, and whose effects are made more visible by the occurrence of an economic crisis caused by the Covid-19 pandemic.

The effects of the latter are still being strongly felt, at the end of 2021, through phenomena such as the disruption of supply chains, the increase in raw material prices, the dynamics of consumption, inflation and, more generally, seesaw effects (sharp falls and recoveries) on economic activity. In October 2021, Saint-Gobain thus anticipated an increase in its energy and raw materials costs of around €1.5 billion in 2021 compared to 2020, of which €1.1 billion for the second half alone [(1)].

In general, the pandemic makes it more difficult to forecast in the short and medium term, due to the great variability of its impact from one country to another, as well as the uncertainties that persist on the outcome of the health crisis. However, there is a rebound in growth in 2021 that is greater than the drop in GDP observed in 2020 [(2)].

Growth rate of global GDP, 1990-2026



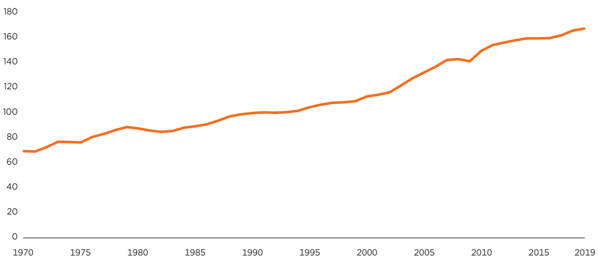
(1) Press release, November 6, 2021.
(2) International Monetary Fund, World Economic Outlook, October 2021.

1.1.1 Climate change

Faced with the challenge posed by climate change and its consequences for economic, social, environmental and geopolitical balances, the priority response is to decarbonize the economy as a whole. A drastic reduction in greenhouse gas (GHG) emissions on a global scale is essential. However, the overall trend is not satisfactory, with a trend in GHG emissions that has remained, over the last few years, in a direction contrary to this objective.

Global CO_2 emissions, 1960-2019 [1]

(index 100 in 1990)



The Covid-19 pandemic had a temporary beneficial effect on CO_2 emissions in 2020, with a decrease due to the drop in production and transport. The momentum remains worrying across all indicators, for example, with global demand for coal exceeding the levels of 2019 in 2021 and approaching its record level of 2014, as indicated by the International Energy Agency [2]. In this context, the positive note comes from the renewable energy sector, whose electricity production is expected to increase by more than 8% to 8,300 TWh in 2021, the highest annual growth since the 1970s [3].

In 2015, the Paris Agreement established an important benchmark by setting out the ambition to keep the rise in temperatures below 2°C compared to the pre-industrial era, which means reducing GHG emissions by 2.7% per year from 2020 to 2030. Each year, on the basis of the latest scientific work, the Emissions Gap Report of the United Nations Environment Program (UNEP) compares the gap between these commitments and the reduction required to meet the objective. Its latest edition, published in October 2021 [4], indicates that with the climate commitments, the trajectory results in an increase of 2.7°C at the end of the century, well above the objectives of the Paris Agreement, with potentially catastrophic consequences. In terms of action levers that could improve the short-term outlook, the report focuses on reducing methane emissions from fossil fuels, waste and the agricultural sector, as well as on the development of carbon markets.

The construction sector plays a key role in this landscape, as it alone accounts for nearly 40% of annual CO_2 emissions worldwide, including 28% for the operation of buildings (operational emissions related to heating, air conditioning or domestic hot water) and 11% for "gray" carbon related to the production of materials, their transport, construction equipment, *i.e.* embodied carbon [5]. There is therefore no road to carbon neutrality without a change in the sector. Beyond construction projects, we must also look at existing buildings, as it is estimated that nearly two-thirds of the current stock will still exist and will continue to emit carbon in 2040 [6]. Decarbonization efforts must also be made here, through renovation initiatives aimed at improving energy efficiency, eliminating the use of fossil fuels (coal, gas, fuel oil) for heating, and through the use of renewable energies. It was estimated, for example, as early as 2018 that to meet the objectives set by the Paris Agreement, the energy intensity per square meter of buildings worldwide must improve by an average of 30% by 2030 compared to 2015 [7].

In this context, in addition to states, other players in society, and in particular companies, have a key role to play, by adopting ambitious approaches and setting binding targets in order to maximize their contribution and minimize their environmental footprint. In 2019, Saint-Gobain formalized its commitment to the "Business Ambition for 1.5°C" initiative, supported by the United Nations Global Compact (regarding the partnership with the Global Compact, see chapter 3, section 1.3.1). This initiative urges business leaders to commit their companies to concrete targets aligned with limiting the global temperature increase to 1.5°C above pre-industrial levels, with the ultimate goal being to support a "truly systemic transformation [8]". Saint-Gobain, which had already committed to reducing its CO_2 emissions by 20% between 2010 and 2025, is now committed to achieving the objective of "net zero emissions" by 2050. Beyond contributing to collectively essential efforts, the Group believes that carbon neutrality is compatible with growth and that a low-carbon economy offers prospects for virtuous growth.

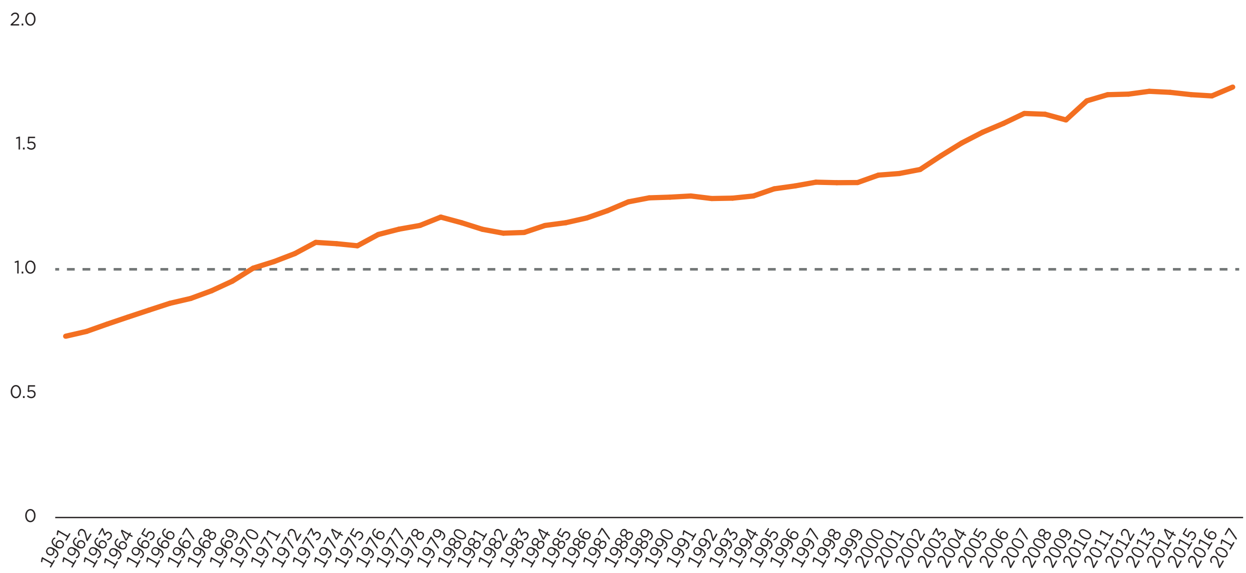
(1) *European Union, EDGAR - Emissions Database for Global Atmospheric Research - https://edgar.jrc.ec.europa.eu/*
(2) *International Energy Agency, op. cit., pp. 11-12.*
(3) *Id., p. 24.*
(4) *United Nations Environment Program, EGR21: The Emissions Gap Report 2021: The Heat Is On / A world of climate promises not yet delivered – https://www.unep.org/resources/emissions-gap-report-2021*
(5) *https://architecture2030.org/why-the-building-sector/*
(6) *International Energy Agency, op. cit.*
(7) *UNEP / Global Alliance for Buildings and Construction – The 2018 Global Status Report – Towards a Zero-Emission, Efficient and Resilient Buildings and Construction Sector, p. 10.*
(8) *"Join the campaign for our only future" – https://unglobalcompact.org/take-action/events/climate-action-summit-2019/business-ambition*

Saint-Gobain, through its unique position in the value chain, contributes to meeting the decarbonization challenge by offering its industrial and construction customers options that actively contribute to this objective (see chapter 3, section 2.1.4). The solutions sold by the Group in one year allow to reduce[1] CO_2 emissions a total of nearly 1,300 million tons over their entire life cycle (thus exceeding by far the Group's own carbon footprint), by improving the energy efficiency of buildings and by avoiding emissions through light construction techniques. Saint-Gobain also plays a key role by helping to mobilize the entire building value chain towards a common goal of decarbonization. The Group is also working to reduce the impact of its own operations in terms of GHG emissions, in particular by constantly improving the efficiency of its processes.

1.1.2 Environment and use of natural resources

The pressure on natural resources is increasing markedly, and yet their extraction continues to grow. The "day of exceedance" is the date on which humanity's annual demands on nature (ecological footprint) exceeds the Earth's capacity to regenerate natural resources over the entire year (biocapacity). If this benchmark day – calculated by the NGO Global Footprint Network [2] – was at the beginning of November in 1980, in 2021 it was July 29, indicating that it would take 1.75 planet Earths to meet the current global consumption of resources without exceeding the capacity of natural regeneration. However, economic crises prove that specific actions have tangible results: as the WWF notes, "The measures taken to deal with the pandemic have in fact pushed back the date by three weeks: the lockdown led to a reduction of the global carbon footprint of 14.5% [3]".

Number of planet Earths required to meet resource consumption[4]



This indicator, useful because it is symbolic, in fact only represents part of the subject of human use of natural resources on the planet's surface: it does not take into account the gradual depletion of fossil resources extracted, and in particular hydrocarbons. At the same time, it is estimated that the consumption of natural resources has tripled over the last 50 years [5]. Fresh water, an essential and scarce resource (only 0.5% of the earth's water is usable and available for consumption) is a representative example of this trend: necessary for cities, agriculture, industry and energy production, since 2000 the Earth's fresh water has been decreasing by one centimeter per year[6]. According to the latest WMO report, more than five billion people will suffer from insufficient access to water by 2050, *i.e.* more than half of the world's population [7]. Here too, buildings play an essential role, accounting for 40% of energy consumption and also 12% of drinking water consumption, 38% of greenhouse gas emissions and 40% of solid waste production [8].

(1) Evaluated in 2019.
(2) Calculated by the NGO Global Footprint Network on the basis of data from sources such as the International Energy Agency or the Carbon Project. The calculation methodology is explained here: https://www.overshootday.org/2021-calculation/ and here: https://www.overshootday.org/about-earth-overshoot-day/
(3) Worldwide Fund for Nature, https://www.worldwildlife.org/pages/overshoot-day
(4) National Footprint and Biocapacity Accounts, 2021 Edition. http://data.footprintnetwork.org
(5) Krausmann Fridolin et al., 2018.
(6) Fresh water being defined as errestrial water storage, i.e. the summation of all water on the land surface and in the subsurface, including soil moisture, snow and ice.
(7) World Meteorological Organization (WMO): The State of Climate Services 2021: Water – https://public.wmo.int/en/media/press-release/wake-looming-water-crisis-report-warns
(8) United Nations Environment Program-Sustainable Buildings and Climate Initiatives (UNEP-SBCI): "Building Design and Construction: Forging Resource Efficiency and Sustainable Development".

Thanks to its solutions for construction and industry, and also thanks to the improvement of its own processes, Saint-Gobain can and must respond to this challenge. This will require accelerating the transition to a circular economy, taking into account the entire life cycle of its products and solutions, in order to limit their consumption of natural resources, extend their lifespan and promote their recycling, to reduce the production of non-recovered waste (see chapter 3, section 2.2).

1.1.3 Demographics and urbanization

The global population is estimated at 7.8 billion people in 2021, an increase of 1.1% from 2015 to 2020 [(1)], with a projection of 9.7 billion inhabitants in 2050 and 11 billion inhabitants in 2100 [(2)], which represents an increase of more than two billion inhabitants in just thirty years (*i.e.* nearly 25%).

The evolution of the age structure in developed countries is already leading to a continuous aging of the population, generating specific needs for adapting housing. This is also a fundamental trend that will gradually affect other geographical regions, with life expectancy worldwide expected to exceed 80 years of age in 2080, compared to 72 in 2020 [(3)].

This rapidly growing global population has also been predominantly urban since 2007, with [(4)] the urbanization rate already exceeding 80% in high and middle income countries [(5)]. This is due not only to the creation of new towns from scratch, but also to the densification and increase in the size of existing cities, often with old buildings. The number of mega-cities is expected to increase from 33 in 2018 to 43 in 2030, an increase of almost one third in the space of twelve years.

This megatrend is strongly linked to other global dynamics: cities already account for more than 60% of energy and natural resources consumption, and more than 70% of GHG emissions globally. Urban areas are also particularly exposed to the consequences of climate change: the land on which they are built, impermeable and largely devoid of vegetation, make them vulnerable to the average increase in temperatures, the higher frequency of high temperatures, and extreme phenomena such as flooding. This trend towards population concentration in cities, which is mainly the result of emerging countries, was not challenged by the Covid-19 pandemic.

Rapid urbanization automatically leads to constraints and new needs, to which rapid, sustainable and virtuous responses must be provided. This concerns access to decent housing for all, waste management, energy supply, and also all infrastructures such as transport and collective use areas, from offices to hospitals and places used for sports, commerce or entertainment. To design current and future cities, in addition to large-scale financial investments, we must think in terms of uses and systems, exploit data in an intelligent way, and incorporate the expectations of all of society's stakeholders, anticipating future developments and natural risks; the challenge is to build buildings that are easier to repair, rebuild or dismantle. Cities need to be made resilient in the face of climate change, which requires in particular the construction of buildings that not only meet the conditions or standards that exist at the time of their delivery, but are also such that they can be adapted to the situation of their environment in 2050 and beyond.

Continuous urbanization represents major growth opportunities for Saint-Gobain, as much as it reinforces its responsibility to have a positive impact. The Group has a central role to play in meeting the needs of affordable and sustainable construction, so that everyone can benefit from decent housing. It also contributes to the development of new, smarter and more sustainable mobility solutions (see chapter 1, section 4.1.2.1).

1.1.4 Digitalization

Digitalization, a phenomenon that has reached maturity in many sectors, continues to strongly influence the development of all sectors in which Saint-Gobain operates.

In **distribution**, the underlying trend of constant expansion of e-commerce was further accelerated by the pandemic that began in 2020 and which led, for example, to the share of e-commerce exceeding 15% of total retail in the United States [(6)]. Beyond the transposition of offers *via* digital platforms, and the attention paid to the ergonomics of websites, the challenge today is to take into account user experience in a comprehensive way and thus recreate a direct and special link between brands on the one hand and customers and end users on the other, offering a customized experience to each. This can be done by designing offers integrating associated services; by collecting and analyzing data, while respecting privacy; by taking into account all channels and points of contact (web, mobile, social networks, or points of sale). The evolution of technologies and uses requires brands to constantly assess trends and eventually integrate new tools and new features such as augmented reality, m-commerce or voice search. Beyond the purely commercial relationship, the decompartmentalization brought by digital technology encourages product brands and distribution brands to holistically redefine the relationship with all their stakeholders, including their employees, their suppliers, and the general public.

(1) United Nations Population Fund: "World population" – https://www.unfpa.org/en/data/world-population-dashboard
(2) United Nations Department of Social and Economic Affairs: "World Population Prospects 2019" – https://population.un.org/wpp/Graphs/
(3) Id.
(4) United Nations Department of Social and Economic Affairs: "World Urbanization Prospects 2018", p. 11 – https://population.un.org/wup/Publications/Files/WUP2018-Highlights.pdf
(5) United Nations Department of Social and Economic Affairs, "World Urbanization Prospects 2018", p. 8 – https://population.un.org/wup/Publications/Files/WUP2018-Highlights.pdf
(6) https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

In **industry**, digital tools continue to revolutionize processes and methods of organization and production. Generalized measurement, real-time data acquisition and control systems, automation, augmented operators, and the interconnection of industrial tools give rise to an ever-increasing volume of data and the ability to analyze it. After the arrival of computers and robots in factories (contributing, through their positive impact in terms of ergonomics, to improving the health and well-being of employees), this fouth industrial revolution enables progress in multiple areas: increased productivity (through the reduction of inventories, breakdowns, waste of time and material); greater agility by improving the flexibility of production processes; the new possibility of customizing production; and also the minimization of the environmental footprint of production, through the reduction of waste production, the optimization of logistics flows, the optimization of energy and raw material consumption, and therefore the reduction of GHG emissions.

In **construction**, digitalization is transforming the entire value chain of **construction** and **renovation**. Upstream, it is the very design (of buildings) that increasingly relies on digital models, or Building Information Modeling (BIM), offering an integrated vision of the building during all stages of its life cycle through a "digital twin"; on construction sites, 3D scanning and photogrammetry provide new knowledge of reality. As to construction itself, digital technology enables new operating methods such as off-site construction (prefabrication or modular construction), as well as 3D printing. Downstream, wireless monitoring, the interconnection of equipment and home automation contribute to increasing the comfort of the home, to optimizing energy consumption of buildings and to improving their safety. In transport infrastructures and high-rise buildings, the collection of real-time mass data also enables precise monitoring of the behavior of structures over the long term, predictive analysis and, ultimately, optimization of maintenance and better accident prevention, contributing to better management of the built stock throughout its life cycle.

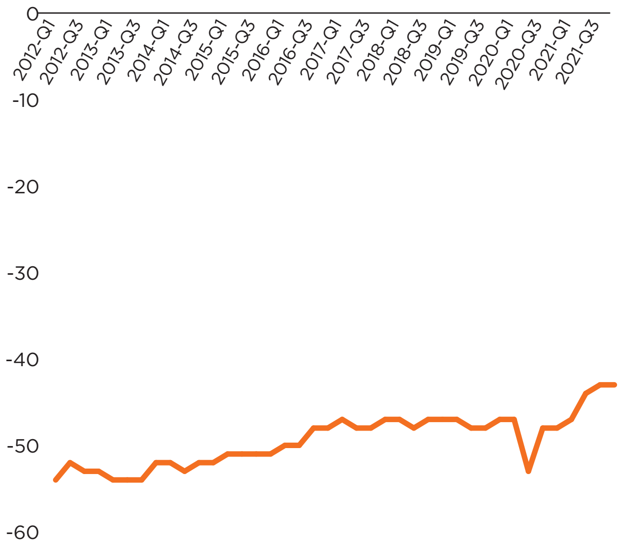
For Saint-Gobain, digitalization is a source of progress and improvement in performance, but also a tool for the decarbonization of its industrial processes. This is a fundamental issue that affects all of the Group's activities and has major impacts on customer relations, recruitment and training, the innovation process, market positioning and industrial processes themselves (see in this chapter, section 3.3.2), and on social and environmental responsibility.

1.1.5 Changing lifestyles

In Western countries, individuals spend an average of 90% of their time indoors, and the increase in work from home[1], following successive lockdowns, has further accentuated the phenomenon. This blurs the boundaries between the private and the professional, redefines expectations with regard to residential buildings, and feeds the structural trend of growth in the home renovation market.

As part of the quarterly survey carried out by the Directorate-General for Economic and Financial Affairs of the European Union, to the question "Do you intend to incur significant expenditure for the improvement or renovation of a property housing (...) over the next twelve months?", European citizens' replied as follows:

Home renovation intentions in Europe [2]



The entire **attitude to work** is being called into question, thanks partly to the digitalization of work tools, but also because of the increase in geographical mobility, societal changes such as changes in family structures and the arrival of new generations on the labor market, or workers' demands for a better work-life balance. In terms of building uses, this ties in with a more general aspiration for a better quality of life and more comfort, as defined by increasingly ambitious criteria: in addition to thermal and acoustic comfort, it is also a question of visual comfort, maximizing access to natural light, and air quality, maintaining a ventilated atmosphere and free of polluting substances.

(1) *Survey conducted by YouGov between April 15 and May 1st, 2019 with a panel of 16,853 adults in 14 European countries (Austria, Belgium, Canada, Czechia, Denmark, France, Italy, Germany, the Netherlands, Poland, Slovakia, Spain, Switzerland, United Kingdom) as well as the United States.*

(2) *Seasonally-adjusted data. European Commission, Directorate-General for Economic and Financial Affairs - https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series_en#consumers.*

All the mega-trends affecting living places require **more modular and scalable buildings**, in order to facilitate the change of use of buildings and thus more easily switch from office to residential use, and *vice versa*, and also their ability to adapt to changing expectations, such as needs related to home care for the elderly.

Changes in lifestyles also have significant impacts on mobility. Globalization and the increase in living standards around the world have led to an increase in the mobility of individuals, despite the limitations brought about by a crisis such as the Covid-19 pandemic. The demand for decarbonization and the densification of residential centers are also leading to changes in public transport networks, which are being strengthened and made more efficient and environmentally friendly. With regard to individual vehicles, the transition is now fully underway towards models that emit less GHGs, are more energy efficient and are cleaner, more comfortable, and able to interact in real time with other vehicles and with the entire environment. Beyond this technological revolution, we are witnessing an evolution of the symbolism of the car in the minds of consumers, and as a result a growing preference for use rather than possession. This underlying trend, which is part of a wider social movement, has very strong concrete impacts in terms of vehicle design.

For Saint-Gobain, changing lifestyles is both an incentive to closely monitor changes in customer expectations, through close proximity (see chapter 3, section 3.4) and an important lever for transforming industry, construction and distribution. This supports the move towards more virtuous practices, particularly in terms of respect for the environment, thereby meeting its own transformation objectives.

1.2 Trends in the Group's various markets

Saint-Gobain is driven by the acceleration of the markets in which the Group operates, and where it seizes growth opportunities. This dynamic is at work in all geographical areas and on global markets [1].

	Western Europe	North America	Emerging markets	Global Markets [2]
Expected market growth, 2021-2025 [3]	2 to 4%	2 to 4%	4 to 6%	3 to 4%
Main growth drivers	■ Increase in the volume of the renovation market through the EU "Fit for 55" package, ■ Increased standards for new construction, ■ Evolution in uses of buildings.	■ Acceleration of the construction market through light construction, ■ Demographics and structural needs in housing, ■ Evolution in uses of buildings.	■ Robust demographic growth, ■ Urbanization, ■ Adoption of light construction.	■ Rapid development of markets and technologies for industrial decarbonization.
Saint-Gobain sales [4] (as a percentage of Group revenue)	€26 billion (61%)	€4 billion (10%)	€5 billion (12%)	€7 billion (17%)

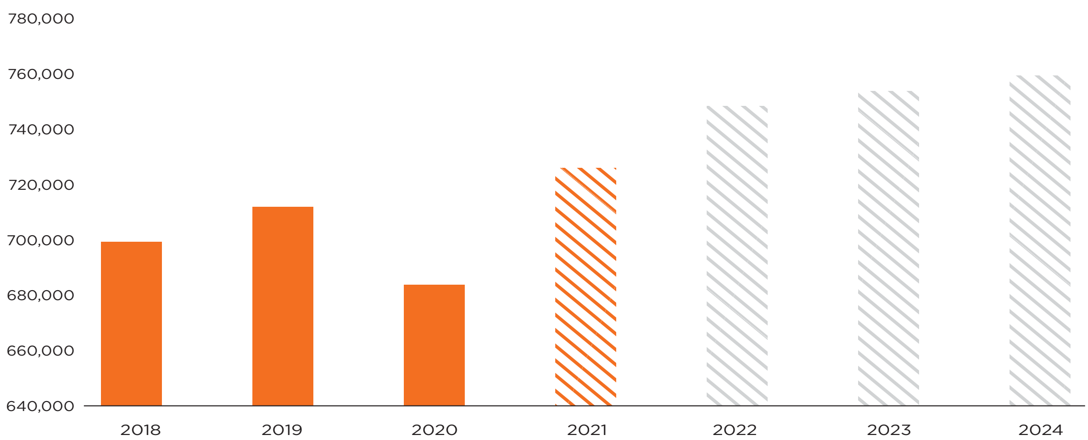
1.2.1 Sustainable construction

Saint-Gobain's largest market, construction, offers growth prospects worldwide, with differing challenges and requirements depending on the geographic region. The post-Covid-19 recovery plans have integrated the crucial importance of the building sector in the ecological and energy transition; more than €1 trillion in public aid is earmarked for the transformation of the entire sector.

1.2.1.1 Renovation and building envelope

In mature markets, building renovation and energy efficiency are key challenges [5]. The existing (and dense) housing stock is also aging; however, this is a sector where decarbonization technologies are developed and allow extremely significant gains in terms of avoiding GHG emissions, especially in a context of rising energy prices. The renovation sector is particularly promising for growth in Europe, where it represents more than €680 billion per year [6]. The figures accompanied by forecasts published as part of the Euroconstruct report (covering an area including Germany, Austria, Belgium, Denmark, Spain, Finland, France, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, the United Kingdom, the Czech Republic, Slovakia, Sweden and Switzerland) from November 2021 show a particularly robust sector.

Size of the renovation market in Europe, 2018-2024, in millions of euros [6]



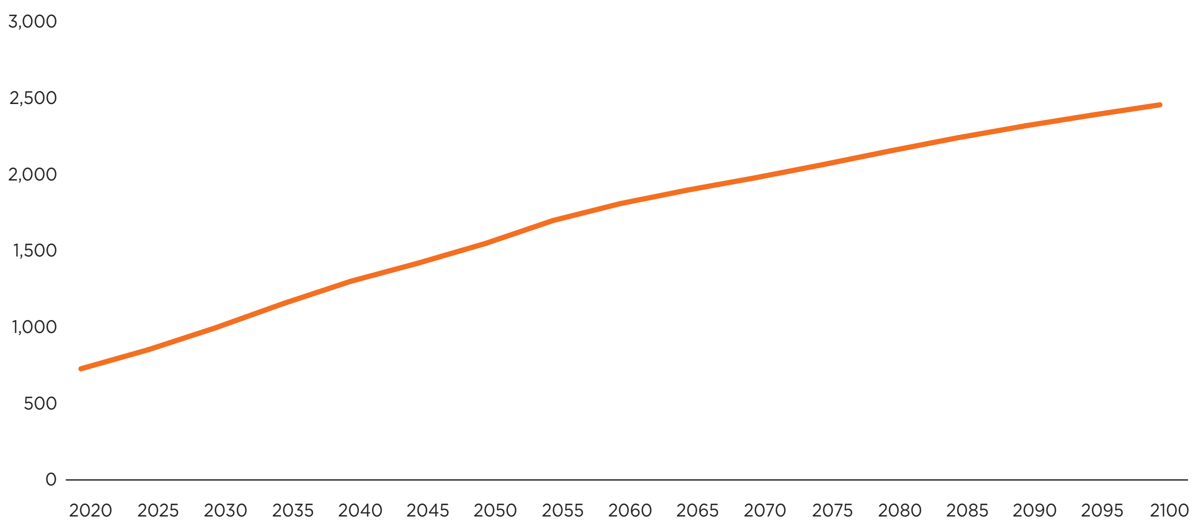
(1) *Source: Oxford Economics – Saint-Gobain, Capital Markets Day, October 2021.*
(2) *High Performance Solutions.*
(3) *Expected average annual growth, weighted by the exposure of Saint-Gobain to each market.*
(4) *Sales over 12 months at the end of June 2021.*
(5) *United Nations Environment Program-Sustainable Buildings and Climate Initiatives (UNEP-SBCI): "Building Design and Construction: Forging Resource Efficiency and Sustainable Development".*
(6) *IHS, Euroconstruct Report, November 2021. The scope is that of the 19 countries studied by the report.*

The determined commitment of public authorities, in the context of the "Green Deal", is evident in France for example with the component of the recovery plan dedicated to improving the energy-efficiency of public buildings and housing, which, combined with the budget extensions for the MaPrimeRenov scheme, amounts to over €9 billion (over the period 2021-2023); in Spain, with the "España Puede" program, valued at nearly €7 billion (over the period 2021-2023), or in Italy with the "EcoBonus" program estimated at nearly €14 billion (over the period 2021-2025). This is a historic moment: it is estimated that 70% of residential spaces in Europe must be renovated if we want to **achieve the carbon neutrality objective**. However, this objective assumes that the annual rate of renovation of buildings will be doubled within ten years, throughout the European Union. The European Commission's strategy is to renovate 35 million energy-inefficient buildings and create up to 160,000 additional "green" jobs (1) in an environmental, social and efficiency-related public governance project. The priorities of the "RenovationWave" plan are to limit energy poverty, renovate public buildings, and decarbonize heating and air conditioning (2). It should be noted that the energy renovation support programs announced by governments do not relate exclusively to housing, but also sometimes to non-residential buildings, as in France for example.

The sector's growth outlook is also supported by **the constant strengthening of construction and renovation standards** in developed economies, with increasingly demanding standards such as the Climate Act 2020 in France, the European Directive on the energy performance of buildings, the Minimum Energy Efficiency Standards Act in the United Kingdom and also, in the United States, a series of local regulations such as the law on GHG emissions from buildings adopted in New York or the new energy code enacted by the State of California. Market growth is also driven by **adapting buildings to changes of use**, and in particular the explosion of **work from home** (see above, section 1.1.5), which has consequences in terms of renovation and restructuring needs for both individual housing and office buildings. **The increase in the number of real estate transactions** in Western Europe (1.2 million in France (3)) is another factor driving market growth, as changes in ownership are often an opportunity to carry out work. The same logic is at play with **the upward trend in the ownership rate** in certain countries (France, the United Kingdom or the Netherlands for example) and with renewed consumer interest in second homes, under the influence of populations choosing to leave major cities; the latter trend has the additional effect of increasing the geographical dispersion of renovation needs, which has an impact on demand in terms of distribution channels for products and services.

The necessary adaptation of housing to an **aging population** is also one of the factors that make renovation a market with strong and sustainable structural growth over several decades. The proportion of the population aged 65 and over is expected to double between 2019 and 2050 in many regions of the world: North Africa and Western Asia, Central and South Asia, East and South East Asia, Latin America and the Caribbean. By 2050, one in four people living in Europe and North America could be 65 or older.

Growth projections for the global population aged 65 and over in absolute terms (in millions of people), 2020-2100

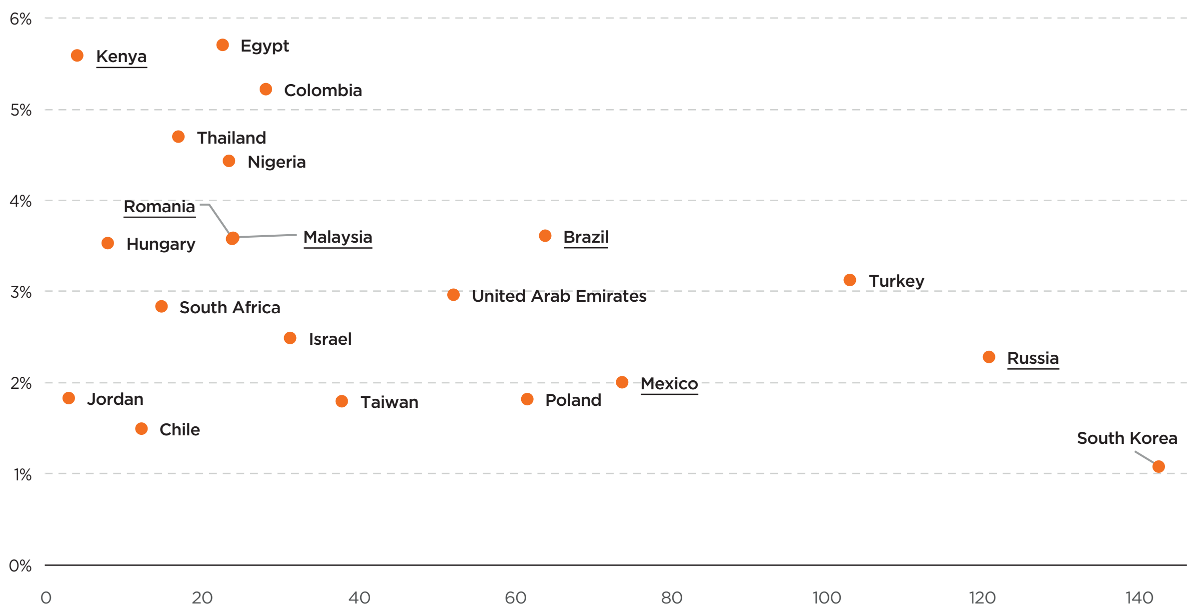


(1) *European Commission, Directorate-General for Economic and Financial Affairs – https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1835.*
(2) *European Commission, Directorate-General for Economic and Financial Affairs – https://ec.europa.eu/commission/presscorner/detail/en/fs_20_1844.*
(3) *France: cumulative over 12 rolling months in November 2021.*

1.2.1.2 New build

The new construction market is driven globally by population growth, urbanization and the need to replace buildings, with pressing needs in terms of carbon neutrality, circularity and productivity; the segment will remain dynamic in the coming years, with stronger growth in emerging countries, where an average growth rate of almost 4% per year in volume is expected over the period 2020-2030 [(1)], with a high level of diversity.

Growth rate of the construction market in relation to market volume in selected emerging countries, 2020-2030[(2)].



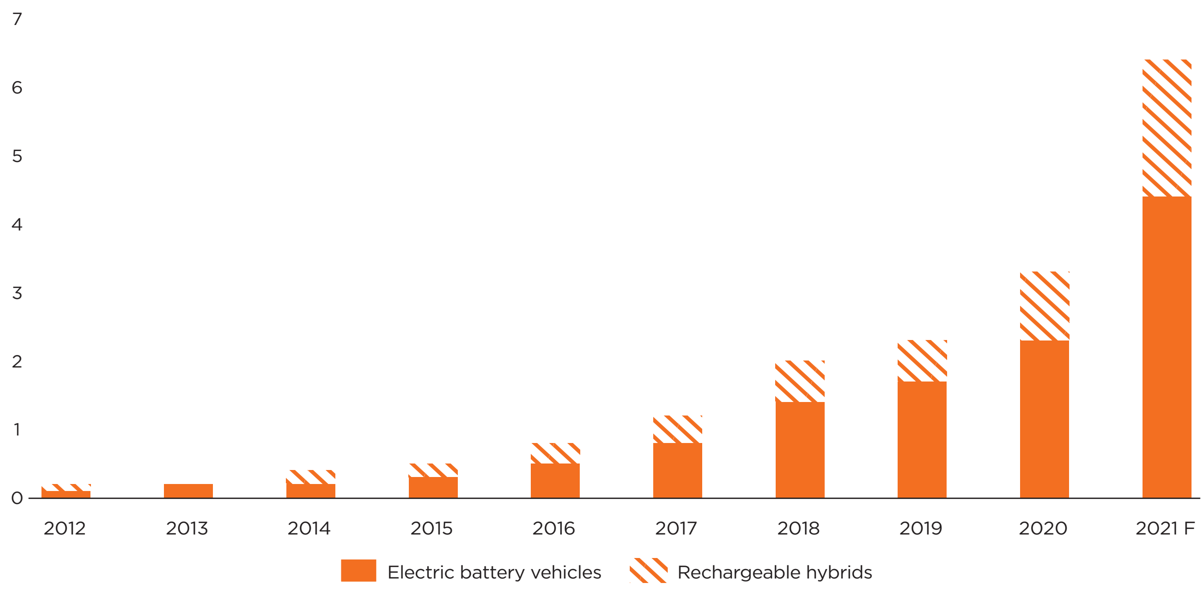
In the new construction market, traditional construction methods are being challenged by the rapid emergence of **light construction techniques**, which offer **significant performance benefits** in terms of consumption of raw materials (up to 50% reduction), and therefore **decarbonization**, and also in terms of time savings (up to 20% of the construction process on site) and therefore **productivity**, especially in situations of rapid urbanization. They also bring benefits in terms of **well-being**, thanks to improved thermal, acoustic and visual comfort. The penetration of this construction method is high because it responds to challenges both in developed countries (pressure on natural resources, search for productivity and lack of labor for professionals, expectations of modularity and environmental responsibility on the part of end users) and in emerging countries (benefits in terms of speed of construction, housing needs created by population growth). Its growth will therefore exceed that of the construction sector as a whole, offering particularly significant sources of value.

1.2.2 Sustainable mobility

The mobility market is influenced by long-term dynamics. **The automotive sector as a whole will grow**, with production of light vehicles set to increase by 9.5% in average over 2022-2024, marking a return to normal after the sharp decline recorded in 2020 and the stagnation of 2021. **Electric vehicles, in which Saint-Gobain holds leading positions, will account for most of this growth.** As a result, in particular, of changes in standards, the spread of restrictions imposed by metropolitan areas, and the continuation of government subsidy programs, electric vehicles are expected to represent around 50% of the market by 2030 in most developed countries (Western Europe, United Kingdom, Japan) and China, and around 40% in Brazil and India [(3)]. There has been a **sharp acceleration** in the electrification of the vehicle fleet with the announcement by the European Commission of a target of 100% sales of electric cars by 2035. All car manufacturers have since positioned themselves in relation to this deadline, by announcing their own roadmap for the electrification of their range. The "Fit for 55" strategy published by the Commission also provides for changes in the taxation of fuels and the deployment of charging infrastructure for vehicles. Consequently, we are witnessing a veritable **explosion in the electric vehicle market** on the continent, with an annual volume of 6.4 million expected for 2021, which would represent a growth of 98% year on year.

(1) IHS, September 2021.
(2) IHS, September 2021. Projections for a selection of 20 emerging countries on 4 continents. Growth is indicated in terms of compounded annual growth rate. Market volume is indicated in billions of US dollars. Among this selection, underlined names refer to countries where Saint-Gobain has made significant acquisitions or investment operations in 2021 (see chapter 1, "Timeline of significant events").
(3) KPMG International, GAES 2021.

Global Electric Vehicle Sales, Annual Growth, 2012-2021 (Forecast) [1]



However, this development has significant consequences for the sector's value chain, for example by making even more necessary technologies enabling progress in terms of vehicle weight, thermal and acoustic insulation of the passenger compartment, insulation of engines and connectivity.

With regard to public transport, the growth and densification of urban areas, and the increasingly strict regulations adopted at the local level on pollution automatically lead to a growing demand for transport solutions that are effective in energy terms, connected, easier to maintain, and that offer users a higher level of safety and comfort. For its part, the air transport market, which has withstood the consequences of the pandemic, notably thanks to massive aid, estimated at more than $240 billion [2], is not expected to return to a level of demand comparable to the pre-crisis situation before late 2023 / early 2024. However, it remains a promising market with very strong medium and long-term growth, with negligible impact of the crisis on the need for new aircraft by 2040, estimated at more than 43,000 aircraft, doubling the global fleet of commercial aircraft [3].

1.2.3 Sustainable industry

Global industrial production is expected to **grow more than 3% per year over the decade 2020-2030** [4]. In this positive context, all segments of this business sector are gradually moving towards the **decarbonization of their operations in general and their industrial processes in particular**, which requires massive financial investments. By way of illustration, around one third of the thousand largest European listed companies (including industrial Groups) have made commitments regarding carbon neutrality by 2050 [5]. The industrial decarbonization market could therefore grow faster than the industry as a whole.

Some of the segments in which Saint-Gobain is positioned should experience faster growth for example, the health sector. Health spending, driven by the megatrends of the aging of the population, the growing demand for healthcare, the average increase in living standards on a global scale, and the expansion of public healthcare systems, is expected to grow 4% over the period 2020-2024 [6].

(1) Virta Global – https://www.virta.global/global-electric-vehicle-market. Figures in millions of vehicles.
(2) International Air Transport Association, "Airline industry outlook / October 4, 2021, https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---october-2021---presentation/
(3) Les Echos, "Boeing estimates the aerospace market at $9 trillion over ten years", https://www.lesechos.fr/industrie-services/air-defense/boeing-estime-le-marche-de-laeronautique-a-9000-milliards-de-dollars-sur-dix-ans-1345993
(4) Oxford Economics, December 2021.
(5) https://www.accenture.com/us-en/insights/consulting/reaching-net-zero-by-2050
(6) Deloitte, "2020 Global healthcare outlook: laying a foundation for the future" – https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-2020-global-healthcare-infographic.pdf

1.3 The Group's stakeholders

For many years, Saint-Gobain has incorporated the challenges of sustainable development into its strategy, practices and business model (see chapter 1, section 2.3). The Group is convinced that consideration of the common good, ethics and social and societal issues is an essential factor in generating sustainable growth.

In 2020 the Group unveiled its purpose: "Making the world a better home". The manifesto associated with this purpose clearly states the involvement of stakeholders and the desire to act with them (see chapter 1, section 2.2.1).

1.3.1 Management of relations with stakeholders

For Saint-Gobain, the interests of all of its stakeholders must be taken into account when defining its long-term strategy. First of all this involves building dialogue, and also ensuring that this dialogue is transparent and based on mutual trust.

Factors such as the size of the Group, its global dimension and the variety of its business lines mean that dialogue must, above all, be organized in a decentralized manner, with each operational entity being responsible for conducting it within its own scope.

Saint-Gobain has mapped its ecosystem, identifying and grouping its stakeholders by category (see illustration below). For each category, a Group function responsible for organizing the reporting of information on its expectations, at local or global level, and producing a summary of them, has been designated as the contact point. The preferred methods of dialogue were also listed.

Stakeholder categories	Key stakeholders	Point of contact	Communication methods	Examples of interaction in 2021	
Market	■ Customers, including: ▪ Specifiers ▪ Ordering parties ▪ End users ■ Suppliers	Marketing	■ Continuous meetings ■ Publications and magazines; company websites; forums and trade fairs ■ Publication of training manuals on energy efficiency and the environment; charter of recommendations promoting the insulation of existing buildings; participation in associations or groups ■ Training for customers and end-users ■ Suppliers Charter; action plans to follow-up on the Responsible Purchasing policy	**At the local level** In the United Kingdom, on World Mental Health Day, Jewson put this topic on the agenda. The brand wanted to join the "Big Brew" event organized by the Band of Builders association, to encourage its customers to discuss mental health in construction, at the heart of its network.	**At the global level** PIM (or Product Information Management) is centralized information management software whose aim is to ensure consistent, multi-channel distribution of product data. By connecting information from different sources (ERP, Purchasing, Marketing, etc.), PIM manages and validates the regular updates from the various stakeholders, thus ensuring the consistency and reliability of the information that is then sent to customers *via* different channels (catalog, mobile applications, websites, etc.).
Civil Society	■ NGOs ■ Foundations ■ Associations ■ Universities ■ Online media (social networks, blogs, etc.)	CSR	■ Group publications ■ Meetings ■ Participation in university training courses ■ Forums in schools ■ Support for youth development	**At the local level** Convinced of the relevance of an external perspective to maintain its course and its level of ambition, Gypse Isolation France has embarked on an unprecedented approach by setting up a consultation committee to establish a formal dialogue with its main stakeholders around the issue of its environmental strategy.	**At the global level** Saint-Gobain presented the prizes for the 16th edition of its international student competition "Multi Comfort". This year, the challenge was to convert the post-industrial zone of the Coignet company in Saint-Denis into a living, learning and leisure area in the heart of a large green space, respecting both the heritage history and sustainable development needs of modern neighborhoods. The awards particularly recognized teams from French, Mexican, South African and Czech universities.

Stakeholder categories	Key stakeholders	Point of contact	Communication methods	Examples of interaction in 2021	
Local communities	■ Local governments (elected officials, administrations, etc.) ■ Opinion leaders ■ Neighbors of Group sites (private or public companies, individuals, etc.) ■ Traditional media	Country organization	■ Meetings held at the initiative of sites or country organizations ■ Solidarity initiatives ■ Regular meetings with elected officials and representatives from local administrations ■ Experimental work in the regions in partnership with the public entities and elected officials	**At the local level** In 2021, The Saint-Gobain Foundation conducted the partial renovation of the Wat Khao Luak (Pichit province, Thailand) elementary school, which addresses the education needs of poor families living in remote areas.	**At the global level** In its effort to limit climate change and its consequences for communities around the world, Saint-Gobain took part in the COP26 held in Glasgow, and interacted with many organizations in order to raise everyone's awareness and encourage new decision-making.
Employees	■ Employees ■ Temporary staff/temporary workers ■ Employee representatives ■ Work/study students ■ Interns ■ Secondary and professional education	Human Resources	■ Permanent contacts ■ Internal communication material ■ Meetings with Group managers ■ Bodies representing employees ■ Intranet ■ Website ■ Global or subject-specific surveys	**At the local level** The EMEA Abrasives Department launched the "Green Idea Competition" for its employees. The aim was to reduce the environmental impact of its activities. The operation was a great success. The teams, very committed to the subject, formulated 720 ideas. 375 of them were selected by the countries for the subsequent competition.	**At the global level** Deployment of Microsoft 365 and its Yammer app. An internal conversational tool, Yammer replaced mysaint-Gobain on May 30, 2021. Already accessible to nearly 96,000 employees, this new application makes it possible to create communities bringing together people with common interests, to discuss the subject and share best practices.
Investors	■ Shareholders including employees ■ Institutional investors ■ Individuals ■ ISRs ■ Rating and ranking agencies	Financial communications	■ Group publications (brochures, etc.) ■ Website ■ Letters to the shareholders ■ Shareholder Guide ■ Public declarations ■ Meetings with investors ■ Meetings with individual shareholders	**At the local level** The shareholders' club has adapted to the current pandemic by offering virtual events, such as a visit to the Vetrotex site in Tlaxcala, Mexico.	**At the global level** Creation of an immersive virtual platform to adapt to the pandemic and enable investors to participate virtually in the Saint-Gobain "Capital Markets Day" on October 6, 2021.
Regulatory Authorities and public affairs partners	■ Governments ■ Regulators ■ Inter-governmental entities ■ International (UN, ILO, etc.) ■ Interprofessional associations ■ Green Building Councils	Sustainable development	■ Public affairs ■ Participation in working groups, in most cases led by inter-professional associations, on various construction method-related technical issues, such as the evaluation of building performance. ■ Green Building Councils	**At the local level** Saint-Gobain is a member of 40 local GBCs worldwide, a partner of the European network of GBCs (ERN), and has chaired the Corporate Advisory Board of the World Green Building Council (WGBC) since 2017.	**At the global level** In 2021, Saint-Gobain supported the report "Renovate2Recover" which analyzes the way in which European recovery plans energy-related renovations in construction, and make recommendations on how to make these policies more effective and sustainable.

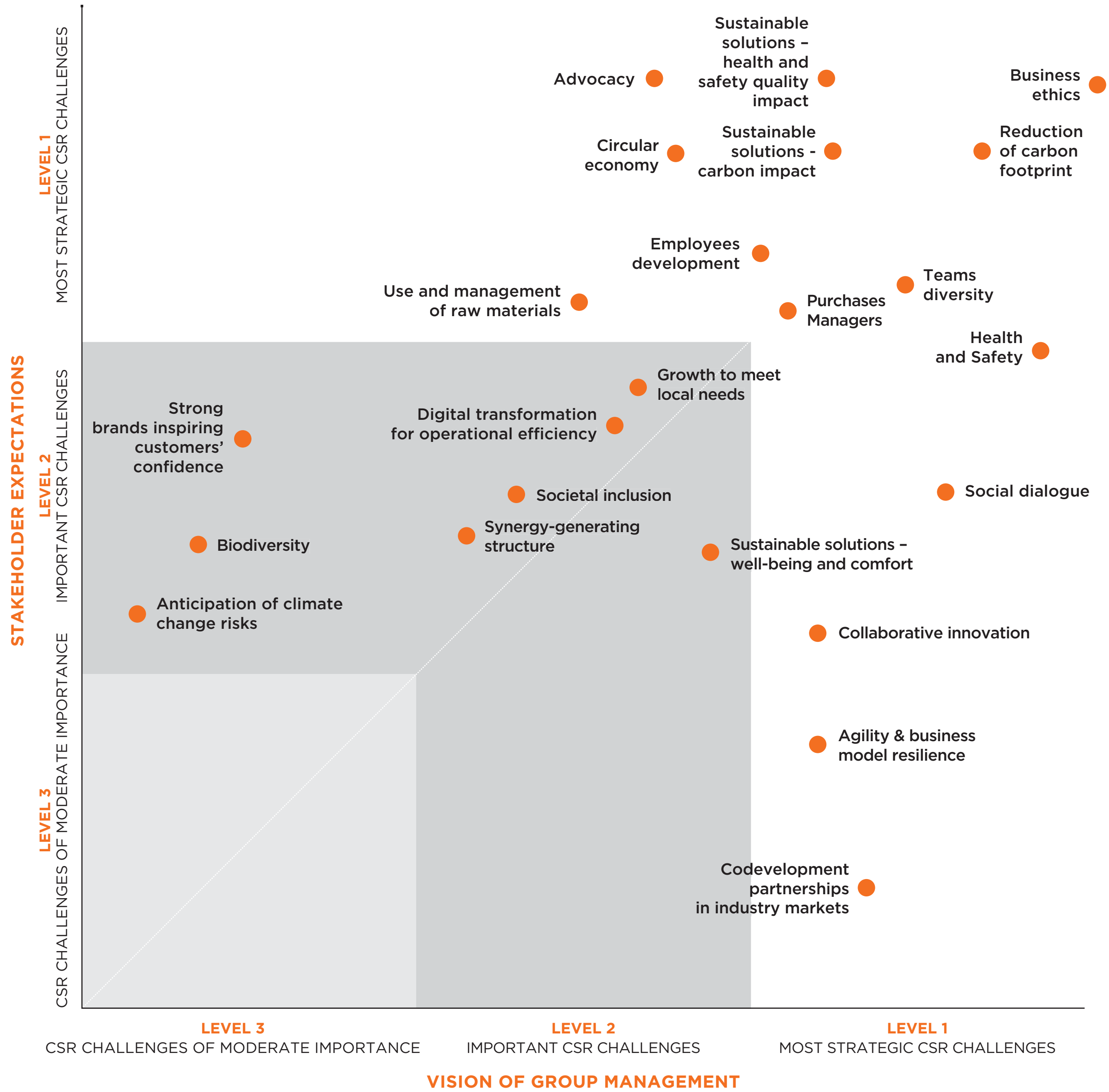
1.3.2 Structuring and prioritizing issues: materiality analysis

In terms of reporting, materiality relates to the extent to which measures have a significant impact on an organization and its ability to create financial and non-financial value, for itself and its stakeholders. Mapping of its stakeholders, Saint-Gobain identified priority issues and carried out a materiality matrix, *i.e.* a graphic representation of the importance of these issues, based on the expectations of stakeholders and the vision of the Group's management teams.

The materiality matrix published by Saint-Gobain was reviewed in 2020 with the help of Mazars. The following methodological principles have been adopted:

- identify priority issues, based on the documentation available on the Group, its activities and its environment;
- share these issues with its main stakeholders;
- prioritize these issues by comparing stakeholder expectations against the vision of management.

A methodology note is available on the Group website. The assessment is based on information gathered during interviews with experts, customer surveys, employee surveys, minutes of meetings with various stakeholders, and internal interviews. For example, interviews with external stakeholders conducted in the context of the Group's purpose or the "me@Saint-Gobain" survey conducted among Group employees were included in the analysis, as were the Group's transformations as part of the "Transform & Grow" program in 2019-2020.



1.3.3 Assessment of the main non-financial risks and opportunities

In accordance with French legal and regulatory provisions (articles L.225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code), Saint-Gobain carried out a survey of the risks and opportunities linked to Corporate Social Responsibility (CSR). The materiality analysis contributed to the identification of the main CSR risks and opportunities for the Group. Details of the methodology used are provided in the Extra-Financial Performance Declaration (EFPD) (see chapter 9, Section 3.3).

To perform this analysis, Saint-Gobain used:

- the CSR materiality analysis;
- the internal Control and Audit risk identification methodology, which has been adapted to long-term non-financial issues.

Nine [1] long-term non-financial risks and opportunities have been identified:

- diversity;
- energy efficiency and carbon intensity of operations;
- business ethics;
- management of skills and talents;
- responsible supply chain management;
- integration of recycled materials into products;
- energy and carbon performance of products and services;
- health and safety at work;
- product safety.

Details of the risks and opportunities, the policies and action plans as well as the measurement of the Group's performance are detailed in the EFPD (see chapter 9, section 3.3).

(1) *Risks and opportunities are published in alphabetical order in French without prejudging their relative importance for the Group or its stakeholders.*

2. Saint-Gobain's vision: to be the worldwide leader in light and sustainable construction

Saint-Gobain wants to be **the worldwide leader in light and sustainable construction, which improves everyone's daily life with its high performance solutions**. The Group aims to continue its growth and become leader in most of its markets, by outperforming its competitors. This ambition implies, through its values, actions and commitments, **transforming the market and guiding change, becoming a reference for all its stakeholders**: its employees, its professional customers in the construction and industrial sectors, its end consumers, regulators or local communities, the media and citizens. Being a leader also means being a pioneer and paving the way for others, constantly innovating with and for the entire ecosystem in which Saint-Gobain operates.

The Group's value proposition is reflected in the marketing of alternative solutions to traditional construction, through lighter products and construction methods that are both more sustainable and more efficient, **minimizing the footprint** of Saint-Gobain's operations (notably through the reduction of CO_2 emissions in logistics flows and industrial processes, or the reduction in the consumption of natural resources and the production of waste) while **maximizing its virtuous impact** across the entire value chain (for example by reducing GHG emissions over the entire life cycle of its solutions, by making it easier to modify, dismantle or repurpose buildings, and by allowing gains in all types of comfort, or by increasing the productivity of the Group's customers and all professionals).

Saint-Gobain's continued growth is achieved through the "Grow & Impact" strategic plan announced at the end of 2021 (see in this chapter, section 2). It is based on **solid foundations**: meeting the objectives of the "Transform & Grow" plan over the period 2019-2020 had helped transform the Group into an organization focused on speed and rapid execution, thanks to a simplified structure and governance, focusing on the local level, with faster decision-making processes and the systematic promotion of a culture of trust and collaboration (see in this chapter, section 3.5). Saint-Gobain is now also a **clearly customer-oriented** Group: this is reflected in the focus on customer experience.

Capitalizing on this momentum, Saint-Gobain has **objectives for the period 2021-2025** [(1)].

	2021-2025	Previous years
Organic growth	3 to 5%	~ 1.5%
Operating margin	9 to 11%	~ 7%
Return on capital employed (ROCE)	12 to 15%	~ 10%

These initiatives serve an ambition that translates into long-term objectives concerning the Group's market position:

Saint-Gobain's long-term objectives in terms of geographic exposure (as a percentage of Group sales)

Emerging countries	North America	Western Europe
25%	20%	55%

Saint-Gobain's long-term objectives in terms of markets (as a percentage of Group sales)

Local	Global
80%	20%

(1) *Assuming the absence of a major economic crisis.*

3. The action: a strategic plan based on six priorities

To achieve Saint-Gobain's medium and long-term objectives, the "Grow & Impact" plan is based on six main priorities: positioning the Group in high-growth markets; being a solution provider; accelerating growth by putting the customer at the heart of innovation and unleashing the power of data; embedding CSR at the heart of Saint-Gobain's business model; nurturing a culture of trust and responsibility; and finally, focusing on talent and diversity.

3.1 Positioning the Group in high-growth markets

As part of the "Grow & Impact" plan, Saint-Gobain has identified clear medium-term objectives: leveraging the opportunities offered by the evolution of the renovation market in Europe, using its extensive coverage and its leading position as a solution provider; developing its role in the light construction market in North America and in emerging countries, through its portfolio of solutions for residential and commercial buildings; capitalizing on its technological lead and its potential for innovation to continue to make progress in the field of sustainable development, in the construction, mobility and industrial markets.

Today, **the Group already covers most applications for the renovation and envelope of buildings** (*i.e.* more than 50% of Saint-Gobain sales), from interior systems to distribution, including external insulation, floor coverings, façades and glazing, waterproofing, roofing solutions, and digital services. **In the field of light construction, the solutions proposed by the Group** (more than 40% of its current sales) **form a complete range**, from façade solutions to ceilings, including insulation, cladding, lightweight structures, as well as pre-assembly and prefabrication. **Saint-Gobain's high performance solutions meet the growing needs of the market in terms of decarbonization** of construction and industrial processes, also improving the performance of electric vehicles. All of these markets are accelerating and are sources of growth for Saint-Gobain.

The **European markets**, through their maturity, offer prospects for large-scale deployment of innovative approaches such as the search for solutions in favor of circularity, through the reduction of the use of virgin raw materials, the adoption of increasingly restrictive regulations (50% of countries on the continent have already increased their taxes on waste since 2018, or plan to increase it), or the use of retail chains as an essential link in the waste treatment chain.

The particularly high environmental sensitivity of European consumers also promotes advances such as the growing use of bio-sourced materials, innovative construction methods and carbon-neutral industrial processes. Off-site manufacturing, which is expected to grow by almost 10% per year over the next decade in the UK, is also a source of excellent market opportunities. It is able to meet the needs in terms of building renovation (which accounted for nearly two-thirds of the Group's revenue in Europe in 2021), reducing the environmental impact of the building sector, productivity and protecting the health of professionals. Renovation is the first strategic priority on the continent for the construction sector, under the aegis of ambitious action plans developed by countries, coordinated by the European Commission. In order to achieve the targets for reducing GHG emissions by 55% by 2030, the EU as a whole needs to reduce the GHG emissions of buildings by 60%, their energy consumption by 14%, and the consumption of energy for heating and cooling by 18%. Until now, only 1% of buildings have undergone energy renovation every year [(1)]. The "Renovation Wave" plan (see above, section 1.2.1.1) illustrates this strong trend, which makes renovation a structurally growing market for several decades to come.

Saint-Gobain has pursued on the continent its investment and portfolio management strategy focused on value creation, notably with the acquisition of Brüggemann, a leading player in Germany, thus strengthening its capabilities as a leader in light construction in Europe; with the construction of new plasterboard production lines in Romania, Norway and Spain; with the acquisition of a specialist in adhesives in Romania; or with the acquisition of specialized distributors in France, to complement its existing offering. The Group deploys all the strength of its offering to make the most of the opportunities in this region. For example, this results in the marketing of a complete series of solutions for the renovation of single-family homes (33 products and services), enabling long-term efficiency objectives (with a 70% reduction in energy costs), progress in all aspects of comfort (acoustics, lighting and air quality in particular), and a saving of almost 275 tonnes of CO_2 equivalent emitted over 50 years per housing unit. In the case of the construction of a new residential building, no less than 21 products and services are offered by the Group through all its brands, thus allowing considerable progress in terms of circularity (with 60% of recycled materials and dismantling possible up to 90%) or construction time (with a saving of three months, thanks to off-site timber construction). Thanks to the reorganization of its market approach (notably through the creation of joint prescription and sales teams), its proximity to its customers (through nearly 3,500 points sales outlets in Europe, combined with a multi-channel approach), and its innovation approach, Saint-Gobain forecasts organic growth of between 3 and 4% and an increase in its operating margin of 7 to 9% across the continent for the 2021 to 2025 period.

(1) *European Commission, Directorate-General for Economic and Financial Affairs – https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1835*

On the **North American markets** (10.8% of the Group's revenue, with more than 16,000 employees and more than 60 plants), there is a structural demand for more housing, fueled by demographic trends and new end-user expectations, resulting in a current deficit of nearly four million housing units [(1)]. This powerful, long-term trend has a very strong impact on the market, given that almost half of construction sales in the region concern light residential construction products and systems. The segment for the construction of a new single-family house, in which Saint-Gobain offers the largest range of systems (24 products and services in total) on the continent, is therefore of particular importance in the context of the Group's "solutions-oriented" approach (see chapter 3, section 3.4.4). In a context of near full employment, this trend is leading to labor shortages for nearly 40% of employers in the sector, which greatly increases the demand and attractiveness of light, intuitive and easy-to-install construction solutions, thus enabling these companies to save time and improve their productivity. Saint-Gobain's stated objective is to leverage its leading position in this key market (more than $5 billion in revenue for the Group in 2021) [(2)] to exploit its full growth potential, in particular by relying on the very strong recognition of its brands (CertainTeed is the preferred brand of builders and private individuals), or on the strengthening of its capacities in gypsum, with the acquisition of the Continental Building Products brand in 2020 [(3)]. The acquisition of Chryso in 2021 is a significant step forward, enabling Saint-Gobain to consolidate its leading position in this region (see chapter 1, section 3.1).

In **Latin America** (more than 13,000 Saint-Gobain employees and 55 plants in nine countries), demand is not weakening, particularly in the residential market for the middle classes, whether in terms of new construction or renovation, with increasing expectations regarding the decarbonization of the sector and more generally regarding responsible offerings: nearly the half of consumers on the continent are ready to pay a higher price in exchange for sustainable solutions [(4)]. Thanks to the systematization of synergies throughout the region, and the commitment of the teams to the reorientation of the Group as a solution provider (notably through the consolidation of logistics flows, the creation of multi-brand sales teams, and the launch of integrated offers for vertical markets such as schools, hospitals and offices), Saint-Gobain continues to make strong progress on the continent, with estimated organic revenue growth of 42.5% between 2019 and 2021. The Group is continuing its development strategy to strengthen its positions on the continent, with the construction of a new plasterboard production line in Brazil, or with the acquisition of a leading player in the construction chemicals market in Mexico. In the Americas as a whole, for the period 2021-2025 the Group is targeting an increase of 4 to 6% in its organic growth and by 13 to 15% in its operating margin over the period.

Asia-Pacific (more than 17,000 Saint-Gobain employees, with 72 plants in 11 countries), for its part, is particularly influenced by megatrends linked to demography (60% of the world population), urbanization (over 50% of the total population live in cities) and the average rise in living standards: the continent is now home to the largest middle class in the world. It is also a massively digitalized continent with a forecast for 2025 of nearly three billion mobile Internet users and an e-commerce market of two trillion dollars. In this demanding context of growth, in a region also marked by often difficult weather conditions (and in particular a high average humidity level), and by shortages of qualified labor, expectations regarding the construction market essentially focus on two elements: speed and quality of execution. In this market, the Group deploys its integrated solutions for the construction of new offices, as well as for individual or collective residential buildings, and on the digitalization of its offering. Operational excellence delivered by its teams (see chapter 3, section 3) maximizes its contribution to the creation of value for its customers (with, for example, a 76% reduction in installation time during construction, nearly 2,000 hours of on-site training provided, an average gain in luminosity of over 25% for office buildings) while reducing the impact on the entire value chain (nearly 14 kt of CO_2 equivalent emission prevented over 50 years). In the case of India alone, the deployment of shared data collection and processing solutions, the creation of a strong digital resource platform (for example with 1,400 employees in the IT Department alone), and the opening of nearly 30 new plants between 2001 and 2021 (notably in China, with a new plasterboard plant, and in Malaysia, with its 28th plant in South-East Asia), have enabled Saint-Gobain to achieve brand awareness of nearly 70% and a market share of over 50% in glass and gypsum. The Group aims to achieve organic growth of 8 to 10% and an increase of 13 to 15% in its operating margin between 2021 and 2025 for the entire region.

(1) Freddie Mac, 2021 report, https://www.freddiemac.com/perspectives/sam-khater/20210415-single-family-shortage.
(2) On a rolling 12-month basis, calculated at the end of June 2021.
(3) Saint-Gobain, Group press release, https://www.Saint-Gobain.com/sites/Saint-Gobain.com/files/20200130_continental_vf.pdf.
(4) Nielsen, https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/latam-pockets-of-growth-report-june-2017.pdf.

3.2 Being a solution provider

The combination of a global presence and an extensive offering enables Saint-Gobain to offer market players a solution-based approach, *i.e.* offering more comprehensive responses to specific needs. Beyond the traditional approach of meeting a specific need with a dedicated product, the objective is to **support clients with complex issues by offering them performance benefits and contributing to sustainable development**. The Group's organization by country and market enables it to be as close as possible to its customers, anticipate their expectations and offer them the appropriate solutions. By combining its skills, inventing and offering new services, implementing its full potential for innovation, and strengthening synergies between its business lines, Saint-Gobain offers integrated solutions that better meet its customers' expectations. This approach, which represents a major differentiating factor for Saint-Gobain, is implemented in several areas:

- developing cross-selling and specialized channels, in particular through vertical market solutions, thanks to joint sales forces mastering a whole portfolio of brands, thanks to training services for professional customers and end-consumers, or thanks to specialized sales channels;
- offering systems, *i.e.* a combination of products and services which guarantee a given technical performance and often combine benefits in terms of sustainable development and productivity. This is particularly the case for prefabrication, lightweight façades, partition systems, building science, high-performance systems, exterior insulation systems (ETICS), and connected glazing solutions;
- offering services, and thus ever more options to the Group's customers across the entire value chain. This is notably the case in the field of shared logistics and kitting services, intermediation platforms, after-sales services, automated warehouses, recycling services and digital solutions.

Thanks to this approach, Saint-Gobain strengthens its competitive advantage by offering integrated offers for a wide range of situations, from the renovation of single-family homes, hospitals, schools, and collective housing, to the construction of new offices and collective and individual housing, green mobility and the decarbonization of industry.

3.3 Accelerating growth through innovation and digital tools

3.3.1 Putting the customer at the heart of innovation

3.3.1.1 Cultivating proximity with the Group's customers

Proximity to its customers is the foundation of Saint-Gobain's innovation approach. Knowing professionals better means better understanding their specific expectations, making it easier to **charting innovation**, which helps to identify opportunities more quickly for the Group to deliver value, reduce time-to-market and optimize return on investment. For architects and engineers, this means technical support, ease of collaboration, and ease of testing new products and solutions; for craftsmen and building contractors, this involves the supply of products and materials, access to distribution sites, ease of installation, advice on installation, and project management support; for developers, this is the total cost of ownership, on-time delivery, and advice to help anticipate changes in standards; for owners and occupants of buildings, this concerns in particular the multiple dimensions of comfort, customization, maintenance costs and property prices. In addition to the diversity of business sectors and client businesses, it is also **the diversity of situations and expectations in each geographical region** that must be taken into account. This is why Saint-Gobain's eight cross-functional R&D centers are deployed all over the world (France, Germany, the United States, China, India, Brazil), as close as possible to local situations.

If customer knowledge is acquired in particular by managing the customer relationship, collecting and analyzing data (see in this chapter, section 3.3), **innovation seen through the prism of co-development** is carried out through a full range of tools and initiatives: deployment of training and methodologies, investments in test benches, development of real or virtual prototyping resources to accelerate customer validation, and creation of specific locations. "Design thinking" approaches and user experience in the development of new products, systems and services are also deployed in the various R&D centers.

As a result, the R&D teams are able to run scenarios for the use of different prototypes and to evaluate, modify and propose solutions that meet the expectations of customers in the mobility or construction markets. The determined response that Saint-Gobain has given to the consequences of the pandemic has proven that this priority given to customer relationship can be satisfactorily and productively maintained through digital initiatives such as virtual tours, real-time and remote brainstorming, or virtual and augmented reality.

Finally, teams of building science specialists, present in the various R&D centers around the world, are working to continuously improve comfort for end users and the ease of installation for craftsmen, and also to reduce total cost of ownership for building owners.

3.3.1.2 Placing innovation at the heart of Saint-Gobain's model

The Group has consistently placed research and innovation at the heart of its strategy. Nearly 400 patents are filed every year by Saint-Gobain. This approach covers all of Saint-Gobain's activities, from off-site construction to innovative types of glass – such as electrochromic glass for buildings and vehicles – to solar roof panels, light construction, laboratories dedicated to research on the use of residential areas, 3-D printing and innovation regarding services.

The reorganization of Saint-Gobain enables the innovation process to move away from a silo approach, freeing up strong synergies across the Group. In 2021 there are over 20 common global platforms, shared by the business lines targeting industrial customers and those targeting the construction markets, which structure innovation to offer systems and solutions in areas such as specialty materials, sustainable development or digital tools. The centrality of innovation for Saint-Gobain is also reflected in the creation of an innovation department bringing together research and development, corporate marketing and expertise in the innovation process, a department overseen by a Chief Innovation Officer reporting directly to the Group Chief Executive Officer.

Saint-Gobain's efforts focus on research-based innovation, particularly in terms of products and manufacturing processes, but they also apply to other fields, such as innovation in business models and in services. They are guided by several priority areas:

For **construction markets** innovation relates in particular to dynamic and intelligent building materials, as well as advanced technologies such as prefabrication and robotization. Construction solutions through three-dimensional printing (a technology already deployed by the Group in the Netherlands with the support of Saint-Gobain Research Paris, which has applications in residential, industrial and infrastructure sectors) minimize the use of materials, enable more advanced customization possibilities, and an 80% faster construction process. Composite exterior thermal insulation systems, installed on lightweight façade frames, combine within the Group the expertise of the construction trades and those of High Performance Solutions. They allow the amount of CO_2 to be divided between two and four compared to concrete wall solutions, and represent a weight saving of 85% compared to traditional walls, with the corresponding gains in terms of speed and safety during installation.

For **mobility**, innovation helps improve vehicle comfort (noise, vibration, aerodynamics, thermal comfort, etc.), reduces the overall weight of the vehicle, and enables the development of new features and uses in terms of safety, information and entertainment. Lightweight windows allow a 4% increase in the range of electric vehicles. In **industry**, the objective is to innovate in manufacturing processes in order to reduce their environmental footprint, for example the transition to low-carbon energy, heat recovery, or the design of "zero carbon" plants; in **distribution**, for example, we are talking about the design of integrated services for craftsmen or project managers and project owners, in construction or renovation projects.

3.3.1.3 Capitalizing on Saint-Gobain's diversity, involving all employees

Innovation is one of the five "Attitudes", pillars of the management culture of Saint-Gobain (see chapter 3, section 4.1.1). Being open-minded and thinking outside the box, taking original paths, questioning practices inherited from the past to suggest and experiment with new ones: these are some of the skills valued for all Saint-Gobain's employees. Saint-Gobain therefore sees innovation as both an objective and a way of bringing the entire organization together around a common mindset, by aiming to:

- create the conditions for creativity by encouraging the permanent detection of opportunities to solve problems encountered by the Group's customers and respond to them with new solutions;
- relearn the processes that facilitate creativity; the challenge here is to give freedom to divergent thinking, while remaining focused on the rapid production of results, in an agile manner;
- explore all innovation pathways, not only the initiatives conducted by research and development and marketing teams, but also intrapreneurship approaches and collaboration with external entities (companies, public organizations, or research structures) in an atmosphere of co-development and open innovation.

3.3.1.4 Approaching innovation in ecosystem mode: open innovation and co-innovation

To complement its in-house capabilities, Saint-Gobain has been deploying its innovative approach through exchanges and partnerships around the world with its customers and suppliers, with an ecosystem of start-ups and via scientific collaborations and partnerships with the academic world.

Scientific and academic cooperation

The SUN international network of universities is the framework for **long-term academic collaboration** that provide access to the most recent scientific advances in the fields of interest to the Group and to a breeding ground of young talent.

More specifically, this leads to the establishment of partnerships with various institutions in the fields of **data science and artificial intelligence**.

Open innovation and cooperation with start-ups

Through NOVA, a unique structure created in 2006, Saint-Gobain plays an active role within the global start-up ecosystem. NOVA aims to enable disruptive innovation by identifying opportunities for long-term partnerships and turning these into a reality. It also favour the development of new ideas and business models.

Selecting meaningful projects

In order to select the most relevant projects aligned with the Group's strategy, in a win-win approach, NOVA balances activities across a 3-dimensional matrix based on transversal target areas - aligned with Saint-Gobain's 'Grow and Impact" strategic plan and its long term growth objectives -, the engagement of internal business unit teams, and geographic coverage.

In terms of target areas, NOVA works across the board on major topics of interest to the entire Group such as **construction productivity**, **advanced materials** and high performance solutions, intermediation and **customer experience**, **building performance**, digital connectivity, the **electrification of transportation**, industrial **energy transition**, the **circular economy**, **cleantech**, with both sustainability and digitalisation at the core of the approach. It also provides targeted support to Saint-Gobain teams working on industrial markets such as mobility - in particular on autonomous vehicles - and life sciences.

Examples include:

- AMT (United Kingdom), a start-up implementing post-processing of 3D printed polymer components;
- Fibrecoat (Germany), developing new fiber-based products for the aerospace industry;
- InDeco (China), deploying an efficient office renovation service thanks to digital design;
- Hyperframe, proposing a metal framing system for the construction of commercial buildings;
- Juundo (Belgium), developing reusable steel framewall systems;
- LivSpace (India), specialising in the optimisation of office spaces;
- Tri'n'Collect (France), offering recycling services for construction waste that complement NOVA's previous investment in EcoDrop.

Sourcing deals via multiple contact points

Initiating relationships with startups takes place in many different ways: via VC investors, incubators, accelerators, but also through NOVA's involvement in key events (ranging from Climatetech Summit in the United States to the Africarena startup challenge in South Africa and the CSRtech Summit in China). Internal stakeholders also play a more and more significant role, showcasing a shift in Saint-Gobain's corporate culture: more often than not, the NOVA team is nowadays introduced to start-ups by local business teams, as was the case in India with LivSpace.

Deploying various collaboration patterns

NOVA works with Saint-Gobain teams to set up **strategic co-development partnerships**, **distribution or marketing agreements**, or **licensing agreements** with start-ups. Since the end of 2016, NOVA has extended its field of expertise by **acquiring equity stakes in start-ups**. The latter can take several forms: initial investment; follow-up investment in a company in which NOVA already has a position; and investing via a fund rather than directly. The total investment value of NOVA in start-ups to date amounts to around USD 100 million (at fair market value price). NOVA focuses on seed, pre-seed, and early stage investment: Hyperframe, a start-up which has developed a metal framing system for commercial buildings construction, only was a 2-person company when the relationship with Saint-Gobain was incepted via an acceleration programme with Greentown Labs, a Massachussets-based climatetech community and incubator that brings together startups, corporates, investors, politicians, and others.

Scaling up: a growing momentum

The progressive ramp-up of NOVA's operations has allowed to build an impressive funnel which led to 1,500 projects being screened in 2021, more than 600 reaching the stage of "active deals", and around 50 projects (including new direct investments, follow-on investments, new fund investments, and joint development/ commercial agreements) closed during the year, after due diligence and final negotiation.

Investing via dedicated funds

NOVA is also a limited partner in investment funds targeted for the Group's business lines and geographical regions: Navitas Capital for construction and Phoenix Venture Partners (PVP) for material sciences, both in the United States, and Environmental Technologies Fund (ETF) in Europe, focusing on sustainable development. NOVA also has invested in a new venture fund in China, Richland Capital, with a focus on high performance solutions.

Partnering with incubators

To support its approach, Saint-Gobain has partnered with several incubators through NOVA. These include:

- Greentown Labs in the United States, specialising in green technologies, which opened a second site in Texas in 2021;
- Impulse Labs in France, which specialises in construction businesses;
- Cubo in Brazil, a specialist in digitisation;
- RWTH Aachen University in Germany, a prestigious engineering school that integrates an excellent start-up incubator called RWTH Innovation;
- Tus-Holdings in China, a company that develops, builds, and manages TusPark, the largest university science park in the world;
- Also in China, the Impact Hub Innovation Center in Shanghai.

Investing in innovation: a token of Saint-Gobain's trust in a more open world

Whatever the form of collaboration with startups, Saint-Gobain's philosophy is based on three values: an approach that benefits all stakeholders; a passion for learning and researching new ideas; and an open and flexible approach to relationships. NOVA also acts as a **portal to the outside world**, helping to connect internal teams with new ways of working and with innovation produced outside the Group.

An internal venturing approach

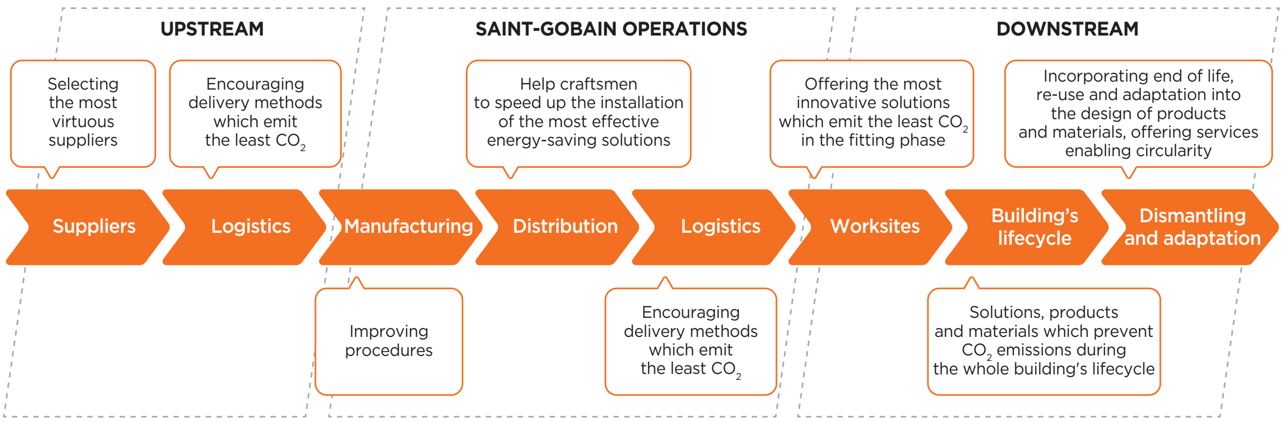
Saint-Gobain encourages **the intrapreneurial dynamic of its teams**, with the goal of promoting the development and sharing of ideas to create new business opportunities and new initiatives by combining the Group's strengths with a mindset and methodologies closer to the functioning of a start-up.

The internal venturing approach is structured around the InPulse program, launched in Brazil in 2017 and replicated in most regions. The most promising ideas put forward by employees benefit from Group support, notably via access to open source training materials, and give rise to acceleration and financing initiatives. Recent examples include a low-cost machinery and spare parts plant (via a team in Turkey), 'tiny house' kits (via a team in Brazil) and a digital solution for the collection and deposit of construction waste in recycling centers (via a team in France). The idea is also to systematically promote within the teams constant adaptation to fast-moving changes, to develop the ability to experiment, to adjust, and to apply resilience and tenacity.

3.3.1.5 Leveraging innovation to improve environmental performance

Through the generalization of eco-innovation practices (*i.e.* the design of solutions with minimized impacts and optimized benefits for the environment and health), innovation is also ultimately emerging as an essential way of achieving Saint-Gobain's objectives in the area of **sustainable development** on all measurement scopes: on the Group's operations, but also on the upstream and downstream part of the value chain. Resulting from innovation in construction chemistry, new adhesive mortars offered by Saint-Gobain enable, for example, a 46% reduction in CO_2 emitted, a 28% reduction in water consumption, and a 25% reduction in use of raw materials compared to comparable products; still in construction, the Adfors and Chryso entities offer decarbonization solutions to global players in the sector. This approach applies to all of the Group's activities and industrial processes: the first zero-carbon plasterboard plant will be operational in Norway in 2023, a concrete demonstration of the commitment made by Saint-Gobain to reduce its CO_2 emissions (scopes 1 and 2) by 33% by 2030 compared to 2017, with a focus on carbon neutrality by 2050. For its industrial customers, Sefpro and Norton offer specialty materials for decarbonizing manufacturing processes. In the field of mobility, brands such as Sekurit and Norseal are marketing solutions that improve the energy efficiency of electric vehicles.

Example: the virtuous impact of innovation on GHG emissions throughout the construction and renovation value chain



For a detailed representation of the entire Saint-Gobain value chain, see chapter 3, section 3.1. For a complete overview of the points of contact between the links in the Group's value chain and the United Nations Sustainable Development Goals (SDGs), see Saint-Gobain's integrated report [(1)].

3.3.2 Unleashing the power of digital technology through data collection and use

As we have seen, digital technology impacts all business sectors in which Saint-Gobain operates (see, in this chapter, section 1.1.4). The Group approaches this subject as a lever for progress and performance improvement, and also as a cross-functional challenge, which concerns both its internal operations (industrial processes, management, employee engagement), its relations with its suppliers, its customers and other stakeholders, as well as its social and environmental responsibility. It is for this reason that a new Group Digital and Information Systems Department was created in 2021, led by a Chief Digital and Information Officer reporting directly to the Chief Executive Officer of Saint-Gobain. It should be noted that the specific needs, constraints and challenges related to digital technology, as well as the level of sophistication of the initiatives undertaken in this area, vary greatly depending on the Group's activities.

(1) *https://www.saint-gobain.com/sites/saint-gobain.com/files/ri20_sg_230621_vf_bd.pdf.*

The digital revolution's fuel is data. Data is a 21st century gold mine, and the efforts of all the Group's teams are now focused on the collection, understanding, and analysis of it. This is the key to Saint-Gobain's transformation into a solution provider, thanks to the in-depth knowledge of customers provided by the multiple points of contact between them and the Group throughout the value chain, and the mass of data they generate.

Saint-Gobain has an unrivalled number of points of contact with its customers throughout its value chain

To achieve this, Saint-Gobain is reinventing its methods, in particular by bringing in an ever-growing number of talents in software engineering and data expertise, or by deploying agile approaches through the testing of local solutions in proof of concept mode, some of which will then be rolled out over larger areas.

3.3.2.1 Data and customer relationship

In the retail sector, Saint-Gobain's digital platforms enable rapid digitalization of interactions with customers. This has significantly changed the structure of commercial relationships, with, for example, a three-fold increase in revenue generated through multi-channel marketing, and a 9% increase in the average shopping basket for the Dahl DK brand between 2019 and 2020; and an 18% increase in new customers for the French retail brand Point.P. All of the Group's distribution brands are progressing towards an increasingly high share of online sales, reaching up to 100% in China. The deployment of advanced data analysis tools based on artificial intelligence – which allow a better understanding of the customer and therefore greater proximity to them – also enabled an increase in sales for the French retailers of Saint-Gobain as well as a profit margin improvement of 0.9 points for five of the Group's distribution entities in France.

In terms of the production of construction solutions, the implementation of customer relationship management (CRM) tools enables integration at all levels of the relationship. For example, glass façade project data is managed, and also shared internationally *via* a database that allows tracking of 6,000 projects worldwide. Data can also be shared between different entities to improve customer relations, and also operational excellence: in India, a common database of eight Saint-Gobain local entities makes it possible to share information across the board.

3.3.2.2 Digital technology and supplier relations

Digital technology is also changing the way we interact with suppliers. Digitizing supplier processes means centralizing and automating the Purchasing Department. Traditional tasks have been automated by means of electronic auctions, with the use of online tools. Campaigns to monitor suppliers' e-reputation have also been undertaken, with significant outcomes, to identify potential problems and promote a policy of responsible purchasing.

3.3.2.3 3D, a driver of acceleration and performance

3D continues to grow across all Saint-Gobain Business Units: it is now deployed on more than four continents, in the glass business as well as those dedicated to mobility, insulation, roofing and façades. The unique ability offered by three-dimensional visualization to model the properties and structure of the most complex materials, combined with data science to boost the marketing and product development approach, allows faster time to market. In particular, it has enabled the development of more than 50 new products in the roofing business in North America. In all stages of construction or renovation projects, the digital model, or Building Information Modeling (BIM), which offers an integrated vision of the building during all stages of its life cycle through a "digital twin", modifies the very design of buildings, and allows custom parts to be cut in the factory, with customized deliveries on site. This technological revolution paves the way for an increase in the Group's sales; it maximizes Saint-Gobain's contribution to the productivity of its professional customers, with savings of up to 30% in terms of installation time, and also offers considerable room for improvement when it comes to minimizing their environmental footprint, with savings of up to 20% of waste produced during the installation phase, moving towards zero waste. Also during the construction phases, the deployment of sensors enables real-time monitoring of atmospheric conditions and improves site productivity, giving the customer the competitive advantage of reducing rework by up to 90%. Deployed in Canada, this technology has enabled the Group to achieve a penetration rate of over 80% in the provinces of British Columbia and Quebec. It is an outstanding example of know-how, which strengthens Saint-Gobain's reputation as a solution provider.

3.3.2.4 Innovation in digital services

In addition to its existing offers, Saint-Gobain is innovating by offering new digital services designed to take into account the entire experience of its professional customers. The roll-out of true digital solutions in countries such as France, the United Kingdom, Denmark, Norway and Sweden enables craftsmen to be supported from their training needs (through the "Génération Artisans" platform), to purchases of products (through the Toca Obra platform) to new business (through the "La Maison Saint-Gobain" platform), assistance in making estimates and costing construction sites (through the Solu+ platform), or, downstream, the generation of estimates and invoices (through the Tolteck solution). This comprehensive support, taking into account all the expectations of its professional customers, allows them to improve productivity, by saving time and improving efficiency. For the Group, this is the basis of increased loyalty on the part of its customers, as well as progress such as gains of more than 15 percentage points in the net promoter score, in the case of users of the Solu+ platform.

3.3.2.5 Industry 4.0

Saint-Gobain is investing in industry 4.0 as part of its operational excellence goals to maintain its industrial facilities at the cutting edge of the sector. **The organization of factories is being transformed by digital technology.** Machines are connected in real time and data analysis allows for better control of production processes, more rapid resolution of any technical issues and, more generally, an increase in operational efficiency. Digital technology also helps **customize** deliverables further along the value chain and opens up further opportunities for co-development.

This fourth industrial revolution is also based on **advanced automation and robotization of industrial tasks**. Within the Group, more than 4,000 robots and automatic trolleys enable repetitive tasks to be carried out in complete safety. Operators are connected (there are 22,000 of them on 275 Saint-Gobain sites) and are assisted by augmented reality, which is particularly effective for maintenance or repairs.

With production units where software and machine-tools interact directly with each other, **a number of applications have been made possible**, such as the real-time monitoring of production, automated alert systems, predictive maintenance and the optimization of product quality by reducing both costs and the quantity of resources and energy employed. As an example, the Construction Industry Business Unit uses software based on artificial intelligence to optimize the operation of its fiberglass furnaces.

The deployment of **integrated industrial systems including data analysis**, once tested, can be extended to other sites. In the Sekurit plant in Shanghai, an algorithm manages the glass forming process for vehicle side windows, analyzing millions of pieces of data collected on the production line: an application of the machine learning piloted in 2018 and rolled out to other Sekurit sites in 2020 and 2021. Generally speaking, Saint-Gobain rolls out its technology step by step, firm in the belief that initial, low-cost advances can quickly lead to progress. Today, accessible and efficient solutions are used by 7,000 operators in 100 Saint-Gobain plants worldwide. For example, an application has been developed to monitor performance in real time by anticipating deviations. Initially launched at the Eggborough factory in the United Kingdom, this application has been rolled out to 25 flat glass factories throughout the world.

Reducing the cost of data storage and the price of sensors has contributed to **the introduction of tools to assess and monitor production in real time**, such as edge computing solutions, based on a nano-computer equipped with open-source artificial intelligence software for key equipment. This approach, launched for example in the abrasives manufacturing plants in India, constitutes a first step towards the development of multi-factory global artificial intelligence solutions, thanks to data storage and enrichment. In total, more than 60% of Saint-Gobain's main industrial sites are already connected to the Group's digital manufacturing hub, thus creating a digital production ecosystem.

In 2020, Saint-Gobain began to extend to numerous plants around the world its Data and Analytics Academy (DnA) program, which is designed to help factories **develop a data-driven culture**. In addition to data specialists and "translators" (experts who serve as a link between data analysis and operations), the DnA program aims to develop and implement training to create an initial base of skills among Group employees through a practice-based approach. It is not a question of transforming all employees into data specialists but rather demystifying the subject and enabling them to understand how to use it in order to carry out predictive maintenance, improve flows, save energy and increase plant productivity and flexibility; by providing them with training and coaching, the aim is to enable them to gain autonomy and achieve their local objectives.

The DnA program was developed with the active participation of numerous industrial managers, data specialists, WCM program managers and IT departments. Tested in 2019 in three European countries (Poland, France and Spain), it is now being rolled out widely. The program has been adapted to the healthcare context, and in particular adapted for distance learning *via* collaborative tools.

Advanced data analysis, at the heart of Saint-Gobain's "Industry 4.0" program, enables the optimization of industrial processes at the gypsum block production site in Staviany (Czech Republic). Based on the deployment of more than 100 sensors, this approach makes it possible to correlate process parameters with data concerning energy quality and consumption, opening the way to a reduction in gas consumption of 6% and a reduction in energy consumption of 20%. In Brazil, the implementation of data analysis in the Group's industrial supply chain through the creation of a "transportation control tower", the real-time modification of logistics planning, and predictive analytics resulted in an 11% cost reduction and a 60% reduction in CO_2 emissions.

3.4 Embedding CSR at the heart of the business model

3.4.1 Approaching CSR as a long-term commitment

CSR is at the heart of Saint-Gobain's strategy, in line with its corporate purpose, "Making the World a Better Home". It draws on a double pledge: minimizing the Group's footprint as regards with women, men and the environment, and maximizing its positive contribution as regards with climate, social and societal challenges. It is thus in sync with demands that are now paramount throughout the Saint-Gobain ecosystem; it is estimated that more than 80% of investors already have a structured approach in terms of environmental, social and governance issues, or are in the process of developing one[(1)]. **The Group maintains the highest Corporate Social Responsibility standards**, emphasizing its culture and values, so that it can constantly set an example for compliance, respect for the environment and the health and safety of everyone. Saint-Gobain is constantly strengthening its requirements in the areas of diversity and inclusion, supporting the training of its staff, with the aim of creating the conditions for their involvement in all aspects of the Company's life. The Group sees this integration of Corporate Social Responsibility as being the heart of its strategy and a continuous improvement process:

- 2003: Saint-Gobain signs the United Nations Global Compact and adopts the Principles of Conduct and Action (see chapter 1, section 2.2.2);
- 2009: formalization of the compliance program;
- 2015: setting of ambitious environmental targets for 2025 (reduction of CO_2 emissions by 20%, reduction of water discharges by 80%, reduction of non-recovered waste by 50% compared to 2010 at equal levels of production);
- 2020: development of the roadmap to carbon neutrality by 2050 and formalization of new environmental objectives for 2030.

The Group sees this commitment as **a real differentiating factor compared to its competitors**. Saint-Gobain has long since built its credibility in the fight against climate change, through the impact of its solutions on reducing GHG emissions in the construction and mobility sectors and through its action to reduce emissions from its industrial processes, a twofold action that is a source of long-term growth for the Group. In addition, the Group sees the various dimensions of its social responsibility as a source of attractiveness for talent recruited and support for the Saint-Gobain brand.

3.4.2 Integrating CSR at the heart of the model

Saint-Gobain, in line with the concept of integrated thinking, aims firstly **to integrate ESG criteria into the Group's management methods**. CSR Committees have been created within the Board of Directors and the Executive Committee of Saint-Gobain.

It then **orchestrates, at the global level, the acceleration of the implementation of the CSR roadmaps adopted by the entities at the local level**. To this end, no less than 22,000 employees are part of more than 40 internal CSR communities; an internal CO_2 price was established in 2016 and revised upwards in October 2021, to €75 per ton for capital expenditure, and €150 per ton for research and development decisions; lastly, a capital investment budget of €100 million per year has been allocated to initiatives (including research and development) to reduce the Group's carbon footprint.

Finally, it **contributes to shaping the CSR outlook for all business sectors in which Saint-Gobain operates**. The Group collaborates with NGOs and semi-public bodies such as EFRAG; the Group is also developing partnerships with other members of its ecosystem, such as the WBCSD; it increasingly nurtures close relationships with start-ups to leverage open innovation (see, in this chapter, section 3.3.1.4).

(1) PwC, *«The Economic Realities of ESG », octobre 2021 - https://www.pwc.com/gx/en/services/audit-assurance/corporate-reporting/esg-investor-survey.html.*

3.4.3 Making progress on all six pillars of the Saint-Gobain roadmap

The CSR roadmap guides the Group's actions to reduce the environmental, social and societal impact of its operations and solutions (see chapter 3, section 2). It takes into account both Saint-Gobain's strategic commitment and the specific expectations of stakeholders. It performs an educational role, with a view to fostering synergies with stakeholders. It is based on six pillars and measures the progress made through the double prism of maximizing the Group's contribution and minimizing its footprint.

	Maximize the Group's contribution through its operations and relationships with all its stakeholders	Minimize Saint-Gobain's footprint throughout its value chain
Climate change / Building a low-carbon world Contribute to a fair and sustainable transition aligned with the Paris Agreement	… by providing its customers with solutions to generate carbon benefits; it is estimated that the solutions sold each year by Saint-Gobain enable the avoidance of 1,300 million tons of CO_2 over their lifetime, *i.e.* exceeding by far the Group's total carbon footprint.	… through multiple approaches such as agreements for the supply of renewable energy to industrial sites, the deployment of eco-friendly logistics solutions, or innovation-related investment to develop low-carbon technologies.
The circular economy / Introduce circularity in our markets Creating value through a circular business model that conserves resources	… by targeting a percentage of sales through sustainable solutions of 75% by 2025; by contributing to recycling initiatives common to the business sectors in which the Group operates; by developing the recycling of gypsum; or by avoiding the extraction of 50% of raw materials in the construction of façades thanks to the use of light techniques.	… by recovering 92% of production waste; for example, by replacing all plastic packaging with paper for mortars in Brazil; by publishing nearly 1,500 EPDs (environmental product declarations), representing 29,1% of its revenue, making the Group the world's largest issuer of these in the construction sector; or by targeting an 80% reduction in non-recovered waste by 2030 compared to the figures for 2017.
Health and safety throughout the value chain/ Being at the forefront of the most demanding standards Our first responsibility is to guarantee the health and safety of our employees and our stakeholders	… by targeting 75% of sales of sustainable solutions by 2025; by halving noise pollution thanks to Ecophon ceiling solutions; by improving the air quality of interior spaces *via* Activ'Air plasterboard solutions; by providing access to controlled hydrothermal comfort *via* the Vario membrane; or by providing materials designed for the ergonomy of installers during installation.	… with a worldwide and gradual roll-out of the "Care by Saint-Gobain" program between 2021 and 2023; by developing the "Mental Well-Being" program; by aiming to eliminate handling risks through attention to ergonomics; by rolling out the noise exposure indicator.
Inclusive growth / Strengthen our local ecosystems To create shared economic growth with stakeholders in a spirit of mutual trust and transparency	… by investing €15 million in sponsoring and philanthropic projects and, thanks to the Foundation, bringing projects relating to social housing and professional integration.	… by establishing itself locally, the Group energizes and enriches the regions through the creation of direct and indirect jobs.
Employee commitment and diversity / Foster an open and engaging work environment To create a work environment conducive to professional and personal fulfillment and promote the inclusion of all diversity and equity	… by having women accounting for 26.3% of managers worldwide (the 2020 objective, set at 25%, has been achieved; new objective for 2025 set at 30%); by having women make up 37.5% of the Group's Executive Committee in 2021.	… by ensuring engaging working conditions wherever the Group operates. In 2021, 81% of employees responded to the satisfaction survey, with an engagement index of 83% and a recommendation rate of 85%.
Business ethics / Act without compromise To share our values with our stakeholders to build together over the long term	… with initiatives such as the deployment of anti-corruption programs; or through the organization of the Principles of Conduct and Action Day.	… by reducing risks throughout the supply chain and in operations. This is reflected in a strong Responsible Purchasing policy, with 100% of retail purchases covered by a Suppliers Charter, and 91.3% of non-retail purchases.

3.4.4 Measuring and communicating on progress made

Saint-Gobain communicates transparently on its objectives, its roadmap, seen as a path for progress, and the results obtained each year, through a whole series of key performance indicators (see chapter 1, section 1.4.3 and chapter 4, section 2.2).

3.5 Building a culture of trust, responsibility and collaboration

Saint-Gobain's new organization, aiming to empower at the local level, entails **building trust**, as a condition for effective delegation of authority; but also **fostering cross-functional collaboration** at global level. The impact that the sanitary crisis has had on the ways of working has demonstrated the relevance of this new organization and of new management methods. Saint-Gobain's positioning as a **solution provider**, capable of assembling products, systems and services, makes this increased collaboration essential for the implementation of the new "Grow & Impact" strategic plan.

The TEC approach, which concerns **all Group employees**, applies to **behavioral**, **organizational** and **cultural aspects** of life at Saint-Gobain. Trust, empowerment, and collaboration lie at the heart of the Group's transformation and growth model. This implies promoting reciprocity and virtuous collaborative behavior, which contribute to the development of collective intelligence.

TEC represents a **significant change in corporate culture within the Group, which primarily concerns managerial culture**: the aim is to **establish, by default, the principle of trust** and thus move from a vertical, traditional structure, to an **open, learning organization, leaving freedom of action at local management level** in the various countries where Saint-Gobain operates. It also responds to the underlying trends affecting the world in which the Group operates, and in particular to the disintermediation brought about by new technologies, which makes managerial methods obsolete and promotes profound changes in the relationship between individuals and work. In this sense, the TEC approach represents a way of aligning Saint-Gobain's strategy with changes in the lifestyles and expectations of its various stakeholders (see in this chapter, section 1.1.5), and also a way of enhancing its brand as an employer.

Tthe TEC culture also helps **make the innovation process more efficient**, and also **helps to align it with customer needs** by removing barriers between countries, business lines (solutions for construction and solutions for industry) and functions (for exmaple researchers, marketing specialists, technicians).

To **implement this approach in practice**, the Group is increasingly relying on its training program (see chapter 3, section 4.3.5), and also on approaches such as collective and individual coaching, made accessible to a wider audience, or the generalization of 360° assessments. Giving and receiving feedback is also encouraged, so as to strengthen collaboration and trust, across the whole Group (for example via the annual Me@Saint-Gobain survey), at individual level (by developing the capacity to ask for feedback and to provide it) as well as regards with project management (for example via the Evolve collaborative platform).

Among the initiatives put in place to promote the spread of the TEC culture throughout Saint-Gobain, two programs are deployed via the Unicampus program, combining courses and collaborative activities. The first is the virtual training session entitled "Become a Saint-Gobain culture champion to serve strategy"; accessible to all Group employees, and highly recommended for new hires. The second, called "Grow your Impact as a TEC leader", is a workshop specifically dedicated to managers in charge of teams.

3.6 Focusing on talent, diversity and inclusion

The development of Saint-Gobain depends first and foremost on the **quality and expertise of the men and women who make up the Group**. This is reflected first and foremost in the **attention paid to recruitment**, in a context of tension across all functions and business lines offered by Saint-Gobain, in production, distribution and support functions. The Group is therefore **fully committed to the race to recruit the best talents** in all specialties, among which engineers, digital & data scientists, sales and marketing staff, product managers, supply chain and sustainability specialists. Beyond the recruitment process and the attention paid to its brand as an employer, it is **Saint-Gobain's collective ability to train, nurture and constantly develop these talents** that will enable it to stand out. With digital and refined data processing, career paths can be more easily individualized and the HR support policy customized (see chapter 3, section 4.3.7). As to managers, the "SG Talents" program aims at identifying those who have significant evolution potential or key skills. Generally speaking, **employee development**, which implies taking into account individual aspirations as well as the organization's needs, entails listening to each employee, providing internal (geographic or functional) mobility options, and measuring satisfaction and engagement on a comprehensive and regular basis. In the end, all of the Group's actions resulted in a record employee engagement index of 83% in 2021[(1)], with than 85% of them considering that their working conditions are good.

This ambition is put into practice by using a whole series of mechanisms: from the quality of social dialogue to training programs, compensation policy and well-being in general. It is also about **promoting diversity in all its forms**: the variety of points of view, experiences, cultures and backgrounds has a positive impact on the working conditions and creativity of the teams, on the potential for innovation, and on results. **Saint-Gobain is making progress on these different fronts**, for example with the deployment of tools such as women's networks (WIN by Saint-Gobain), and 26.3% of managers at Group level being women. This approach is embodied in all Saint-Gobain entities. For example, the Mobility Business Unit has just launched the "Women Group" project, which aims to promote diversity internally, to give women visibility, and to help them develop and find their place in the company. It is based on training (in particular on the dismantling of biases and interpersonal relationships), on the establishment of pairs for coaching, and on the structuring of a community. In Brazil, the gender diversity dynamic, which began in 2012, continues to grow, through initiatives such as a diversity survey, an update of the recruitment policy, the deployment of training modules and the implementation of specific assessment tools. In India, on-the-job training and skills development programs have helped to improve the gender ratio at the Group's industrial production sites. In North America, programs dedicated to the integration and visibility of black and LGBTQ communities have made it possible to roll out actions over several months. In Spain, Portugal and Morocco, speaking is at the heart of the approach.

(1) *Internal survey "me@ Saint-Gobain", 2020.*

Debates, discussions and a mentoring program help raise awareness of inter-generational diversity among teams, and workshops on disability promote concrete visualization of the benefits of diversity within teams. The Group is committed to maintaining a diversity index always above 90%, which is the case in 2021 with a diversity index of 91.1%. **Inclusion is the essential target, ensuring that the contribution of each employee is valued.** In this area, Saint-Gobain is making progress through targeted recruitment, the implementation of objectives and performance indicators, and internal awareness-raising campaigns.

4. The financial approach: allocating the Group's resources efficiently

In terms of allocating financial resources, Saint-Gobain's approach aims both to target investments in order to stimulate growth and to maintain a portfolio that is both agile and value-creating.

4.1 Implementing an investment policy targeting growth

4.1.1 Seizing growth opportunities in key markets

So as to serve the market in **countries with the strongest growth in the construction and renovation sectors**, the Group announced a **series of massive investments in its industrial plasterboard production facilities**: €40 million for the construction of a new line at its Quinto plant in **Spain**; €45 million for a second line in its Turda plant in the north of **Romania**; €25 million to increase the production capacity of its Fredrikstad site in **Norway** and make it the first carbon neutral plasterboard plant in the world. Saint-Gobain also launched the construction of a new plant in **China** in Jiangsu province, and also the commissioning of a third production line in **Brazil**, and an investment of more than $400 million over the next four years to increase roofing, insulation and plaster production capacities at four key production sites in the **United States**.

In **Europe**, the Group invests for its development: in **Poland**, in Gorlice, the Construction Industry Business Unit has initiated new industrial production of **silica glass**. This new production for the Adfors brand will be used for various applications such as high-temperature insulation or **batteries for electric vehicles**. In France, the second stage of the program to expand the Life Sciences plant in Charny (Yonne) involved doubling its capacity for the production of silicone tubes, and it now manufactures braided tubes to meet the demand of European customers. Another plant, located in Aniche, has commissioned a new laminated glass for buildings line, allowing both a 50% increase in production and a significant reduction in production defects, while reducing energy consumption. in **Germany**, Saint-Gobain Weber expanded its Weilerswist plant (near Cologne) by mid-year, doubling the site's surface area and increasing both its production and storage capacities.

In **Mexico,** the Group opened in 2021 a new line in Saltillo (Coahuila state) that will produce **flat glass for the construction and automotive markets**. The plant will be equipped with the latest cutting-edge technologies, both in terms of energy efficiency and Industry 4.0. The glass manufactured at this new site will serve the domestic construction and automotive markets, and also the **United States** and **Central American** countries.

In **Asia**, the Bioprocess Solutions Business Unit made two investments to manufacture single-use systems, one in **South Korea**, the other in **China**. With these new locations, Saint-Gobain will be able to ensure faster delivery times and a more independent supply from other regions, and therefore better continuity of service to its Asian customers in the event of supply tensions, thus limiting the risk of disruption. In **Vietnam**, a new plant producing **fiber cement solutions**, opened in September 2021, will enable Saint-Gobain to maintain its leading position in this growing market by being closer to its customers and thus reducing supply chain costs. The opening of this plant in the center of the country thus strengthens the Group in its position as market leader in fibrocement in Vietnam. As the first Saint-Gobain plant is located in the south of the country, this new site will be able to respond more quickly to the demands of customers in the north and center, thereby reducing supply and logistics costs. In **China**, the investment made at the Saint-Gobain Sekurit site in Shanghai will make it possible to produce laminated windshields for electric vehicles and reach an annual capacity of 900,000 pieces. In **India**, in Bangalore, the "Surface Solutions" Business Unit is investing in a new coated abrasives production line. In order to **accelerate its development in South-East Asia**, the Group has just inaugurated a new Weber site in Malaysia, which will produce **coatings for interior and exterior façades**, waterproofing and solutions for **building chemicals**, and also **3D printing solutions**. These products will be mainly intended for **markets in Malaysia and Singapore**.

4.1.3 Supporting the Group's commitments and its transformation

To achieve its objectives in terms of minimizing its footprint, and in particular to respect its commitment to achieve **carbon neutrality** in 2050, Saint-Gobain set up a capital investment budget of €100 million per year for all initiatives (including research and development) aiming at **reducing the Group's carbon footprint**.

4.2 Ensuring agile and value-creating portfolio management

Saint-Gobain pursues a strategy of managing its business portfolio that is both dynamic and value-creating.

4.2.1 Continuing the strategy of value-creating acquisitions

In 2021, Saint-Gobain completed or signed 37 acquisitions representing almost €2.0 billion in sales. These acquisitions are perfectly aligned with the Group's strategy formulated in the Grow & Impact plan.

Saint-Gobain's vision, to be the worldwide leader in **light and sustainable construction**, naturally leads to external growth that favors sectors such as construction chemicals, prefabrication and light construction methods. Such a strategy enables the Group to consolidate its leading position, particularly in North America and Asia, and to expand its offering.

The acquisition of **Chryso**, a specialist in admixtures for concrete and additives, offering differentiated and innovative solutions and employing approximately 1,300 people, significantly strengthens Saint-Gobain's offering for sustainable construction. This acquisition was supplemented by the announcement, in December 2021, of the signature of an agreement for the purchase of **GCP Applied Technologies** (the finalization of the transaction is expected to take place by the end of 2022). In the same vein, the Group made significant acquisitions in Mexico in 2021, namely Impac, a leading player in Latin America, with a plant in Monterrey (Nuevo Leon); in Romania: **Duraziv**, a company specializing in **production of adhesives and other value-added solutions in construction chemicals**; in Peru: **Z Aditivos** has extensive experience in cement and asphalt additives; and in Russia: **Adheziv**, a company specializing in polyurethanes and epoxy products. With these acquisitions, the Group's activities in mortars and construction chemicals represented more than €4 billion in sales in 2021.

In Germany, in 2021 the Group announced that it had acquired a majority stake in **Brüggemann**, one of the country's leading companies in the manufacture and installation of turnkey **modular timber construction** solutions for new construction and renovation. In France, Saint-Gobain completed the acquisition of **Panofrance**, a specialist distributor of timber and panels for construction and furnishing industries, enabling the Group to strengthen its presence in the **fast-growing market for timber-based building systems**, providing light solutions and and rapid implementation.

In **Mauritius**, Saint-Gobain acquired a majority stake in ABE, a major player in waterproofing, additives and mortars in the Indian Ocean. In addition, to meet the growing market demand in **Sub-Saharan Africa**, the Group acquired Kens Metal, enabling it to establish an industrial presence in **Kenya** with a gypsum production line.

In **India**, Saint-Gobain entered into an agreement with Alghanim Group for the acquisition of its wholly-owned subsidiary, **Rockwool** India Pvt Ltd., a major manufacturer of stone wool in the country, which uses Saint-Gobain technology under license for this manufacture. Rockwool India has two manufacturing facilities in India, in Hyderabad and Silvassa, with a total production capacity of 50,000 tons, and benefits from a strong marketing network across the country.

4.2.2 Continuing a regular portfolio review to focus the Group's strengths

Saint-Gobain continued its portfolio optimization strategy, aimed at enhancing the Group's growth and profitability profile in line with the objectives of the Grow & Impact plan in the light of three decisive criteria: the strategic suitability of the activity in relation to the rest of the Group; its performance against Saint-Gobain's own value creation criteria; and its prospects within the Group's global organization.

In 2021, Saint-Gobain completed or signed 20 disposals for €2.0 billion in sales.

In the **glass** sector, the group announced that it had sold Saint-Gobain Glassolutions Objekt-Center, which specializes in glass processing operations as part of the Glassolutions network in Germany, to the German privately-owned Aequita group based in Munich. This disposal concerns the two sites of Döring Berlin and Radeburg, which generated €20 million in sales in 2020. Aequita had already purchased the activities of Glassolutions in the Netherlands in 2019. In September 2021, Saint-Gobain also sold Glassolutions Belgium and Deggendorf, and announced at the end of 2021 that it had sold Glassolutions Denmark.

In **distribution**, Saint-Gobain signed agreements for the sale of Graham, its distribution activity specializing in plumbing, sanitary and heating in the United Kingdom; and also for the sale to Wolseley UK of three of its remaining four UK distribution brands specialized in plumbing, heating and sanitaryware in the United Kingdom: Neville Lumb, DHS and Bassets. The Group has also entered into exclusive negotiations with Wolseley UK for the sale of Ideal Bathrooms, the remaining distribution brand specialized in plumbing, heating and sanitaryware products in the United Kingdom. Saint-Gobain also finalized the sale of three retailers in Spain, La Plataforma de la Construccion to the BigMat group, as well as Discesur to Group Jorge Fernandez in association with Group Terrapilar, and lastly the Sanigrif and Saniplast brands. In the Netherlands, the Group completed the sale announced in early January 2021 to BME (Building Materials Europe) of Saint-Gobain Building Distribution the Netherlands (SGBD NL), an entity operating under the Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen brands, which has 38 sales outlets in seven countries. In France, announced at the end of 2020, the sale by Saint-Gobain of Lapeyre to Mutares, a company listed on the Frankfurt Stock Exchange, was completed. This transaction aims to concentrate Saint-Gobain's resources on its strategic activities.

In **pipe** business, Saint-Gobain announced the signing of an agreement under the terms of which the Group is disposing of 67% of its pipes business in China to a consortium led by local management. The transaction values the company at around €100 million. This transaction resulted in the sale by Saint-Gobain of control of PAM China, while maintaining its link with the pipes business in Europe, as part of a long-term industrial partnership. It is part of the strategy of continuing to optimize the Group's portfolio, aimed at enhancing its growth and profitability profile.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An efficient and responsible Group

1. Demonstrate ethics and responsibility

1.1 Ethics and compliance

1.1.1 Applying Saint-Gobain's Principles of Conduct and Action

The Principles of Conduct and Action are the code of ethics that forms the foundation of all of Saint-Gobain's policies and commitments (see chapter 1, section 2.2.2). They define the values and rules applicable to all Group entities and employees, across all employment contract types (open-ended contracts, fixed-term contracts and temporary staff), and also to their subcontractors and suppliers. This applies in particular to compliance policies, the human rights policy, the Environmental, Health and Safety (EHS) charter, the purchasing and suppliers charters of the responsible purchasing program, and the diversity policy.

The code of ethics also sets out the procedures for working with stakeholders, with a particular focus on permanent on-site subcontractors, other subcontractors and suppliers. For this reason, it is translated into 31 languages and is available on the Group's website for wide distribution to stakeholders. Each employee, including those on fixed-term contracts and temporary staff, receives information during their induction about the code of ethics in the local language. This may take various forms, depending on the country:

- a welcome brochure with comments from the Human Resources representative;
- the code of ethics may be appended to the contract of employment.

In-person trainings are provided in all countries where Saint-Gobain operates. It is provided either by an Ethics and Compliance Manager or by a local correspondent trained for this purpose. Modules are regularly included in management school sessions. These sessions are adapted to the seniority of the managers; they aim to discuss their daily practices, the difficulties encountered in different cultures, and the way in which values guide decisions. In order to ensure wide deployment in countries, managers, usually from HR or Compliance networks, are trained to provide training on the code of ethics. They can therefore organize sessions for all the employees or for external stakeholders such as suppliers.

An e-learning course called "Adhere" is available for all employees and is compulsory for all managers. Throughout the Saint-Gobain University Management School training course, a module dedicated to the code of ethics allows managers to discuss the issues and share their operational experiences. Because of the health crisis, training formats had to be adapted to digital media, with the ambition of maintaining the interactivity that is essential for preserving time to exchange experiences and difficulties encountered.

The Group has set itself the goal of training each new manager, from the first year of integration, to the code of ethics, the fight against corruption and compliance with competition law. This objective is included in the CSR dashboard monitored by the Board of Directors (see chapter 4, section 2.1).

On June 17, 2021, an event was organized in all the countries where Saint-Gobain operates to promote and discuss its values, the Principles of Conduct and Action. Transparency and trust between colleagues, the defense of human rights, fairness in business practices, the protection of personal data, the integrity of the Group's supply chain and the fight against corruption were the themes discussed on over 2,300 sites, during workshops, conferences, debates and presentations.

This event generated a strong mobilization of all the Group's employees. They expressed the importance of the code of ethics in nurturing trust and enabling success as part of the purpose: "Making the World a Better Home". The event was sponsored by Saint-Gobain's management. A video of the Chairman and Chief Executive Officer, the Deputy CEO and the General Secretary speaking about their experience of ethics was shared with more than 120,000 employees, and the General Secretary's statement posted on the Group's internal social network was viewed more than 45,000 times.

1.1.2 Deploying business ethics and compliance programs

At Saint-Gobain, business ethics programs aim to pursue both an ethical and a compliance objective in the conduct of the Group's business. The Group's ethics and compliance program is thus designed and implemented as a natural extension of the Group's values and commitments.

While ethics aims to ensure that everyone complies at all times with the values at the heart of the Principles of Conduct and Action, compliance aims to ensure that everyone always complies with laws, regulations and international conventions applicable to the Group, the violation of which is likely to result in penalties (civil, administrative or criminal) for the company, its managers and employees and/or commercial, financial and reputational damage.

The ethics and compliance program has been based, since 2009, on the adoption and deployment of appropriate and effective tools (internal policies and procedures, training, whistle-blowing system, reporting, audit) and the promotion of appropriate behaviors.

Governance

In ethics and compliance, the Board of Directors exercises control over Senior Management. As such, its role is twofold:

- it ensures that ethics and compliance issues are taken into account in major strategic choices;
- it ensures that the ethics and compliance program is properly implemented.

The involvement of Senior Management is crucial for ethics and compliance. It promotes and disseminates the culture of compliance, demonstrating its commitment through the following actions:

- taking into account ethics and compliance issues in strategic projects or decisions;
- implementing the ethics and compliance program with the support of the Ethics and Compliance Department;
- communicating internally and externally on its overall support for ethics and compliance programs, particularly regarding zero tolerance for corruption and the whistle-blowing system.

Ethics and Compliance Department

Its mission is to promote the Principles of Conduct and Action and to design and implement the Group's ethics and compliance program in the areas of business ethics, competition law, the fight against corruption and influence peddling, economic sanctions and export controls, the duty of care and human rights. It identifies and assesses risks, and proposes policies, procedures and programs to control and reduce those risks. Finally, the Ethics and Compliance Department develops and provides training and communication for the programs.

It relies on a network of Ethics and Compliance Officers in regions and operations whose mission is to ensure the effective deployment of programs within their scope.

Beyond that, Business Compliance Correspondents (BCC) in the countries and Business Units have the role of ensuring the dissemination and knowledge, within their scope, of the Group's ethics and compliance program and culture.

1.2 Main ethics and compliance policies

1.2.1 Compliance with anti-corruption and influence peddling rules

All over the world, corruption undermines trust in public institutions, makes the most vulnerable even weaker and is the breeding ground for violence, slowing the transition to a more sustainable world. The active fight against this scourge is of concern to everyone.

Since 2003, Saint-Gobain has expressed its commitment to the fight against corruption by signing the Global Compact of the United Nations, the tenth principle of which calls on companies to take action against corruption.

In addition, the Group has since then set up a program to prevent the risks of corruption and influence peddling, including a commitment from directors and strict compliance with the principle of "zero tolerance".

This program is based on:

- a mapping of the risks of corruption and influence peddling;
- policies and procedures;
- training, in particular the digital training called "ACT", which is followed by all managers when they are onboarded as well as every two years;
- communication actions;
- audits conducted internally or by external service providers.

In 2020, the Group publicly released the new version of its anti-corruption policy on the fight against corruption and influence peddling.

The purpose of this manual is to define and illustrate the various types of behavior to be prohibited, review the Group's rules and the best practices to adopt, *i.e.*, the procedures relating to all areas in which corruption and influence peddling risks are likely to materialize, such as gifts and invitations, conflicts of interest, recruitment, mergers and acquisitions, or the management of intermediaries.

All Saint-Gobain employees must feel responsible for the fight against corruption. Therefore, the policy is based on concrete and educational examples of what is and is not allowed in the practice of the professional. It recalls the following fundamental principle: the fight against corruption and influence peddling presupposes a principle of "zero tolerance".

The anti-corruption policy is fully committed to by both the Group's Chief Executive Officer and the Group's Executive Committee, and was signed by nearly 3,000 senior employees when it was launched.

The management of the anti-corruption policy is the responsibility of the Group's Senior Management, which delegates design, deployment of programs and the monitoring of its effectiveness to the Ethics and Compliance Department.

1.2.2 Compliance with competition law

Saint-Gobain has put in place a competition law compliance program based on:

- policies and procedures, notably regarding membership of professional associations;
- training and communication actions: practical guides are made available, in particular "The ins and outs of competition law" available on the Group's website; an e-learning training course called "Comply" is followed for the first time by all managers when they are onboarding, and then repeated every two years; numerous in-person training sessions are provided by the Ethics and Compliance Department and the Ethics and Compliance Managers; lastly, the theme was covered as part of the Principles of Conduct and Action Day;
- audits conducted by third parties.

1.2.3 Compliance with economic sanctions and export control regulations

Saint-Gobain has implemented a program for compliance with economic sanctions and export controls. It is based on:

- a Group policy;
- a network of people in charge of these issues for the Group's activities, deployed at the relevant level of the regional activities, the Business Units, or the country level;
- tools to monitor the evolution of applicable regulations are available: a screening tool (screening sanctions) of third parties and country files to identify risks and apply the necessary due diligence updated in line with changes in regulations;
- training and communication actions: e-learning training is followed by managers exposed to these issues; in-person training is provided by members of the dedicated network; the theme was also covered as part of the Principles of Conduct and Action Day;
- "sanctions and export control" audits, conducted by external service providers on Group entities previously identified by the central team.

1.2.4 Personal data protection

Saint-Gobain pays particular attention to personal data protection. The Group's policy on this subject is publicly available on its website. The purpose of this policy is to set out data collection, use, communication and confidentiality conditions.

As Saint-Gobain's activities are highly decentralized, this governance aims to support the entities by taking into account their needs and the local context in which they operate. Each Group entity established in the European Union has appointed a Privacy Correspondent who manages, with the support of a Privacy Advisor and in close collaboration with the business lines (IT, digital, marketing, human resources, etc.), the compliance of activities. This network of employees who dedicate part of their activity to maintaining this approach (the Privacy Network) is led by the central team (the Central Privacy Team). It is composed of 45 Privacy Advisors approximately (lawyers or auditors) and about 600 Privacy Correspondents (operational profiles).

Outside the European Union, Legal Departments also take these issues into account. Indeed, in a process of continuous improvement, Saint-Gobain encourages the application of key principles of personal data protection, regardless of the location of the entity. These principles provide protection beyond the local regulations in force in the main countries.

Communication actions are implemented with the Privacy Network and functions (human resources, IT, etc.). Practical guides and procedures are made available to them. Training is given, in particular through an e-learning training called "Data Protection by Saint-Gobain" and available in French and English. In addition, the protection of personal data is covered by the internal control framework for both companies established in the European Union and for those established outside the European Union.

Saint-Gobain is continuing to roll out a data protection management platform in its European entities, and also in other regions (for example in Brazil). This platform facilitates the governance of personal data protection, notably by keeping records of processing activities, assessing the guarantees presented by service providers in terms of data protection, carrying out related Data Protection Impact Analysis (DPIAs), the management of incidents involving personal data, etc. Training in the use of this platform is regularly offered to Privacy Correspondents and to Privacy Advisors.

1.2.5 Taxation

Saint-Gobain acts in compliance with the tax laws of the countries in which it operates and fulfills its tax reporting and payment obligations in time. The Group has therefore not established structures whose purpose is tax evasion. It applies tax laws and regulations with honesty and integrity. Its intragroup transactions comply with the so-called "arm's length" principle.

Even if the new rules related to the reform of the international tax system initiated by the OECD have not yet all been defined, Saint-Gobain does not anticipate any significant change in its income tax expense since it is correlated with its locations and therefore with the creation of the value. Since 2019, Saint-Gobain has been taking part in the initiative for a tax partnership for regular, transparent dialogue between the French tax authorities and large proactive companies.

1.3 Respect for human rights in the Group's activities

1.3.1 Commitments

Saint-Gobain's values, formalized by the Principles of Conduct and Action, are an essential vector of mobilization for human rights due to their reference to international conventions, such as the International Charter for Human Rights or the applicable conventions of the International Labor Organization and in particular the conventions 87, 98, 111, and 135 on the freedom of association and protection of the right to organise, on the right to organise and collective bargaining, on discrimination, and on workers' representatives respectively.

Saint-Gobain has been a signatory of the United Nations Global Compact since 2003. The first two principles of the Global Compact invite companies to "support and respect the protection of internationally proclaimed human rights" (principle No. 1) and "make sure that their own companies are not complicit in human rights abuses" (principle No. 2).

In 2019, the Group published its policy on respect for human rights. The policy has been presented to the Board of Directors. It describes how Saint-Gobain takes into account human rights impacts and outlines the associated due diligence process. The whole approach is based on the recommendations of the United Nations, particularly the guiding principles on business and human rights. Accordingly, Saint-Gobain is committed to respecting human rights wherever it conducts its activities and in its supply chain.

1.3.2 Analysis of human rights risks in the Group's activities

Saint-Gobain's main human rights issues are identified following the methodology proposed by the United Nations in the context of the application of its guiding principles and concern the human rights that are likely to be most seriously affected by the negative impact of the company's activities and its value chain.

The method to identify the risks of actual or potential negative impacts draws on the United Nations' reference base and on external sources recognized for their relevance. These sources are linked to international institutions such as the United Nations with the Human Development Index, specialist non-governmental organizations such as the Transparency International Corruption Perceptions Index, or foundations such as The Global Slavery Index by the Walk Free Foundation to end forced labor.

The analysis resulted in a mapping of the risks related to the Group's activities. It includes the risks related to the supply chain and respect for human rights described in the section on responsible purchasing (see this chapter, section 1.4).

The risk mapping covers the nature of the risks linked to activities and risks linked to the countries in which Saint-Gobain operates. The main risks identified concern four areas: respect for employee rights, health and safety at work, respect for the environment and anti-corruption.

The management of occupational health and safety risks is described in this chapter, section 4.2 and those concerning respect for the environment in this chapter, section 2.1.3. The management of corruption risks is described in this chapter 3, section 1.2.1.

In November 2021, the due diligence process was undertaken to update the Group's assessment of human rights risks and impacts as well as the measures implemented to manage these risks, limit the risks of negative impacts, provide responses to impacted stakeholders if necessary, and improve situations that need to be improved. To this end, a questionnaire was sent to human resources and operational managers in 35 of the most exposed countries, and the responses were analyzed. This analysis allows us to verify that the Group's practices are in line with the human rights policy and the risks identified.

1.3.3 Measures to control risks associated with employee rights

Respect for the rights of employees is essential to ensure a fair and equitable working environment, ensuring personal and professional fulfillment (see this chapter, section 1.3.3). Thus, "respect for employees' rights" is one of the nine Principles that constitute Saint-Gobain's code of ethics. In addition, thanks to its human rights policy, Saint-Gobain clearly described its commitment to the following principles: the fight against forced labor, the fight against child labor, freedom of association and the fight against discrimination. Since signing the United Nations Global Compact, the Group has published an annual progress statement.

Saint-Gobain's entities ensure that each employee performs their work on the basis of freely agreed terms of employment according to a shared and accepted document and receives the payment of a fair wage according to the hours worked. Freedom of association is guaranteed at all industrial sites and sales outlets. The age of the employee is checked by local employees as part of the fight against child labor. An annual analysis of the HR database is performed to verify that employees under the age of 18 are employed under specific contracts related to their education, such as apprenticeship contracts.

Finally, the Group values and seeks diversity among its teams. Mutual respect and a policy of equal treatment in terms of recruitment, access to promotions, professional training and compensation are the main levers for action. Everywhere it operates, Saint-Gobain undertakes to promote inclusion and diversity in all its forms: gender, nationalities, training, career paths, generational diversity, disabilities and ethnic and social origins.

The system for collecting grievances reported by the network of local HR has been improved to encourage employees to express themselves directly to their superiors or the human resources network. Entities declare any incidents of discrimination leading to a complaint or otherwise, in the course of judgment or finally judged and characterized as such. Every incident is examined and dealt with in the subsidiaries concerned. Group employees also have access to a whistle-blowing system that guarantees their anonymity, described in this chapter, section 1.6. Particular attention is paid to risks of harassment.

Following the analysis of the questionnaires completed by Saint-Gobain's local teams at the end of 2021 as part of the due diligence process, preventive actions have been launched to further limit the risk of human rights incidents. Good practices identified in certain countries and recommendations on topics such as recruitment practices and the adoption of the code of ethics when integrating new employees have been shared within the Group.

1.4 Responsible purchasing

In an environment where supply chains are becoming more complex, and where the collective awareness of the impacts of purchasing on stakeholders is growing, this program aims to integrate ethical requirements into the purchasing process, both for suppliers, based on the supplier charter, and for buyers, by applying the buyer charter. It helps manage and reduce the environmental, social and societal risks associated with Saint-Gobain's supply chains.

Thus, ethical criteria respecting human rights, working conditions and compliance with standards, health and safety and the environment are integrated into the purchasing process. The responsible purchasing program is implemented with high standards in accordance with the Group's general purchasing principles to develop long-term relationships with suppliers, on the basis of shared improvement plans.

The program is based on the ISO 20400 standard. In 2021, an audit conducted by an independent third party validated the approach and attested to its maturity.

The program "responsible purchasing" includes four major steps set out in Saint-Gobain's vigilance plan:

1.4.1 Risk management

The CSR risk mapping of purchases includes risks related to countries of origin and risks related to purchasing categories. Risks linked to human rights, particularly forced labor and child labor, and corruption risks are reared to the environment of the countries of origin.

Risks linked to purchasing categories include environmental performance, specifically carbon and water footprints and health and safety. This mapping used recognized international sources to assess the risks specific to the countries and activities concerned. While the general principles and sources are identical, the impact of purchases and the risks for the company are weighted according to the nature of the purchase:

- an upstream purchase, managed by the non-trade purchasing team;
- a purchase related to distribution activity offerings managed by the marketing distribution teams and the trade purchasing teams.

In accordance with this procedure, purchasing categories or suppliers with specific risks have been identified, such as:

- purchases of certain natural raw materials such as wood or sand;
- certain types of subcontractors working directly on Saint-Gobain sites;
- purchases made in countries exposed to risks regarding human rights in general and child labor, corruption and working conditions in particular.

1.4.2 Risk management and mitigation measures

The process and tools used to manage risks for trade and non-trade purchases were aligned. However, the action plans put in place are specific to each of the two purchasing teams, to maintain management methods and a level of control adapted to the risks and potential negative impacts of each of the activities.

1.4.2.1 For non-trade purchases

Depending on the level of risk identified, suppliers answer an evaluation questionnaire based on documentation, that is verified and evaluated by a third party and, depending on the results, an on-site CSR audit takes place. The entire approach forms part of a constant dialogue with the supplier and leads to the establishment of action plans and CSR performance improvement plans. In 2018, the evaluation questionnaire and its related score scale were reviewed to check that they corresponded to the types and levels of risks identified by the mapping. In 2021, following the reassessment of the minimum performance thresholds, the suppliers concerned were invited to undergo a new assessment in order to comply with the Group's reinforced requirements.

The Group set itself the objective, for the 2017-2021 period, of assessing the CSR performance of more than 90% of suppliers deemed to pose a risk and which achieve annual revenue of more than €100,000 with the Group.

About CSR audits, the objective is to conduct around 40 to 50 audits a year, mainly in emerging countries. These audits may lead to de-listings if critical failings are identified, or if the necessary corrective plans are not implemented within the agreed periods. The use of the "SMETA 4-Pillar" standard for on-site audits is widespread, so that suppliers' auditing efforts can be better shared with all of their customers. Based on the results of the assessments, the relevant buyer implements a corrective action plan with the supplier, including priorities and deadlines for implementation.

In the event of non-compliance with these action plans, a supplier de-listing policy is applicable, after which the supplier will no longer have access to the Group's calls for tenders and all entities of the latter will withdraw from any ongoing partnerships.

The Responsible Purchasing policy is being rolled out to non-trade suppliers *via* a private digital platform developed by Saint-Gobain and entirely dedicated to responsible purchasing. Suppliers have access to it to acknowledge receipt of the Group Suppliers Charter, to send essential supporting documents electronically (wood certificates, quality certificates, ISO standards), to answer self-assessment questionnaires, to obtain all information on Saint-Gobain's "responsible purchasing" guidelines and to access details of their CSR evaluations or, where appropriate, CSR audits.

The responsible purchasing approach also includes ongoing training for buyers on the Group code of ethics, with particular emphasis on the fight against corruption, the working conditions of employees of suppliers, forced labor and child labor. Constant information on the sustainable development stakes is also communicated. The Department of Non-Trade Purchasing has issued a "Best Practices" brochure for all purchasers, to remind them of the CSR best practices to be built into the whole of the purchasing process.

1.4.2.2 For trade purchases

The procedures and tools were aligned with those already in place for non-trade purchases. Given the different nature of purchases, certain risk criteria and their weighting and performance monitoring are managed separately by the marketing and purchasing teams of the distribution entities. The program is overseen by a team from the Group's responsible purchasing team. Accordingly, synergies and best practices for responsible purchasing are shared between the various buyers, while a measure of performance adapted to operational risks and opportunities is maintained.

This implementation was accompanied by training sessions for buyers. Strategic suppliers are primarily affected by the deployment of the Responsible Purchasing program. This involves the European supplier partners of the distribution entities that make purchases of more than €3 million and the main suppliers of the brands in each country. These identified suppliers cover more than 79% of trade purchases (see chapter 9, section 2.1.4.1).

At the same time, the marketing and purchasing teams of the "Building Distribution" Business Unit are continuing the qualification and control audits of the factories of their own-brand suppliers, especially in India and China. The purpose of these audits is to assess their management system, the environmental, social and legal aspects of production activities, and to ensure the good quality of the products.

Following each audit, the supplier receives a report as well as recommendations on compliance with an expected effective date or paths for improvement.

1.4.3 Risk management related to natural raw materials

Sand

Purchases of sand by Saint-Gobain are intended for glass and glass wool production, the manufacture of mortars, and for distribution activities. In 2020, over 90% of these purchases are from open and mechanized quarries. Suppliers undergo evaluations of their environmental and social practices as part of the Responsible Purchasing policy. Finally, the Group is implementing an action plan to reduce its sand consumption, by substituting it with recycled materials as part of the circular economy program (see this chapter, section 2.2). Since 2018, an indicator to monitor the reduction of withdrawals of virgin raw materials has been implemented (see chapter 4, section 2.2).

Timber purchases

Saint-Gobain's activities have an impact on timber sector either through the supply of packaging (pallets and boxes) or by purchases of timber for construction markets as part of its distribution activities. Environmental and social risks, and those related to human rights adherence primarily affect trade purchasing. Saint-Gobain is committed to fighting deforestation through a "Timber Purchasing" policy, by acting ethically and responsibly throughout the Group's value chain to preserve forests, the local populations living in them and biodiversity. This policy was issued in the early 2000s and updated in 2020.

To control risks and ensure traceability of purchases, the "Timber Purchasing" policy is based on a due diligence method in compliance with requirements of the European Union Timber Regulation (EUTR), and the recommendations of recognized institutions or specialized non-governmental organizations (NGOs), such as the red list of endangered species maintained by the IUCN (International Union for Conservation of Nature) and reports of NGOs involved in the fight against deforestation. In particular, for species or regions at risk, specific certifications are required, such as the FSC® (Forest Stewardship Council) label.

To ensure that the risks related to purchases can be controlled, Saint-Gobain carries out an inventory of its timber products purchases and their derivatives. This year, 93.4% of timber products and their derivatives from trade come from responsibly managed timber. An audit of this inventory by a third party specializing in deforestation issues was carried out at the end of year in 2020 and has confirmed the solidity of the program to secure purchases and compliance with the "Timber purchasing" policy.

As part of a continuous improvement process, the Group maintains a transparent and regular dialog with non-governmental organizations (NGOs) to promote responsible forest management.

Since several years, Saint-Gobain has not completed the CDP questionnaire on forests since 2020. The Group shares CDP's objective of combating deforestation for responsible forest management; it wants a transparent dialogue with the CDP so that the specific nature of construction timber is better highlighted in the ratings. Up to now, the questionnaire is focused on issues related to the use of palm oil or exotic species which are little or not present in the construction business. This way, the answers to the questionnaire and the assessment are not very representative of the conducted actions and their efficiency.

1.5 Participation in public debate

1.5.1 Advocacy

Saint-Gobain participates in public debates on the strategic challenges for its business activity and environment. This participation takes place directly, *via* professional associations, and *via* global, regional or local alliances. The Group's advocacy activities aim to constructively feed into discussions and bring together value chain players and stakeholders. Inspired by its purpose "Making the World a Better Home", Saint-Gobain regularly works on the priority themes of decarbonizing the economy and circularity in the construction sector. For example, in 2021, the Group organized a series of three events ahead of the COP26 conference in Glasgow, with high-level speakers, on the theme of the transformation of the value chain needed to decarbonize the construction sector (see this chapter, section 2.1.6.1).

Saint-Gobain and most of its subsidiaries belong to professional associations representing their industry at the national or supranational level. For example, in France, the Group is involved in professional associations representing companies, such as Afep and Medef. Saint-Gobain's subsidiaries also cooperate with various local associations or organizations involved in regulatory issues, or related to environmental, social, societal or economic issues. The subsidiaries have internal procedures in place to ensure that their participation in associations is recognized and referenced, and that employees who represent them in associations are trained in the rules of antitrust law. The Group ensures proper coordination of the positions taken locally and ensures that these institutional commitments are well known and respected by the countries.

As a way of ensuring that it is closely involved in the ongoing national and international debate on the environment and sustainable development, and that it can share its experience in these areas as a manufacturer, Saint-Gobain has been a member of the French association Entreprises pour l'Environnement (EpE) (businesses for the environment) association since the organization was founded. EpE is a grouping of around 60 major French and international companies representing all sectors of the economy, who are keen to address the environment more effectively in their strategic decisions and in the way they do business.

The Group is active in the World Business Council for Sustainable Development (WBCSD). This organization brings together more than 200 companies worldwide that are thinking about and developing solutions for a more sustainable world. In 2021, Saint-Gobain contributed to The Business Case for Circular Buildings report.

Advocacy and partnerships related to climate issues are included in the "Net Zero Carbon" roadmap (see this chapter, section 2.1.5).

The Group refrains from financing any political party.

1.5.2 Multi-stakeholder partnerships

As a member of the United Nations Global Compact, Saint-Gobain regularly reports on its progress in the areas covered by the Compact, to which it adheres at the "GC Advanced" level, *i.e.*, according to 21 criteria. Pierre-André de Chalendar, Chairman of the Group, is a member of the Board of Directors of Global Compact France. Saint-Gobain also encourages its partners, particularly its suppliers, to commit to the Global Compact's ten principles.

Likewise, the Group pays particular attention to the United Nations sustainable development goals (SDGs), so as to make progress in evaluating the real impacts that companies can have in working towards a fairer, more sustainable world. These goals also make possible new multi-stakeholder collaborations, in which companies are engaged locally and globally. This is the case for the following objectives especially:

- SDG 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all";
- SDG 13: "Take urgent action to combat climate change and its impacts".
- SDG 17 "Partnerships to achieve the goals".

In September 2020, Saint-Gobain signed the United Nations Global Compact's call for multilateralism and renewed global cooperation in line with SDG 16 ("Justice, peace and strong institutions").

Finally, the Group is a member of the forum of committed companies with the organization Transparency International France. Thus, Saint-Gobain supports the association's activities and has committed to rejecting and combating corruption, in all its forms. The Group undertakes to make its best efforts to implement a solid prevention mechanism, inspired by the current best practices of the business world.

1.5.3 Actions for green and sustainable growth

Saint-Gobain supports the implementation of ambitious political frameworks to remove technical and financial obstacles and accelerate the transition to a low-carbon economy. The recovery plans initiated by governments following the Covid-19 crisis are an opportunity to combine the fight against climate change with economic development actions through such ways as initiatives that promote building renovation and energy efficiency. Indeed, decarbonization of buildings is essential to achieve the greenhouse gas emission reduction targets that governments have set for themselves.

The Group is also a member of the campaign Renovate Europe, which aims to promote ambitious energy-related building renovation policies at European level. In 2021, Saint-Gobain supported the report "Renovate2Recover" which analyzes the way in which European recovery plans deal with energy-related renovations in construction, and make recommendations on how to make these policies more effective and sustainable.

European regulatory projects related to sustainable finance and in particular taxonomy of sustainable activities are essential instruments for achieving the European Union's climate objectives, provided that they are guided by scientific criteria and developed in a transparent manner. The Group supports the work of the European Commission and the "sustainable finance" platform to ensure that the ambition developed in the taxonomy and the underlying criteria better reflect the potential and specificities of the business sectors concerned.

1.6 The alert system - SpeakUp @Saint-Gobain

Saint-Gobain has an ethical and professional alert system that is accessible to employees and all other stakeholders (customers, suppliers, shareholders, trade unions, NGOs, local communities, etc.) to report any breaches of applicable regulations or internal rules and procedures, in particular those related to the code of ethics.

A highly secure platform is being used since June 2020 to collect alerts and exchange with whistleblowers, including anonymously. In 2021, a related module was developed to manage the follow-up of investigations from the time of reporting to the implementation of recommendations. This module will be deployed in 2022 along with a practical guide that will remind "Alert referents" of the main principles of alert processing, describe the necessary steps (admissibility, investigation, conclusions) and the precautions to take in order to conduct investigations in a professional and impartial manner. Finally, this guide provides documentary support to inform and secure exchanges with the parties, whether they are alleged victims, witnesses or respondents.

The policy on the Group alert system and an explanatory video facilitating the understanding and the use of the platform by stakeholders are published on the Saint-Gobain website.

In 2021, more than 645 alerts were processed by the "Alert referents".

This first year of reporting on the platform's alerts has enabled us to observe the high expectations of employees concerning the Group's values and the behavior of managers, in line with the messages brought up during the Principles of Conduct and Action day. Beyond the personal situations and sometimes painful, each alert provided to the organization is also a real opportunity to progress. A new communication campaign "SpeakUp @Saint-Gobain" will be conducted in 2022 to continue to encourage employees to speak out.

Annual data on the collection of incidents and alerts are published in the Saint-Gobain's non-financial results (see chapter 4, section 2.2).

2. Maximize the contribution for the planet and communities

2.1 Climate change: towards a just transition

Faced with the challenge of climate change and the risks related to the average increase in temperatures, Saint-Gobain aims to promote the emergence of a just, sustainable economy in line with the Paris Agreement in countries where it is present. In concrete terms, the objective is to help the Group's customers reduce their carbon emissions through the use of its solutions, and to reduce the carbon impact of its operations across the entire value chain. In September 2019, Saint-Gobain responded to a call for action issued by a broad coalition of business leaders, civil society representatives and United Nations leaders to help limit the rise in global temperature to a maximum of 1.5°C above pre-industrial levels.

2.1.1 Governance

BOARD OF DIRECTORS

The role of the **Board of Directors** is to determine Saint-Gobain's strategy and to follow up on its implementation, as well as to monitor its proper management.

All Directors were trained in climate risks by experts (see chapter 5, section 1.2.4). Climate change issues are monitored on a regular basis by the Board of Directors. Climate-related issues were discussed in four sessions in 2021.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD OF DIRECTORS

The CSR Committee ensures that corporate social responsibility issues are taken into account in the definition of Saint-Gobain's strategy and its implementation (see chapter 5, section 1.1.1 for a description of the responsibilities and activities of the Corporate Social Responsibility Committee in 2021).

Finally, as the Group considers climate change to be a strategic issue, the reduction of CO_2 emissions is a performance criterion included in long-term compensation plans (see chapter 5, section 2.4.2).

"CARBON 2030" ROADMAP

The **"Carbon Roadmap 2030"** working group is a response to Saint-Gobain's commitment to achieve carbon neutrality, or "zero net emissions", by 2050. As a result, Saint-Gobain will reduce its CO_2 emissions as much as possible by 2050 and implement measures to absorb any residual emissions.

The success of the "zero net emissions" ambition is based on the 2030 targets validated by the Science Based Target initiative and on several action levers. This working group is led by the Sustainable Development Department.

At Group level:

- the **Strategy Department** supports Saint-Gobain's ambition to be a leader in sustainability by integrating sustainable development as a key focus of the Group's growth and differentiation strategy. It monitors and implements the internal carbon price, including the updating of its level;
- the **Innovation Department** coordinates the innovation efforts in processes, both industrial and product design-related;
- the **Industrial Technology and Performance Department** oversees the coordination of industrial excellence programs, including the "World Class Manufacturing (WCM) and CapEx commitments;
- the **Purchasing Department** ensures the mobilization of suppliers by integrating their performance in terms of sustainable development and the signature of the Saint-Gobain "Responsible Purchasing" charter as selection criteria.

Business Units and countries contribute to the carbon neutrality objective:

- roadmaps are developed by the countries or Business Units to define their short- and medium-term priorities and objectives in line with Saint-Gobain's objectives, and to draw up their own action plans;
- detailed roadmaps are developed for each industrial process and supplemented by action plans designed and deployed by each country based on knowledge of local markets and regulatory contexts;
- each site defines its own roadmap for the WCM program, in line with international reference frameworks, standards specific to its business required by customers and the improvement objectives that have been set. Each industrial department and each business unit is responsible for defining, leading and monitoring the results of the sites within its scope.

The Group has implemented its CO_2 roadmap to achieve carbon neutrality by 2050. This approach incorporates its targets for 2030, validated by the Science Based Targets initiative (SBTi), which considers them to be aligned with Saint-Gobain's net zero carbon commitment:

- 33% reduction in CO_2 emissions (scope 1 + 2), in absolute value, between 2017 and 2030;
- 16% reduction in CO_2 emissions in scope 3, in absolute value, between 2017 and 2030.

EXECUTIVE COMMITTEE

The **Executive Committee** is responsible for managing the Group. It makes strategic decisions according to the guidelines defined by the Board of Directors and under the chairmanship of the Chief Executive Officer. The issue of climate change is monitored on a regular basis by the Executive Committee, which holds meetings on these subjects.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE EXECUTIVE COMMITTEE

The Corporate Social Responsibility Committee was created on July 1, 2021. Its role is to craft strategies in line with the Group's CSR commitments and objectives, taking into account the growing demands of stakeholders, and to monitor improvements in terms of ESG (environment, social and governance) performance. Climate change is one of the topics monitored by the Committee.

The **Senior Vice-President, Human Resources and Corporate Social Responsibility** is in charge of corporate social responsibility. She coordinates the monitoring of climate objectives as part of the CSR roadmap.

The **Corporate Social Responsibility Department** coordinates – with the Sustainable Development Department – the monitoring of climate perfomance and objectives. The fight against climate change is one of the pillars of the CSR roadmap.

The **Sustainable Development Department** oversees the management of climate-related issues, which represent both a risk and an opportunity or the Group.

SUSTAINABLE SOLUTIONS FOR GROWTH

The **Sustainable Solutions for Growth** working group supports the Group's strategy to move from a product-based offer to a sustainable solutions-based offer, which would be more efficient and adapted to its markets. This group focuses on identifying proposals for solutions that combine sustainability and performance and to measure the benefits for stakeholders, in particular customers. It is also in charge of determining and deploying a standardized method of benefits recognition. This working group is led by the Strategy Department.

At Group level:

- the **Marketing and Development Department** facilitates and accelerates Saint-Gobain's innovation process, based on meeting customer expectations. Teams specializing in innovation and management ensure consistency and relevance of use cases. Teams specializing in sustainable construction ensure the coordination of the measurement of estimated benefits;
- the **CSR Department** ensures that the solutions proposed by the Group are in line with the objectives and action plans in operational terms. It also follows up on performance.

At Business Units and countries level:

- tools and information are made available to countries to guide them in developing a strategy adapted to their market context;
- discussions between the marketing and sales teams enable the identification of cross-functional issues for which Saint-Gobain can provide innovative and competitive responses using local and global synergies.

RISK MANAGEMENT

The **Risk Management** working group is responsible for identifying, assessing and mitigating potential risks that could impact the Group's business. However, climate has not been identified as a risk factor for Saint-Gobain, as it does not present significant financial materiality for the Group.

At Group level:

- the **Strategy Department** oversees the development of climate scenarios, thus integrating climate risk management into the Group's medium- and long-term strategy;
- the **Audit and Internal Control Department** develops and updates the methodology for managing climate risk, updates physical risk maps and conducts climate audits;
- the **Risk and Insurance Department** defines the Group's policy on the prevention and insurance of climate risks;
- the **CSR Department** ensures the consistency of risk assessments in accordance with the regulatory requirements of the Non Financial Reporting Directive (NFRD) and its transposition into French law, and other transparency requirements expressed by stakeholders, in particular the communication according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The Business Units and Countries are included in the risk identification and management process. A digital mapping tool is available to help them identify their risk exposure and prioritize their action plans.

2.1.2 Strategy

Saint-Gobain's objective is to contribute to a just and sustainable transition towards a low-carbon economy. The implementation and results of this strategy are integrated into scenarios that limit global warming to below a 1.5° C rise, so that they are aligned with the Paris Agreement. This requires both risk management and the development of the Group's markets, including by identifying new opportunities.

Therefore, Saint-Gobain is focusing its action plans around the following areas:

- minimizing its carbon footprint by reducing emissions in its operations (scopes 1 and 2) and emissions linked to its value chain (scope 3): the "carbon 2030" roadmap represents the Group's action plan to achieve the CO_2 emission reduction targets validated by the SBTi on the road to carbon neutrality. In addition to the Group's roadmap, the countries and Business Units have developed local roadmaps. With regard to other environmental issues such as biodiversity and water, Saint-Gobain has set itself targets and has tools to limit the pressure it exerts on the environment (see this chapter, section 3.3.2);
- maximizing the impact of its solutions, through the implementation of the Sustainable Solutions for Growth program (see this chapter, section 3.4.4): the design, production and distribution of high-performance solutions that contribute positively to the environment, *i.e.* solutions that promote energy efficiency and the reduction of CO_2 emissions. It is thanks to innovation and the evaluation of the performance of solutions (see this chapter, section 2.1.4.1) that the Group is able to increase its carbon profits and adapt its offering to new opportunities, linked to a just, sustainable and low-carbon transition;
- identification and creation of opportunities, in collaboration with global and local players;
- identification, assessment and management of risks: in response to climate risks, acting as close as possible to the territories (countries, regions, etc.) allows the Group to rely on resilient local ecosystems that are more favorable to the development of a low-carbon economy. The ability to forge local partnerships is an asset in risk management.

The fight against climate change requires cooperation among all stakeholders, particularly governments, companies and civil society around a stringent international framework. In addition, Saint-Gobain's organizational structure is based on a unique combination of local and global, which makes it possible to benefit from new opportunities that meet local needs while being part of global dynamics, especially in terms of energy-efficient building renovation and the development of lightweight construction (see chapter 2, section 3.1).

2.1.2.1 Opportunities and risks related to the Group's value chains, particularly in construction

The identification and assessment of risks and opportunities related to climate change is an integral part of Saint-Gobain's global risk management and innovation processes. As such, the Group has identified ten risks and five strategic opportunities related to climate change. Each risk and opportunity affects each segment of the Saint-Gobain's value chain differently, from the extraction of raw materials to their end of life. The tables below show how the opportunities and risks identified by Saint-Gobain impact each stage of the value chain while being part of global market dynamics and meeting consumer expectations. This approach has also been aligned with TCFD recommendations. The identified risks are not of material financial significance to the Group.

		IMPACT ON VALUE CHAIN			
TYPE OF RISK	**RISK**	**Extraction and treatment of raw materials**	**Manufacturing and distribution, in particular of construction materials**	**Clients' expectations**	**Other stakeholders' expectations**
POLITICAL AND LEGAL	**Increase in the price of GHG emissions**	In Europe, risk of competitiveness with respect to imported materials	Increase in manufacturing and distribution costs	Increasing demand for low-carbon buildings and products	Demand for reduced emissions from products and operations
	Product composition and regulatory changes	Risks associated with the substitution of raw materials currently used	Risks associated with the implementation of new compositions	Demand transparency and choice of more sustainable solutions. Stop purchasing of certain solutions	Demand transparency and orientation towards more sustainable solutions. Reputational risk
	Climate change litigation	Disruption of certain supplies	Disruption of operations	Threat to the company's reputation	Exposure to claims for damages resulting in financial costs
TECHNOLOGICAL	**Substitution of existing products with low-carbon options**	Use of low-carbon raw materials. Availability and costs	Integration of low-carbon solutions into the product range. Pace vs competition and demand	Development of the circular economy Communication expectations for carbon intensity of materials and products	Increased R&D spending to develop low-carbon solutions
	Transition to low-carbon technologies	Fluctuation in project profitability as a function of low-carbon raw material costs	Fluctuation in project profitability as a function of the production cost of low-carbon products	Risk of loss of competitiveness if consumers continue to use high-carbon solutions	Increase in R&D spending needed to develop breakthrough innovations
MARKET	**Increase in the price of raw material and energy**	Rising cost of carbon-intensive raw materials	Increase in production cost	Changing preferences encouraging to use new materials	Increase in R&D spending required to develop extraction methods and search for low-carbon raw materials
REPUTATIONAL	**Perception within civil society**	Risks associated with the retention of extractive practices and usage of fossil energies	Risk of reduced demand for products in the event of negative public opinion	Growing attention and responsiveness to climate change issues	Growing impact of public opinion on investors. Legal risk
ACUTE PHYSICAL	**Increase in the intensity and frequency of extreme events (cyclones, floods)**	Disruptions and delays in the extraction, transportation and delivery of raw materials	Decrease in production capacity due to damage and loss of equipment and buildings	Ensuring the safety of workers throughout the supply chain	Increasing requirements in terms of safety and resilience of structures to limit additional delays and losses
CHRONIC PHYSICAL	**Sea level rise, increase in average temperatures, change in precipitation regime**	Reduced availability and/or increased cost of raw materials from suppliers exposed to risks of high heat, flooding or lack of water	Increasing exposure of sites to the risk of flooding and high temperatures affecting production costs and energy consumption	Consideration of risk of water shortage at the local level Construction of affordable housing adapted to the physical risks for local populations	Consideration of commitment of companies to at-risk populations; Calls for new construction methods adapted to these growing risks

TYPE OF OPPORTUNITY	OPPORTUNITY	IMPACT ON VALUE CHAIN			
		Extraction and treatment of raw materials	Manufacturing and distribution, in particular of construction materials	Clients' expectations	Other stakeholders' expectations
RESOURCE USE	Recycling	Replacement of natural raw materials with recycled materials; treatment of waste to convert them into potential new raw materials	Inclusion of recycled content into products; increased use of recycled material in industrial processes (gypsum, glass)	Increased demand for recycled products	Development of local recycling channels in response to the scarcity of resources
	Reduction of water consumption	Limitation of withdrawals, especially in water-stressed areas	Use of operational methods that consume less water	Inclusion of the water needs of local populations into new construction and renovation projects	Limiting water consumption in buildings to anticipate the risk of water stress
GOODS AND SERVICES	Development of solutions for climate adaptation, resilience and insurance risks	Development of low-carbon materials	Development of low-carbon methods to ensure safe and reliable operations	Taking into account local climate specificities in the development of sustainable habitat solutions	Cooperation with local actors to improve the resilience and adaptability of cities in relation to their exposure to physical risks
	Development/ expansion of low-carbon products	Use of low-carbon materials	Designing products that have a low impact on the environment, or even avoid carbon emissions	Increasing demand for low-carbon solutions	Tighter regulations on GHG emissions, supporting investment in low-carbon products research
RESILIENCE	Participation in renewable energy programs and adoption of energy efficiency measures	Identification of regular and reliable sources of renewable energy supply	Development of digital tools to adjust energy consumption as closely as possible to needs	Development of solutions that combine habitat comfort and energy efficiency	Increased energy efficiency requirements, encouraged by regulatory changes and public support programs for energy renovation

2.1.2.2 Climate scenario analysis at 2050

For strategic planning purposes, Saint-Gobain has built three qualitative climate scenarios that incorporate political, technological, economic and societal assumptions. Each scenario is associated with an increase in average temperature of between 1.5°C and 4.8°C before the end of the century. These scenarios help Business Units and the countries in which the Group operates to anticipate the impacts of climate change on their markets and their activities.

Indicators		Wind of Change	The Show Might Go On	Highway to Climate Hell
GENERAL CONTEXT				
Increased temperatures in 2100 compared to the pre-industrial era (1850-1900)		1.5-1.7°C	2.3-3.7°C	4.1-4.8°C
Peak global carbon dioxide emissions		Around 2020	Around 2040	Around 2100
Achievement of the "Global zero carbon" objective		Around 2070	After 2100	Not in the near future
International cooperation model		Multilateralism and cooperation	Digital arms race, lack of cooperation	Regional rivalry
MACROECONOMIC FRAMEWORK				
Global population (2019 = 7.7 billion)		9.7 billion	9.7 billion	9.7 billion
Urbanization rate (2019 = 56%)		68%	68%	68%
CONSTRUCTION NEEDS				
Sea level rise (compared to 1986-2005)		+0.4 meters	+0.5 meters	+0.6 meters
Average length of drought periods		9 to 11 months	18 months	22 months
Number of tropical nights (compared to 1981-2000)		+16 days	+28 days	+53 days
MOBILITY				
% of electric cars in the vehicle fleet in 2050 (2019 = 8%)		75%	60%	45%
Annual vehicle sales (market growth in 2026 compared to 2018)	In developed economies	-6%	-6%	-6%
	In Asia	+22%	+22%	+22%
	In total	**-9%**	**-9%**	**-9%**

"Wind of Change" scenario	
SUSTAINABLE CITY	
Model of existing city	Amsterdam, Valencia, Dubai
Size	Medium-sized city – generally between 750,000 and 3 million inhabitants. The city center is dense.
Mobility	Well established public transit system, increasing investments in active modes of mobility (walking, cycling) and shared roads

BUILDINGS AND ARCHITECTURE

- Buildings are generally collective buildings built around 2018 in accordance with the latest environmental regulations.
- Household appliances are shared and efficient while excess heat is shared between connected buildings.
- Apartments are easy to reconfigure and refurbish to optimize space.
- Builders favor natural lighting, passive cooling and solar protection.
- To improve their resilience, the buildings are equipped with green walls and roofs, wastewater and rainwater harvesting systems, reflective materials, and the foundations are adapted to remove clays.
- The use of bio-sourced, reused and recycled materials is becoming widespread to mitigate the effects of climate change. Likewise, energy self-production, waste sorting and composting systems are installed: innovations are thus used to optimize energy efficiency.
- The installation of smart meters and sensors makes it possible to monitor consumption and automatically regulate lighting, ventilation, cooling and heating.

"The Show Might Go On" scenario

SUSTAINABLE CITY	
Model of existing city	Nairobi, Buenos Aires, Beijing and some other Chinese cities
Size	Rapid growth due to intensive industrialization
Mobility	Public transit does not cover the entire city and does not make it possible to optimize travel. Most people continue to travel by car.

METHOD OF CONSTRUCTION

- Two models emerge: firstly, the European model, and secondly, the US model.
- In Europe, the majority of the population lives in office buildings built in 2000 and converted into residential buildings in 2030. The individual apartments are small, but benefit from large shared spaces (workspaces, fitness, high-tech kitchens). A centralized monitoring system automatically adapts heat, lighting, ventilation and cooling. Shared appliances in kitchens and laundry rooms are very efficient and use little energy. The roof is equipped with photovoltaic panels and the insulation has been reinforced with recycled materials.
- In the United States, the majority of the population lives in apartment buildings and private condominiums in the suburbs of a large city, in buildings dating from the 1970s. Only a minority of individual apartments have been renovated. Energy consumption is not systematically monitored. However, installations have been put in place to mitigate the effects of climate change on the comfort of residents: the insulation of the walls and roof has been improved and double-glazed windows have been installed. Most devices are programmable, but none are shared.

"Highway to Climate Hell" scenario

SUSTAINABLE CITY	
Model of existing city	London, Rio de Janeiro, some US cities, Lagos, Lima, new Cairo
Size	These immense cities occupy a vast territory and are home to three to five million inhabitants. In less developed countries, these growing cities are surrounded by large slums.
Mobility	The majority of the population lives in the suburbs and driving is the most used mode of transportation thanks to the extent of the road network.

METHOD OF CONSTRUCTION

Subsidized, affordable but low-quality housing is built to contain the endless expansion of slums in emerging countries. Poor quality is often accompanied by raised living spaces, a lack of daylight, thermal discomfort, high levels of noise pollution and inadequate ventilation of fresh air. Basic insulation solutions are still incompatible with the affordability required for such "slum sanitation" approaches. Implementation of cooling processes as the only response to global warming. Access to basic services (wastewater, drinking water, electricity, sanitation, waste disposal) is an important step towards achieving the fundamental objectives of human development. Recycling, reuse and the circular economy can only be considered when these basic services have been fully realized.

2.1.3 Risk and opportunity management

The challenges related to climate change represent both risks and opportunities for Saint-Gobain. The system for identifying, assessing and managing global and local risks is detailed in Saint-Gobain's response to the CDP climate questionnaire. In this area, the Group follows the principles of reasonable diligence. This process allows to identify, prevent and mitigate actual and potential negative impacts associated with its business and supply chain, as well as to report on how these impacts are addressed. None of the risks related to climate change is of material financial significance for the Group in 2021.

2.1.3.1 Risks related to climate change

Physical risks

Saint-Gobain is exposed to several types of physical risks, such as the increase in the intensity and frequency of extreme events, the rise in sea levels, the increase in average temperatures and changes in the precipitation patterns.

The Risk and Insurance Department continuously assesses the risks to which the Group's sites are exposed worldwide, and in particular the risks related to the effects of climate change (see this chapter, section 3.3.1.4 and chapter 6, section 1.1.9). The management of these risks is then reflected in the development and implementation of specific policies supporting Saint-Gobain's environmental commitments, for example in terms of water management and biodiversity (see this chapter, section 3.3.2). In addition, the Group ensures that physical risks are taken into account throughout its value chain. As part of its responsible purchasing program, Saint-Gobain relies on a diversity of suppliers and supply sources to reduce the risk of transportation difficulties and supply chain disruptions (see this chapter, section 3.2.1). Finally, the Purchasing Department considers the risk of an increase in the price of raw materials or of energy and greenhouse gas emissions in its purchasing strategies (see chapter 6, section 1.1.5).

Transition risks

Saint-Gobain is committed to achieving the target of "net zero emissions" by 2050. The Group anticipates the technological risk linked to the substitution of existing products by low-carbon options by investing in the development of disruptive technologies and eco-innovative solutions to meet the expectations of its customers. Two internal carbon prices were set up and increased in 2021 to support the viability of Saint-Gobain's projects and strategy (see this chapter, section 2.1.5.1).

At the local level, monitoring and compliance programs have been implemented in the countries by the EHS Department, while the Legal Department monitors new environmental regulations (see this chapter, section 3.3.1.5 and chapter 6, section 1.1.6). In addition, the marketing teams ensure that the Group's products comply with local environmental regulations (see this chapter, section 3.4.1). Similarly, the risks of climate change disputes are assessed as part of the existing risk management process. In addition, Saint-Gobain monitors changes in climate reporting requirements in order to meet the expectations of its stakeholders (see this chapter, section 3.4.1).

Finally, aware of the impact of a bad reputation on environmental matters, the Group fully integrates reputational risk into its overall risk management policy. Saint-Gobain is demonstrating its commitment to the climate through concrete targets for reducing its CO_2 emissions and energy consumption. Finally, the needs and risks related to access to water for local populations are systematically taken into account in its action plans.

2.1.3.2 Opportunities

Improve resource management and energy efficiency

Saint-Gobain anticipates the risk of a scarcity of raw materials by actively promoting the transition towards a circular economy (see this chapter, section 2.2.1) and by reducing its water consumption (see this chapter, section 3.3.2.2). The substitution of non-renewable virgin raw materials with renewable or recycled raw materials, the extension of the lifespan or use of our products or systems and the reduction of the intensity of materials are at the heart of the Group's innovation process and enable it to ensure the competitiveness of its solutions while anticipating changes in the preferences of its end consumers and legislations.

Saint-Gobain is also working to optimize and reduce its energy consumption through such means as investing in digital tools to adjust energy consumption as closely as possible to needs (see chapter 2, section 3.3.2.4).

Develop sustainable solutions

Anticipation of the increase in the cost of high-emission products, which would follow the tightening of regulations and the change in preferences expected by consumers and customers, encourages Saint-Gobain to support the development of low-carbon materials and methods throughout its value chain (see chapter 2, section 3.1). In addition to its efforts to achieve carbon neutrality in its operations, the Group promotes renewable energies and develops solutions to improve the energy efficiency of its customers in order to enable them to meet the climate and environmental challenges they face (see chapter 2, section 1.1.1). Moreover, thanks to its strong exposure to the renovation market, the Group is ideally situated to play a decisive role in the national and European "green recovery" plans for the energy transition, which should support Saint-Gobain's structural growth (see chapter 2, section 1.2.1).

2.1.4 Solutions

2.1.4.1 Designing innovative solutions incorporating "carbon benefits"

Saint-Gobain is innovating to develop solutions to reduce the carbon footprint of buildings throughout their life cycle:

- by reducing their energy consumption during the utilization phase; these are insulation and glazing solutions that improve energy efficiency;
- by reducing the carbon impact of its products and solutions, particularly by developing lighter building solutions, increasing the amount of recycled materials used to manufacture them or by using renewable energy to power its industrial processes.

A web platform called Green Buildings Saint-Gobain enables the Group's customers to evaluate the contribution of its products and solutions to obtaining LEED, BREEAM, WELL or international HQE certifications.

Energy efficiency and reducing the carbon footprint of products are two criteria incorporated into the methodology for evaluating sustainable solutions under the Solutions for Growth program (see this chapter, section 3.4.4).

2.1.4.2 Measure the "carbon benefits" of products and solutions

The innovative solutions developed by Saint-Gobain to improve the energy efficiency of buildings lessen the negative impacts of the construction sector on the climate and cut occupants' energy bills, while enhancing well-being. They therefore play an important role in the fight against climate change, as they allow through a reduction of energy demand to decrease the quantity of greenhouse gases emitted. Thus, the benefits offered by the Group's thermal insulation products and glass exceed significantly the impacts associated to their production in terms of energy consumption and greenhouse gas emissions.

After an initial calculation carried out in 2015 at the conference COP21, Saint-Gobain decided, in 2021, to update and improve the methodology used to calculate the quantity of greenhouse gases avoided thanks to the use of its own solutions, in order to:

- comply with the most recent and recognized international recommendations for the calculation of prevented greenhouse gas emissions;
- extend the geographic coverage of the evaluation.

Saint-Gobain has estimated that nearly 1,300 million tons of emissions were avoided thanks to the solutions produced and sold in one year. The updated methodology is available to all stakeholders on the Saint-Gobain website. This calculation has been reviewed by an independent third party.

2.1.4.3 Codeveloping solutions for new markets linked to the low-carbon economy

In response to the challenges of population growth and urbanization, it is imperative to design sustainable solutions and contribute to the construction of resilient cities that ensure the well-being of individuals in a context of resource scarcity and climate change. New lightweight constructive methods can be used to meet these challenges. The development of prefabricated solutions or "off-site" construction favors the use of lighter construction methods using wood or metal structures, as alternatives to traditional constructions based on cement and brick. Saint-Gobain is also investing in 3D printing (see chapter 2, section 3.3.2.3).

The transition to a low-carbon economy is also impacting markets related to mobility and energy. Thus, the "Mobility" Business Unit is working both on solutions to support customers in the transition to vehicles that emit less and less CO_2 and on adapting its offer to the development of hybrid or 100% electric vehicles.

2.1.5 The "2050 net zero carbon emissions" program

In addition to the programs initiated at site level, reducing the carbon footprint of production and thus the impact of the products requires three major strategies:

- an internal carbon price to speed up the transition to low-carbon technologies;
- innovation and R&D programs to coordinate and expand efforts to improve manufacturing processes, reduce the energy consumptions and ensure the transition towards the use of decarbonized energies;
- scope 3 control to identify the main emissions factors and mitigate the overall impact of the products.

In 2020, and in accordance with the Group's commitment to achieve carbon neutrality by 2050, Saint-Gobain published a roadmap with an action plan and intermediate targets for the end of 2030 (see chapter 4, section 2.1).

2.1.5.1 An internal carbon price to speed up the transition to low-carbon technologies

Setting an internal carbon price enables the current or potential impact of a regulatory carbon price on Saint-Gobain's activities to be assessed, opportunities for growth in low-carbon sectors to be identified, investments in manufacturing and R&D to be refocused, and actions to reduce CO_2 emissions to be ranked. The Group set two levels of internal carbon prices in 2016. The first internal carbon price level per ton is applied to industrial investments above a certain threshold, investments associated with a change in energy source, energy investments on an existing or greenfield site with a total annual energy consumption of over 10 GWh. The second carbon price level is used for R&D investment in breakthrough technology. This price level is of demonstrable value in supporting low-carbon R&D projects.

Following the November 2020 publication of the 2030 roadmap, an update of the price levels was made in October 2021. The price level applicable to investments rose from €30 to €75 per ton of CO_2 and the level applicable to R&D projects from €100 to €150 per ton. In addition, a specific approach applicable to significant acquisitions has been defined. It includes any effort required to ensure that the carbon impact of this acquisition is compatible with Saint-Gobain's direct and indirect emissions target trajectory.

Under the European Union Emissions Trading Scheme (EU ETS), the rules defining the free allocation of carbon allowances from 2021 have been redefined. Discussions are still underway within the framework of the "Fit for 55" package to define the trajectory after 2025. Based on current information, the Group believes that it will be able to maintain self-sufficiency in quotas in the medium term given its current stock level of more than 5.8 million tons of allocations, corresponding to 3.7 million tons of allocations in the registries at the end of 2021 plus the allocations to be received at the beginning of 2022 for the year 2021.

2.1.5.2 Innovate to optimize industrial processes and promote the use of decarbonized energies

In the short term, the actions performed involve the reduction of energy consumption and, in the medium and long term, the transition to the use of decarbonized energy, in particular the transition to the use of green electricity. The WCM program (see this chapter, section 3.3.1.2) and the "energy" and "CO_2" action plans for continuing improvement (see this chapter, section 3.3.1.2) provide structure for the action plans.

Short- and medium-term actions also include investments in optimization and energy efficiency processes. Pragmatically, Saint-Gobain identifies and analyzes projects for which rapid gains can be measured. The analysis also takes into account the impact on competitiveness and applies the rules related to the introduction of the internal carbon price. For example, the Group promotes the installation of energy and heat recovery systems. These low-carbon solutions can address each of the impacts of industrial production: raw materials, energy use, energy efficiency and energy recovery, and carbon capture and recovery.

Finally, the development of "Industry 4.0" (see chapter 2, section 3.3.2.5), and in particular the collection and use of data, makes it possible to optimize energy consumption.

Regarding energy, processes that are technically adaptable to the exclusive use of electrical energy have been identified. For these processes, the transition is facilitated by the development of local renewable electricity grids and the growing share of decarbonized electricity in national grids. Energy buyers have therefore been involved in identifying reliable and competitive sources of green electricity in the countries in which Saint-Gobain operates. This transition to the use of decarbonized energies takes the form of investments such as the installation of solar panels and wind farms in India that generate around 45 GWh of renewable electricity or the use of market mechanisms such as green certificates or Power Purchase Agreements (PPAs). Thanks to its agreement with Blooming Grove Wind Farm, in 2020 Saint-Gobain North America was able to reduce its carbon emissions by 8.4% in North America in 2021.

For processes for which the adaptation to the use of electrical energy is technically more complex, two axes of innovation are then deployed: one on the development of carbon-free energies (biogas, biomethane or hydrogen for example); and the other, to develop processes and make them compatible with an increasing use of green electricity.

Overall, innovation is a lever used by the Group to reduce the impact of its activities (see chapter 2, section 3.3.1.5).

Saint-Gobain also wants to develop carbon-neutral plants as quickly as possible. For example, in May 2021 the Group announced an investment of €25 million in its plasterboard plant at Fredrikstad, Norway, to increase its production capacity by around 40% and transform its plant into the first carbon-neutral plasterboard production site in the world. Saint-Gobain receives a grant from the Norwegian government agency Enova; the new facilities will be operational in early 2023.

To support this effort towards carbon-neutral industrial processes, a budget of €100 million per year has been allocated to CAPEX and research and development investments for the next ten years. This budget has been invested in 2021.

2.1.5.3 Control of scope 3

Scope 3 emissions are indirect emissions that are generated in a company's value chain. Given the complexity of the value chains, the assessment of emissions is a challenge and the improvement of data quality is essential in the context of the commitment to carbon neutrality. For this reason, Saint-Gobain's updated scope 3 emissions assessment in 2021 has been accompanied by a more specific assessment of emissions factors and a more granular analysis of impacts on the three most significant categories:

- purchases of raw materials (category 1);
- transport and logistics (categories 4 and 9);
- purchases related to trade activities (category 1).

Thus, in 2021, the Group's scope 3 is estimated at 21.3 Mteq CO_2 compared to the 2017 base used to validate the 2030 targets by SBTi (17.3 Mteq CO_2). Excluding the broader coverage of impacts, scope 3 would be estimated at 16.8 Mteq CO_2 in 2021. Saint-Gobain publishes its emissions by scope 3 emissions category in the CDP Climate.

In line with its commitment to carbon neutrality by 2050 and its objective of reducing its scope 3 by 16% by 2030 - validated by SBTi - compared to 2017, the Group will continue its efforts to increase transparency and improve the assessment of impacts on its value chain through the mobilization of its teams and in collaboration with its suppliers.

Saint-Gobain has implemented digital tools to make assessment of scope 3 more reliable. The methods used to assess carbon emissions and integrate emission factors have been coordinated globally. The scope 3 program involves suppliers in negotiations conducted by the trade and non-trade purchasing teams.

The objective is to identify common approaches and innovations that Saint-Gobain could support to accelerate their availability.

5 principles are implemented by the purchasing teams and environmental experts:

- a digital tool available to teams at local and global levels to enable them to estimate scope 3 emissions;
- communication kits to share the challenges and targets of the fight against climate change with suppliers;
- the collection of information by suppliers on their emissions on the basis of life cycle analyses verified by independent third parties;
- the integration of the maturity of suppliers regarding their climate commitment into the overall assessment of their performance;
- the creation of joint action plans with suppliers to reduce their carbon impact.

This systemization will continue to make scope 3 assessments more reliable. It also structures action plans to accelerate the reduction of emissions. Best practices have been identified and shared with all Group buyers. For example, a guide listing the most reliable eco-labels was shared in 2021.

2.1.6 Collaboration with stakeholders

2.1.6.1 Strong commitments to the climate

Saint-Gobain is fully committed as a non-state actor to the implementation of the Paris Agreement, and participates with its partners in the subsequent COP (Conferences of the Parties). In November 2021, during the COP26 in Glasgow, Saint-Gobain took part in the global mobilization in the industry for a decarbonized construction and further contribute to a more circular economy, by organizing a series of round table meetings on the subject before and during the COP, with several speeches, in particular from Benoit Bazin and Pierre-André de Chalendar.

In preparation for this COP, and in line with its commitment to carbon neutrality, Saint-Gobain has been involved in the "Race to Zero" initiative since its creation, and in the "We Mean Business" coalition, which now brings together more than 5,000 companies and 1,000 cities.

Saint-Gobain is campaigning for the introduction of a carbon price. This price must allow for a transition that keeps the level playing field between the various companies and countries, in particular through the establishment of a mechanism at the borders of Europe. Saint-Gobain has contributed to several projects on the subject at the European level within the ERT (European Round Table for Industry) and within the AFEP and the Fabrique de l'Industrie in France. In 2021, Saint-Gobain also joined the steering committee of the World Bank's Carbon Pricing Leadership Coalition.

The European Union has a leadership role on climate issues at the global level, which is reflected in the establishment of an ambitious regulatory framework. Saint-Gobain supports the implementation of the "Fit for 55" package, which will lead to an increase in ambition by 2030, by co-signing several letters in 2020 and 2021, endorsed by broad coalitions of players, notably *via* the Corporate Leadership Group. As part of the Global Climate Action Agenda, Saint-Gobain is a member of the Alliance of companies for water and climate change. This initiative supports the actions of cities and watersheds involved in the sustainable management of water resources and adaptation to the consequences of climate change.

2.1.6.2 Actions that support strong and low-carbon economic growth

Saint-Gobain belongs to the ETC (Energy Transition Commission), a group of about fifty leaders from the energy and climate community. Pierre-André de Chalendar is one of the commissioners. The aim of the ETC is to accelerate the shift towards a low-carbon energy system that enables robust economic growth, while limiting global warming to 1.5° C. Because construction is its primary market, the Group is particularly involved in the promotion of sustainable construction and is involved in initiatives to promote energy efficiency.

All over the world, an ambitious political framework makes it possible to remove technical as well as financial obstacles to the transformation of cities and buildings to make them sustainable. For example, this is the case at the European level: Saint-Gobain is a member of various initiatives and coalitions, and in particular has been a member of the LEVEL(S) steering committee since its inception. The committee is an instrument developed by the European Commission in conjunction with the industry and the public sector and aims to establish a "common language" for sustainable construction, in order to take it beyond energy efficiency. In December 2017, the European Commission launched the pilot phase of LEVEL(S), which continued in 2021.

Transforming markets also means changing the entire construction market value chain. The Group forges partnerships with many players who share the same desire to promote more sustainable buildings. In this respect, the Green Building Councils (GBC), a unique global network of national associations of professionals and players in the construction market, are an essential partner. The GBC network offers a fast path for the deployment of sustainable construction technologies and dissemination of good practices, particularly *via* education for market players. It can create a collective momentum involving the various stakeholders (investors, builders, manufacturers, architects, etc.).

GBCs have a geographical organization that allows each of Saint-Gobain's units, at the local, national, and international levels, to actively contribute to their work. The Group is a member of 40 local GBCs worldwide, a partner of the European network of GBCs (ERN), and has chaired the Corporate Advisory Board of the World Green Building Council (WGBC) since 2017.

Saint-Gobain is committed to orienting the global construction industry toward a low-carbon trajectory. This is why Saint-Gobain is a founding member of the Global Alliance for Buildings and Construction (GABC). Saint-Gobain is also a member of the projects steering committee of the World Business Council for Sustainable Development (WBCSD) for cities and buildings. Saint-Gobain is also involved in various initiatives to help cities lead this transition, for example by being a member of the steering committee of the "Zero Carbon Building Accelerator" of the World Resources Institute.

2.1.6.3 Train clients locally, inform the end user

Some of the training courses delivered by local teams (see chapter 2, section 3.6) cover energy efficiency and reduction of environmental impact of buildings. The entity "building distribution" is particularly active in that area and plays a key role in supporting craftsmen, thereby facilitating the marketing and use of sustainable products. These services set up by distribution help accelerate the transition to a more sustainable construction and reduce the carbon impact of buildings.

In France, the Point.P network has implemented "Energy Efficiency" counters in over 130 branches. Salespeople are specofically trained and tools such as a simulator to evaluate a project's energy efficiency are made available to customers. A training program on ways to save energy in the construction industry is offered (FeeBat), along with a support mechanism for official recognition of the effectiveness of the steps taken called Renoprim +.

Beyond building distribution, training structures are offered by country. They are open to craftsmen, installers, architects and other actors of the building sector. They can also be associated with professional schools. In France, the sales and marketing teams are involved with eight apprenticeship training centers (CFAs) for partnerships for training services or support for trainers specific to the establishment. A website dedicated to training (seformeravecsaint-gobain.com) offers opportunities of training *via* e-learning or in person. Guides called "*Les essentiels de l'habitat*" allow craftsmen and professionals to train and learn about topics such as energy efficiency or the evolution of tomorrow's norms and standards for sustainable construction.

In Morocco, the Group has developed a Saint-Gobain academy including three training centers with the aim of training more than 3,000 professionals in sustainable construction.

2.1.6.4 Enhance employees' commitment

Trainings

In order for employees to be able to commit to the fight against climate change, they must have the necessary keys to fully understand:

- climate-related issues;
- how to assess the impact of Saint-Gobain;
- how to act to reduce its environmental footprint.

The "Climate 2050" training course, launched in 2020 by Saint-Gobain University, was a first step. The Group has decided to go further, with the creation of the Climate Academy, to help employees meet environmental challenges regardless of their level of expertise on the subject or their role in the company. The Climate Academy has been designed in two stages. The first one to understand, with five themes divided into several modules of no more than five minutes, the urgency of acting to preserve the planet, how man has modified the ecosystem, the consequences on the climate, the role of biodiversity and the exploitation of natural resources. The first two themes were available since November 2021. As for the second stage of the Climate Academy, it will consist of eight themes describing the various means of acting to protect the environment and achieving carbon neutrality in 2050.

An internal carbon fund for employees

To engage all its employees on the road to carbon neutrality by 2050, and to contribute to achieving the objective of reducing the Group's CO_2 emissions between now and 2030, in April 2021, Saint-Gobain launched an internal "Carbon Fund". First implemented in a pilot region, Northern Europe, it aims to accelerate the reduction of non-industrial CO_2 emissions through the daily actions of employees and targeted investments in sites. The areas covered by these investments are mainly related to the sustainable mobility of employees, renewable energies and the improvement of comfort and energy efficiency at Saint-Gobain sites. These projects proposed and selected by employees concern their working environment.

2.1.7 Objectives and performance measurement

Saint-Gobain has set targets and implemented a set of indicators to monitor its climate change performance. The carbon-related targets are detailed in the "Carbon 2030" roadmap. It should be noted that the Group's impact on greenhouse gases is limited to the carbon impact, given that the emissions of greenhouse gases other than CO_2 are not significant.

All other objectives and indicators that the Group uses to make progress in mitigating, managing and adapting to climate change issues are presented in a detailed table in chapter 4. The 2030 targets based on 2017 have been validated by the independent organization Science Based Target initiative (SBTi) and submitted to the external auditors. Details of the methodology for calculating the indicators and targets are available in chapter 9, section 2.1.

Details of scope 3 emissions by category are available in Saint-Gobain's response to the CDP Climate questionnaire.

The assessment of scope 3 emissions, predictive scenarios to the climate change effects, the measurement and effectiveness of carbon offsetting actions and the methodology for assessing avoidance are all topics that are still being debated by experts. Saint-Gobain participates in initiatives to standardize climate reporting procedures. The Group is also keen to engage in dialogue with expert organizations with a view to improving the measurement of impacts in order to make the fight against climate change more effective.

The classification of Saint-Gobain's activities in the context of the European regulation on sustainable finance and compliance with the European regulation "2020/852 Taxonomy Regulation" (in force since July 2020), the delegated acts to the first two objectives regarding climate change mitigation and adaptation - "Taxonomy Climate Delegated Act (EU) 2021/2139"- as well as the delegated act to Article 8 of Regulation (EU) 2020/852 and its annexes on reporting requirements ("Disclosures Delegated Act") is disclosed in chapter 9, section 3.5.1.

The proportion of Saint-Gobain's turnover linked to sustainable solutions is estimated at 72% in 2020. It includes activities that have not been assessed in the context of compliance with the European "2020/852 Taxonomy Regulation", such as distribution activities, and impacts and benefits that have not yet been included in the regulation, such as resources and the circular economy, as well as benefits related to health, safety and comfort, which will potentially be eligible for the social taxonomy.

2.2 Resource conservation and the transition to the circular economy

Saint-Gobain aims to create value through a business model that contributes to a circular economy by preserving resources and in particular by minimizing its footprint and maximizing its contribution, so as to reduce the pressure on non-renewable resources and to enable the regeneration of natural capital. The circular economy is a model adapted to the scarcity of non-renewable resources and to changes in society such as urbanization and demographic changes. This model is applied closer to the markets and at the territorial level. A successful transition towards the circular economy will make it possible to offer solutions and services over the long term which take into account environmental, social and societal expectations and which balance well-being, sustainability and performance for stakeholders.

In addition to limiting the depletion of natural resources, moving towards greater circularity in the economy generates positive effects on other environmental issues, such as reducing pollution, protecting biodiversity and accelerating the decarbonization of the economy.

2.2.1 Strategy for a transition towards a circular economy

To accelerate the transition towards the circular economy, Saint-Gobain's strategy is based on four main areas to minimize the impact of Saint-Gobain's operations on its entire value chain and maximize the profits of solutions while maintaining the value of resources at the highest level:

- the circular management of the supply chain and operations: elaborate more efficient production processes in terms of resources by ensuring that the use of non-renewable natural resources is limited, sourcing responsibly managed renewable resources and limiting the final waste from production;
- the recovery of resources after the use of products: create recycling channels by initiating or participating in initiatives with all stakeholders to promote the recovery and recycling of construction materials or materials from the industrial markets in which the Group operates;
- a range of solutions that optimize the use of natural resources: by ensuring the recyclability of products and encouraging the integration of recycled materials throughout the product life cycle (including end-of-life management), but also by integrating the extension of the product's useful life or the increase of the utilization rate of products in the offers, for example by encouraging the modularity of buildings, anticipating deconstruction for optimum recycling or reuse of materials, but also by involving the stakeholders (through information and training of customers).

Thus, the Group's transition to a circular economy is beneficial for the environment as it reduces the pressure on non-renewable resources and ensures the regeneration of renewable resources, it also helps reduce CO_2 emissions.

While responsible resources management is the subject of a Group-wide policy, action plans for the transition to a circular economy are highly dependent on countries, the maturity of stakeholders and local logistics. Approaches are therefore deployed by activity in order to involve the various sectors, in each country.

2.2.2 Develop the offer of products, solutions and services

The gradual emergence of the circular economy is changing value chains and ecosystems. From the design of products, solutions and services to the benefits expected by customers and end-users, and the management of product end-of-life, Saint-Gobain's offering must adapt to new methods: incorporating more recycled or renewable materials to reduce the consumption of virgin raw materials and the consequences of their use, particularly on biodiversity; extending the life of products to reduce their environmental impact; and facilitating the recycling or reuse of products at the end of their life to successfully meet market needs with a limited impact on natural resources.

Thus, the portfolio of products and solutions offered by Saint-Gobain is analyzed transversally under the responsibility of the marketing teams with three priorities:

- the substitution of raw materials by recycled or renewable materials, including packaging;
- the development of formulations to reduce their content of hazardous substances until their complete replacement, thus avoiding the dissemination of materials generated during the recycling process;
- the improvement of the recyclability and reusability of products and systems, including their packaging, by integrating repairability and ease of disassembly at the end of life.

Likewise, product design incorporates these eco-innovation principles.

Most of the Group's business lines are working to reduce the resource intensity of their products, by reducing the average weight for the same unit of product, without affecting technical performances. This is the case, for example, for car windshields and plasterboard. Several countries have already implemented the BANTAM program, which aims to reduce the weight of plasterboard by working on industrial processes and product formulations. Some factories have been able to reduce the weight of their standard boards by more than 20% compared to their initial weight. The SLIMWOOL program, deployed since 2028 worldwide, aims to optimize the weight of glass wool, while guaranteeing the product's thermal performance.

The actions deployed concern not only the products but also their packaging. Action plans have been deployed to reduce packaging globally and to ensure that it is recyclable. Consequently, marketing teams and buyers have been working together to change packaging materials or design to encourage recycling in existing channels. Saint-Gobain has set a target of 100% recyclable packaging by 2030. In 2021, 69% of packaging is recyclable.

Finally, because construction already accounts for 40% of the world's resource consumption, Saint-Gobain is actively and collaboratively involved in discussions on the evolution of construction methods towards lightweight construction solutions that use fewer materials for at least the same performance.

The criterion of optimizing natural resources is one of the identified benefits in the Solutions for Growth program (see this chaper, section 3.4.4). This criterion includes both limiting the use of natural resources and incorporating recycled materials into product compositions.

2.2.3 Develop manufacturing processes

Reducing the consumption of raw materials per functional unit produced and the waste generated by industrial processes are the pillars of the sustainable resources management policy initiated in 2015 (see this chapter, section 3.3.2.3) with the aim of moving towards the "zero unrecovered waste".

Synergies between the Group's various industrial processes are used to optimize the reuse of waste and by-products. In the countries where Saint-Gobain operates, teams are gradually setting up services to recover waste from customers' activities, in particular waste from renovation or demolition/deconstruction. This waste is collected, sorted and reprocessed before being reused in the industrial process instead of natural raw materials.

Overall synergies are possible across the businesses for each process or raw material to identify the deposits, material qualities or even good technical practices and favorable technical innovations by country. Cross-business working groups including the manufacturing and technical departments, purchases, sustainable development experts on the collection and processing of recycled materials have been set up to develop these global synergies.

The search to replace as many non-recyclable raw materials as possible is part of the industrial performance improvement program (see this chapter, section 3.3.1.2). The aim of these replacements must be to maintain the quality and competitiveness of the products and solutions and even improving them while reducing their carbon footprint.

For flat glass, the recycling of window glass, facade glass or automotive glass is infinitely possible as long as the collected glass elements meet the quality requirements of a float furnace, in particular that contaminants of all kinds are eliminated. The integration into products is therefore mainly dependent on the existence of efficient and sustainable collection networks, which are able to ensure a sorting that meets the desired quality specifications.

For plaster, once the contaminants have been eliminated, the reprocessing of waste from the building is done by grinding and separating the paper present on both sides of the board. If the plaster itself is indefinitely recyclable, the presence of paper on both sides of the board causes a negative impact on the manufacturing process and must therefore be eliminated as much as possible. Some Saint-Gobain factories now reach 30% recycled content, mainly from construction or demolition plaster waste.

2.2.4 Develop new business models and value chains

In many countries, Saint-Gobain is developing services for its customers which include waste and construction waste retrieval. Collected glass is recycled and used to make glazing or glass wool. Likewise, plaster waste collected can be recycled to make new plasterboards.

The presence in a country of distribution activities adds local synergies through the option of installing collection points close to sales outlets, making it easier to recycle customers' waste.

All of these services are provided directly by Saint-Gobain companies or in partnership with third-party companies.

The principles of the circular economy differ in each country and region of the world. These developments depend on a great variety of factors, such as modes of consumption, infrastructure and the industrial fabric, the legal context and the technical and logistical conditions of waste management.

Saint-Gobain organizations in the countries spearhead or take part in initiatives with local stakeholders: industrial initiatives involving an area, customers, and local authorities or communities.

As part of their professional channels, Saint-Gobain's "Gypsum" and "Flat Glass for Buildings" entities have signed commitments with the French public authorities on the recycling of waste plaster and glass.

Moreover, Saint-Gobain Distribution Bâtiment France has been organized to take back waste from the same types of construction materials, products and equipement that it sells to professionals since January 1, 2017, becoming the leading private network of collection points for construction site waste. In its CSR roadmap, Saint-Gobain Distribution Bâtiment France has included a pillar on construction site waste management.

Since 2019, the Group has launched its I-LOOP project, supported by the European Union through its LIFE funding program. This project aims to contribute to gradually recovering glass wool waste generated on building or demolition sites, which currently goes to landfill. It offers an innovative solution for closed loop recycling, that can transform waste into a high-quality secondary raw material that is used to manufacture new glass wool. The project aims to offer building industry players new value chains to recycle glass wool in France, Benelux and part of Scandinavia, which will be a cost-effective alternative to landfill.

The industrial sectors are also developing new services linked to the circular economy. The Ceramics Business Unit has created the Valoref activity, specialized in the treatment and recovery of refractory brick waste. The recovery of waste is carried out mainly during the repair or reconstruction of glass furnaces. A global waste management service is offered to customers upstream of furnace repair or reconstruction sites. Valoref ensures the collection, treatment and recovery of waste from the sites. Around two-thirds of the waste collected is recycled in the refractory production chain. The other recovery circuits are the manufacture of construction materials such as mortars or tiles, and other industrial additives. In 2021, 36,150 tons of refractory waste were managed by Valoref.

2.3 Community engagement

2.3.1 Acting for an inclusive economy

Saint-Gobain has defends an inclusive growth model that takes into account social, societal and environmental challenges.

2.3.1.1 Direct jobs, indirect jobs and jobs generated by the Group

Saint-Gobain participates in economic and industrial dynamics in regions where the Group has established sites, as well as in suppliers' labor pools. Saint-Gobain's employment footprint can therefore be measured at three levels:

- direct jobs, which take into account jobs paid by the Group;
- indirect jobs, which take into account jobs generated by Saint-Gobain's purchases from suppliers and subcontractors;
- induced jobs, which take into account employment triggered by purchases within the national economy made by direct employees of the Group through the wages they receive and by the employees of Saint-Gobain's suppliers to the extent of activity prompted by the Group's purchases.

In 2016, EY conducted a study for Saint-Gobain of the indirect jobs and jobs generated by the Group, which covered data for 2015 and more than 90% of the Group's purchases. The study concluded that for 170,500 direct jobs in 2015, Saint-Gobain generated more than 549,000 indirect jobs, in addition to more than 190,000 jobs induced.

2.3.1.2 Inclusive and societal actions

The Group's organization is based on strong local decision-making autonomy (see chapter 1, section 5.1.1) and active collaboration with communities. As a result, the deployment of global diversity and inclusion programs or programs with a social dimension is adapted to local situations to optimize their positive impacts for local populations. This is the case, for example, for the deployment of the "health" pillar of the Care by Saint-Gobain program (see this chapter, section 4.3.2). This program guarantees the reimbursement of 80% of employees' medical expenses (general medicine and hospitalization). The objective is to have all employees and their families (over 500,000 potential beneficiaries) by early 2023. The implementation of this program promotes the creation or improvement of local health networks in regions where access to quality services is sometimes non-existent.

The Group maintains relationships with local partners wherever it operates. It takes part in actions to stimulate local employment, support disadvantaged populations in the professional world and participate in the improvement of living places. In the numerous countries where it is present, Saint-Gobain develops solutions adapted to the poorest populations. Programs are initiated locally depending on the particular situations of each country. The solutions proposed meet the criteria of sustainable and comfortable solutions, with particular attention paid to the cost price of housing and the ease of use of materials, the energy efficiency obtained making it possible to offer future occupants an improved quality of life at a controlled cost. These programs are deployed in particular in Sub-Saharan Africa, Brazil, Central America and India.

2.3.2 A network of players contributing to inclusive action

The various Saint-Gobain entities, in their respective scopes and in line with their key local issues, are active in sponsorship and philanthropy in the Group's reference markets, and also in areas such as education, research, culture or health. To develop these actions, Saint-Gobain relies on local partnerships, in particular with non-profit organizations or associations.

Saint-Gobain has invested €15 million in 2021 for philanthropy and sponsorship actions. This involves either direct financial support or donations of materials. Each entity and each country makes its own choices to support projects according to local issues.

This takes the form of financial donations, donations of materials, skill-based sponsorship or volunteer work. All of these actions with a strong local social impact are not systematically reported by the Group at te global level. Only a portion of financial donations and donations of materials is reported. The number of beneficiaries is also only partially assessed. The financial impact does not include skill-based sponsorship or the participation of employees in action during their working hours.

2.3.2.1 The Saint-Gobain Foundation

The Saint-Gobain International Corporate Foundation is based on employee commitment. All Group employees – both current and retired – can sponsor solidarity actions in two areas:

- the professional integration of young adults in difficulty;
- the construction, improvement or renovation, in the general interest, of living places for people in precarious situations, contributing in particular to reducing energy consumption and preserving the environment.

Projects must be carried out by a non-profit organization and be located near a Saint-Gobain site. The Foundation provides direct financial support to the projects selected, thanks to an annual allocation that was increased in 2020 to €2 million invested in the projects. In addition, employee or retired sponsors facilitate an association's access to additional partnerships such as donations of materials, access to technical expertise in energy efficiency and other areas, and volunteer work.

Since its creation in 2008, the Foundation has supported 320 projects, including 39 in 2021. The global pandemic has had an impact on the Foundation's projects; some of the projects supported had to be postponed by the associations.

2.3.2.2 Local Foundations

In North America, the Saint-Gobain Corporation Foundation is active in organizing three programs:

- matching gifts, allowing up to 50% of employees' personal donations to NGOs or to education to be matched;
- community gifts, whereby each industrial site located in the United States or Canada makes a contribution to the benefit of a local community; donations and initiatives are left to the discretion of the sites, according to local priorities and needs;
- direct grants, programs of direct support to certain non-governmental organizations for social and societal development, improving energy efficiency and preserving the environment.

In India, the Saint-Gobain India Foundation's mission is to improve the living conditions of the most disadvantaged populations by supporting education-related projects, targeted particularly at young girls. It is also active in the areas of learning, health and the environment. In partnership with 18 NGOs, around 9,500 young girls benefit from these programs each year.

2.3.3 Actions to promote professional integration and education

In addition to the programs supported by the Saint-Gobain Foundation, many countries have set up partnerships to train young people, in the building professions especially.

In North America, the Group has built a partnership with the NGO YouthBuild USA in response to a twofold ambition: providing training for out-of-school young adults with the opportunity to learn green habitat skills while earning their high school equivalences. Thus, since 2011, the Group has been involved in the integration of young people into the construction sector and their exposure to it.

Likewise, Saint-Gobain UK and Ireland supports Barnardo's YouthBuild Academy, which aims to train unemployed young people in the building trades at a time when the construction industry is facing labor shortages.

Efforts are being made in South Africa to overcome the shortage of skills in ceiling and partition installation through the "Saint-Gobain YouthBuild Academy". This training program, launched in 2003 and financially supported since 2016 by YouthBuild International, aims to share the know-how of Group employees with unemployed youth from disadvantaged communities, through a combination of theoretical courses and the achievement of a local renovation project. The "Saint-Gobain YouthBuild Academy" is the only CETA (Construction Education Training Authority) accredited training provider with accreditation to facilitate the National Certificate: Ceiling & Partition Installation NQF. The Group sustainably supports youth employment while contributing to the dynamism of its sector of activity. Since its creation, about 1,000 people have benefited from this program.

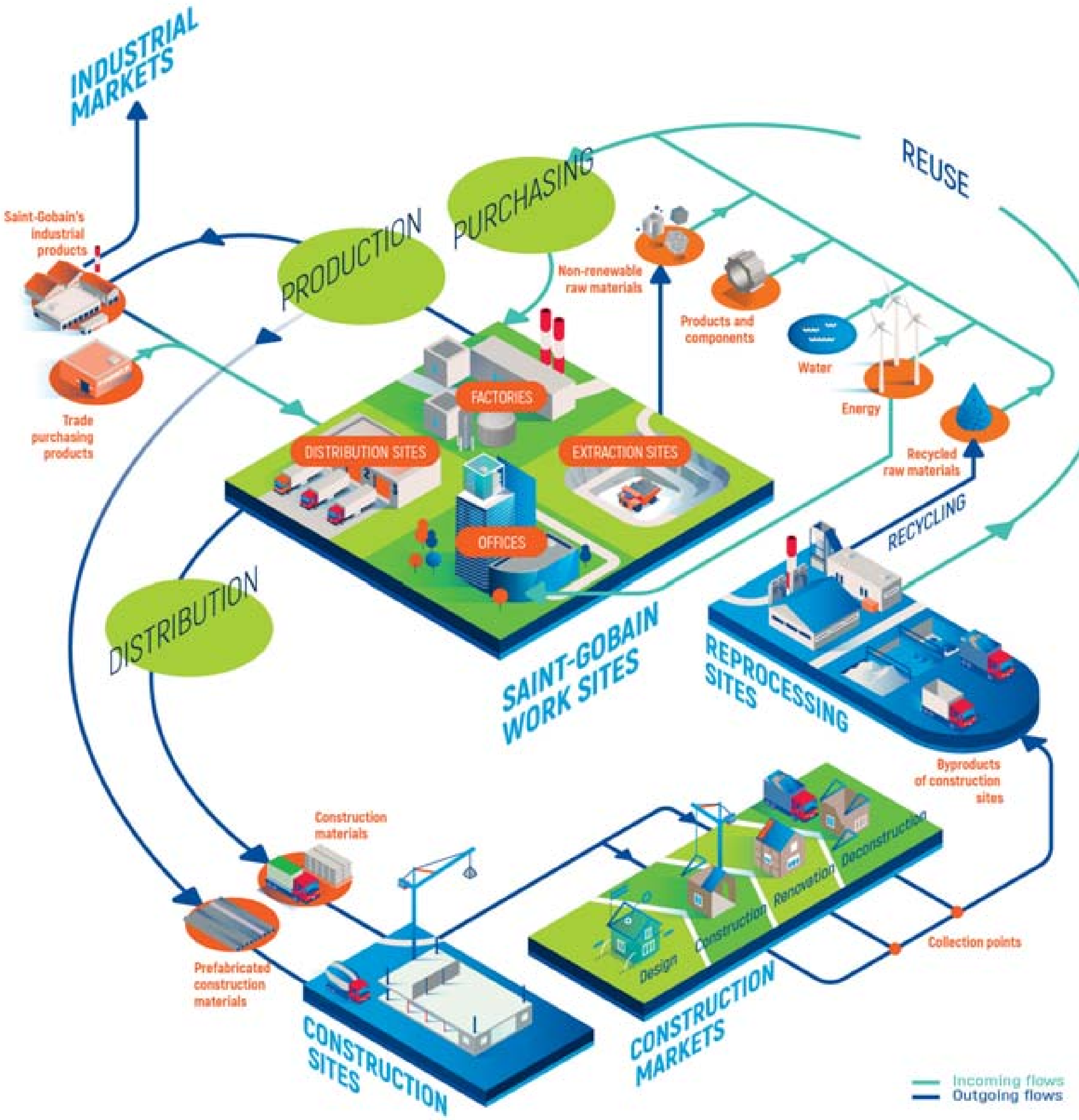
In November 2021, Saint-Gobain in Morocco developed its own academy with the same objective of training young people in the building trades and in particular in the evolution of techniques related to sustainable construction. Qualifying training courses are provided in three training centers. The objective of the academy in Morocco is to train 3,000 professionals by the end of 2022.

In France, Saint-Gobain inaugurated an apprenticeship training center (CFA) in 2020. Two channels have been developed: industrial maintenance and sales and marketing.

Finally, in India, the Saint-Gobain India Foundation supports more than 9,500 young girls in targeted education programs.

3. Achieve excellence in operations

3.1 A complex model: the Saint-Gobain value chain



3.2 Purchasing and logistics optimization

3.2.1 Purchases

Purchasing is a key factor in the Group's competitiveness and its organization is adapted to the specific features of its activities and the countries where it is located to ensure its efficiency and manage supply chain risks. Purchasing meets the needs of the Group's manufacturing and distribution activities. Although the Purchasing functions are based on shared policies and a common base, specifically the implementation of the Responsible Purchasing policy (see this chapter, section 1.4), they do not operate at the same level of the Saint-Gobain value chain:

- non-trade purchases: these relate to purchases upstream of the production stage (raw materials, energy, chemicals, components, etc.), purchases of equipment used for production (machinery, civil engineering, etc.), all logistics expenses, as well as purchases of support functions (IT, marketing, human resources, EHS, communication, finance, audit, etc.);
- trade purchases: purchasing downstream of the production to ensure the offerings of the Group's distribution brands.

Saint-Gobain's purchasing policy favors the establishment of medium- and long-term contracts and partnerships with its suppliers. In the context of the coronavirus crisis, the Group's buyers acted responsibly: the payment terms of suppliers such as VSEs and SMEs were not modified.

The Group has endeavored to develop the professionalism of its buyers through training activities. A training path is open to all Group's buyers within the scope of the Purchasing School. More specific training courses intended for trade buyers complete this program. These training courses, which are particularly important for newcomers in the Purchasing Department, provide them with tools that enable them, and their teams, to achieve behavioral excellence in their daily activities.

Beyond the specific features connected with its activities, Saint-Gobain recognizes the major role the Purchasing Department plays in competitiveness, innovation and sustainable performance. Buyers are especially committed to the 2030 CO_2 roadmap, both for the control and the reduction of scope 3 emissions and for the development of renewable or carbon-free energy purchases.

The supply chain of industrial sites is mostly local. Less than 5% of a region's puchases are made outside its geograpical area. This implies the management of a large number of suppliers. More than 210,000 companies supply the sites, of which more than 15,000 account for 80% of the Group purchases. Trading purchases are more concentrated around more than 12,000 suppliers.

3.2.2 Logistics optimization

Representing for more than a third of its scope 3 CO_2 emissions, optimizing logistics both upstream and downstream of the value chain, is a key factor in reducing Saint-Gobain's carbon impact and achieving the target of a 16% reduction in scope 3 emissions by 2030.

The Group has develop "Industry 4.0" and "Supply Chain 4.0" digital programs to optimize transportations. Whether for purchases or for customer deliveries, the majority of transport is by road.

The use of digital technology through data collection is at the heart of Saint-Gobain's "Industry 4.0" and "Supply Chain 4.0" programs. The information technologies used enable optimum vehicle loading and more efficient journey planning by coordinating incoming and outgoing transport to avoid empty kilometers.

Thus, the Group uses supply chain modeling, optimization and simulation software to find the best balance between delivery times, costs, inventories and carbon footprint. A dedicated skills center has been set up to develop practices and facilitate collaboration between sites and activities.

In partnership with logistics service providers, Saint-Gobain favors the use of vehicles that comply with EURO V and VI emission standards, or promotes the transition to less emitting fuels for the fleet. The Optimera Distribution entity in Norway has pioneered the use of biodiesel fuel for its trucks.

Saint-Gobain is committed to using transport modes in an agile way, switching to less polluting multimodal transport modes such as rail and river or sea transport whenever possible.

Numerous actions have been taken, such as the initiatives of Point.P in France to develop river transport in the region of Paris. For example, the Quai de Javel branch in Paris receives deliveries by barge, thus avoiding the use of trucks.

3.3 Industrial and distribution operations

3.3.1 Risk management and WCM

Saint-Gobain's World Class Manufacturing (WCM) program combines standardization of methods, tools and best practices with the modularity required to adapt to a wide variety of industrial processes and site sizes. It is based on performance improvement methods such as Lean, Six Sigma, TPM (Total Productive Maintenance) or 5S. This program defines the logic, the objective of rigor and the actions to achieve continuous improvements in terms of performance and sustainability.

The WCM program ensures strict compliance with internal standards such as the OPEN program, the "Saint-Gobain Attitudes" concerning the development of people, and the risk prevention framework.

It is based on certification procedures such as ISO 9001 for quality, ISO 14001 and 50001 for the environment, OHSAS 18001, ILO OSH 2001 and ISO 45001 for health and safety.

3.3.1.1 Governance of the program and its deployment

The management of the program, the monitoring of its execution and the improvement of the performance of the sites are managed in a transversal and independent manner, in coordination with the industrial departments. The governance of the program was defined with the objective of enabling an intelligent and pragmatic implementation, in the service of the efficiency of the operations and customer satisfaction.

The deployment of the WCM program at a site is adapted to its priorities, size, strengths and weaknesses – as identified by an internal analysis by comparing it with other sites in the same business line – and its objectives in terms of financial and environmental performance, quality and customer satisfaction. Thus, each site establishes its own roadmap, in accordance with international guidelines, standards specific to its business, the expectations of its customers and the improvement objectives set. Each industrial department and each business is responsible for defining, leading and monitoring the results of the sites within its scope. A WCM network of expertise has been set up to enable better dissemination of the WCM program, the optimization of resources by country, region or business line, as well as the sharing of expertise on each of the program pillars. A central team heads up the WCM network, trains the teams, creates and applies the program standards, circulates the tools and provides site-specific assistance on request.

3.3.1.2 The Saint-Gobain WCM model and its tools

Saint-Gobain's WCM program is based on eight pillars, each one representing an area of excellence:

The pillars of the WCM program

The foundations of the program define the methods and tools:

- analyzing losses to determine a priorization of actions;
- resolving problems with logic, rigor and precision for lasting improvement;
- involving and engaging employees in a proactive approach;
- improving standards to make progress easier to deploy and more robust over time.

Achieving industrial excellence is a demanding process that requires gradual, methodical and constant implementation. The benefits in terms of competitiveness, improvement of customer service, stability of performance and employee commitment can be measured at each stage of the site path. Requirement levels have been used to determine the principles shared by the whole organization, and also tailored to the diverse range of the Group's industrial sites: sizes, businesses or local context. Each of these requirement levels matches both a performance objective set by the business and a maturity milestone in the program. In addition to dashboards that measure performance improvement, WCM audits check the robustness of the actions implemented and the durability of the results obtained. These audits resulted in more than 174 "Bronze" level and 43 "Silver" level certifications. Two of these sites achieved the "Gold" level for the first time in Saint-Gobain's history.

3.3.1.3 Results on risk management and performance improvement

The WCM program delivers a significant reduction in production costs while minimizing risks in terms of health, safety, environment and industrial risks. The “Quality”, “Industrial performance” and “Environment” pillars contribute significantly to reducing Saint-Gobain’s environmental footprint by reducing production waste and water consumption and by improving energy efficiency. The WCM program and its extension to the supply chain represent a change of culture and management system, with the aim of bringing a high level of service to customers, better competitiveness and greater efficiency, while continuously improving the health and safety of all Group employees and those of its partners. It fosters and promotes employee engagement and mobility. Finally, it contributes to the success of the digital transformation of factories and to the adoption of its methods and tools by users (see this chapter, section 3.3.1.2).

The methods developed in the “people development” pillar make it possible to manage Saint-Gobain’s technical skills by adapting training programs (see this chapter, section 4.3.5), employee career paths and, if necessary, the search for external skills.

3.3.1.4 Managing industrial and distribution risks

The aim of the industrial and distribution risk prevention policy is to reduce the likelihood of accidental events occurring, to minimize their severity if they do occur, and finally to preserve the continuity of business operations. This policy applies to all Saint-Gobain sites.

Defined and led by the Risk and Insurance Department, this policy is rolled out within the organization to the sites by a network of prevention coordinators. A risk prevention manual is the Group’s reference base and is available in some fifteen languages. It includes the applicable standards, procedures and technical rules, methods for identifying and reducing risks, including natural risks, and the drafting of emergency and business continuity plans. This manual may be shared with the relevant stakeholders, such as permanent on-site subcontractors. The risk assessment tool is used by all operational sites and provides an objective assessment of the protection and prevention level. It takes into account both human factors (organization, procedures, communication, training, etc.) and physical facilities. This means that each site is able to identify its areas for improvement, develop action plans including investments, and use the tool to measure progress.

The Group is rolling out business continuity plans for each site according to the risk evaluation and the vulnerability of processes to unforeseen interruptions including an anticipation of the impacts of an accident so as to limit its effects. The aim is to fully or partially ensure customer service and recover operational capacities as quickly as possible. The subcontractors working on the sites are involved in the process and must commit to a prevention plan.

In 2021, Saint-Gobain continued to develop its risk management system in order to better understand, assess and if necessary, implement action plans to anticipate and reduce the impact of risks reated to natural disasters, which are becoming more frequent and severe. it should be noted that this system also allows for the integration of scenarios linked to climate change.

3.3.1.5 Management of environmental, health and safety risks

The EHS standard is applicable to all Saint-Gobain sites. It specifies the Environment, industrial Health and Safety (EHS) management system that needs to be put in place and explains the risk identification and management method for environmental and health and safety risks posed to employees and on-site subcontractors. It is coordinated with the ISO 14001 and ISO 45001 requirements. Whether it is certified or not, each site of the Group carries out its own mapping of environmental, health and safety risks.

To support the EHS and ISO certification drive, the health and safety risk assessment is subject to a specific standard, that is circulated and updated by Saint-Gobain’s EHS Department. All sites must comply with this standard. In 2021, a guide was created to present the requirements and recommendations on risk management during a construction project. All standards and guides are accompanied by training materials for local organizations in charge of training. The environmental risk assessment standard was updated in 2020, and training sessions were organized to help with its implementation. Based on the ISO 14001 approach and reference, this standard allows for the standardization of the approach across all sites and guidance of the people in charge of the assessments to define the most relevant actions to ensure continuous improvement.

There is a digital version of the EHS risk assessment that includes the analysis, assessment and risk management measures. This tool enables the rollout, reliable implementation and monitoring of action plans across all Group sites.

In addition to the EHS framework, the EHS risk matrix is included in the internal control framework. Audits on compliance of the EHS management system, conducted by the EHS Department, and external certification measures complete the control system. The pilot version of the internal EHS audit (ISA: Integrated System Assessment) has been finalized and focused on certified sites. In addition, a version of the audit methodology has been developed for smaller sites for which ISO certification is less suitable. When an acquisition is made, the process of integrating the new entity into the Group includes a specific procedure for EHS policy implementation.

Lastly, the EHS training matrix, which defines the training to be provided based on the job held, is a particularly relevant tool to define employees' EHS training paths.

In addition to its EHS policy, Saint-Gobain has rolled out specific policies to control health risks, manage water, energy and air emissions, sustainably manage resources and biodiversity, and monitor the other eight standards related to safety risks (management of subcontractors, working at heights, lock-out and tag-out, machine safety, forklifts, vehicles and pedestrians, loading and unloading, road risks).

An annual report on environmental and health and safety performance is verified by an independent third-party organization. It is published in chapter 4, page 2.2.

3.3.2 Environmental protection

Saint-Gobain is committed to protecting the environment. This means meeting the expectations of stakeholders in this area and offering its customers the greatest possible added value with the lowest possible environmental impact. The Group has set itself two long-term targets: not have any environmental accidents and minimize the impact of its activities on the environment.

These objectives are conveyed by means of short- and medium-term objectives that concern the five main environmental challenges identified by Saint-Gobain: resources; energy, atmospheric emissions and climate; water; biodiversity and the use of soil; environmental accidents and pollution.

3.3.2.1 Energy and air emissions

Saint-Gobain's policy on "Energy, atmospheric emissions and climate change" aims to reduce its energy consumption and greenhouse gas emissions, whether through its industrial processes, infrastructure or logistics, on all sites. To coordinate measures to reduce energy consumption and greenhouse gas emissions (scopes 1 and 2) energy and climate managers have been appointed for the most energy-intensive industrial processes. They are tasked with analyzing performance gaps relative to the best performers and with sharing good practices to be replicated across all sites.

Each site must set the progress targets and monitoring procedures for managing energy and atmospheric emissions, taking into account comparisons on processes between the different sites. All of these actions are part of the CO_2 roadmap, established to track the Group's commitment to achieving carbon neutrality by 2050.

Greenhouse gas emissions

Direct CO_2 emissions of Saint-Gobain (scope 1) are mainly related to its industrial activities. These CO_2 emissions result from the combustion of fossil fuels and chemical reactions used in the manufacturing processes (e.g. the decarbonization of carbonates in the glass fusion processes). The Group's indirect CO_2 emissions (scope 2) are essentially connected with its electricity purchases. The use of recycled raw materials in industrial processes makes it possible to reduce energy consumption, particularly for glass melting. In the case of flat glass, energy consumption is reduced by 3% when the percentage of cullet is increased from 20% to 30% of raw materials. This reduction in energy consumption is accompanied by a reduction in CO_2 emissions (scope 1). The actions taken for the transition to the circular economy therefore also have positive effects on greenhouse gas emissions.

Energy efficiency is also an essential factor in the environmental and financial performance of Saint-Gobain's sites which also enables the reduction of greenhouse gas emissions. The Group is encouraging energy audits on its sites and is setting up a system for energy management drawing on ISO 50001 certification. At the end of 2021, 91 sites in the scope concerned were ISO 50001 certified, representing 35% of Saint-Gobain's annual energy consumption. In addition, a procedure of energy audits was initiated, with the aim of improving the insulation of the Group's production facilities.

Saint-Gobain places all its sites in a phase of continuous improvement. In this respect, they aim to identify and evaluate the Best Techniques and Practices Available (MTD) and then progressively upgrade them at an economically acceptable cost, in accordance with the Group's environmental vision. An MTD deployment plan is defined, updated annually and included in the three-year strategic plan. The actions implemented include optimizing energy use in response to needs (usage to power engines, lighting or the use of compressed gas) and the recovery of energy from manufacturing processes.

The carbon impact of energy

More than three-quarters of Saint-Gobain's total energy consumption is directly linked to purchases of fossil fuels. The ability of industrial processes to move from using fossil fuels to low-carbon energy solutions – electricity (when it is low-carbon), biogas, or even hydrogen – is therefore crucial. Action plans have been drawn up between the non-trade purchasing teams in the countries, the industrial departments and the local environmental managers, in order to identify regular and reliable sources of renewable energy. The Group is also developing projects on its sites using new energies (wind energy, biomass, biogas, solar energy, etc.). These developments may be made in association with external partners.

Limiting emissions into the air other than greenhouse gases

Saint-Gobain actively manages its non-greenhouse gas atmospheric emissions. Environmental managers coordinate this process. When the primary measures are not sufficiently effective, dust emissions are controlled by investments in electrostatic precipitators or bag filters, depending on the type of industrial facility. This equipment also makes it possible to filter the heavy metals resulting from impurities contained in certain raw materials. Some of the Group's plants, mainly glass furnaces and pipeline production sites, emit substances that contribute to the acidification of environments such as sulfur dioxide (SO_2) or nitrogen oxides (NO_x). The primary measures introduced to reduce sulfur dioxide emissions include the reduction in energy consumption and the use of fuels with a low sulfur content. Primary measures to optimize processes, particularly combustion, make it possible to reduce NO_x emissions at source. In addition to these primary measures, equipment for the secondary treatment of sulfur dioxide and nitrogen oxides is also installed.

Some industrial sites are affected by Volatile Organic Compound (VOC) emissions as a result of their industrial process. On-site monitoring is based on measurements as needed. The aim is to check that emissions are below the limits set by the environmental operation permit; as such, it is heavily dependent on the local context. Optimization of raw materials can reduce VOC emissions, while secondary measures through a decontamination unit are implemented when necessary.

3.3.2.2 Water management

Saint-Gobain's Water policy ("Water policy") confirms the desire to reduce the impacts of the Group's activities on water resources as much as possible, whether in terms of water intake or discharge. The long-term objective is to withdraw as little water as possible and to aim for "zero discharge"of industrial water in liquid form, while avoiding generating new impacts for other natural environments and/or for other stakeholders. To this end, Saint-Gobain does its utmost to:

- reduce water withdrawals from the natural environment and optimize processes to minimize water consumption;
- reuse "process" water whenever possible;
- recycle on-site or off-site with appropriate treatments;
- not degrade water quality by reducing and controlling discharges into the natural environment and preventing any accidental pollution;
- not compete with local populations for access to drinking water.

To assess the water sensitivity of its sites, the Group uses the global "Aqueduct" atlas of the WRI organization. This atlas is based not only on qualitative and quantitative physical risks (such as water stress or flood risk), but also on stakeholder risk (like access to water). This tool enables each industrial site to assess its water risk from "low" to "extremely high". In 2021, 199 sites representing approximately 16% of water withdrawals and 9% of Saint-Gobain discharge were located in high or extremely high risk areas.

The "Focus Site" program consists of supporting sites which contribute to 80% of the Group's environmental indicator. In 2021, 43 sites representing 80% of Saint-Gobain's water discharges drew up a short-, medium- and long-term action plans to reduce their impact. The Group's commitment to water preservation has led it to participate, since 2012, in the CDP Water Disclosure, which aims to encourage businesses to report in detail on the risks and opportunities concerning water management and to report results transparently. In 2021, Saint-Gobain obtained an A- rating.

3.3.2.3 Resource management

Saint-Gobain has the long-term ambition of not producing any non-recovered production waste and of maximizing the recycled content of its products. The Group believes that waste should be considered as a strategic resource and that recycled or bio-sourced materials should be used whenever possible as a substitute for non-renewable virgin resources. The policy of sustainable management of resources aims to promote the responsible management of resources in order to promote the transition to the circular economy. First and foremost, the good performance of a site can thus be defined as the most effective way to optimize the resources used. This performance is also reflected in the reduction of the impact attributable to the use of resources throughout the life cycle of products and services.

The main focuses for the deployment of this policy are incorporating as much reused, recycled or bio-sourced content into its products as possible, generating as little production waste as possible, and recovering waste from its processes internally or externally.

In line with the Group's Health policy and in compliance with local regulations, the management of hazardous waste is closely monitored to protect the health of employees, residents, customers and users of its products and services. By encouraging cross-functional actions and synergies between its various industrial and distribution business lines, the Group is committed to providing innovative solutions and seizing opportunities related to the challenges of respectful management of materials, and of the efficient processing and transformation of waste. The specific action plans to promote the circular economy are described in this chapter.

Incorporate maximum reused, recycled or bio-sourced content into products

Some of Saint-Gobain's products can be recycled indefinitely in a closed loop in their industrial process, which is then adapted to the replacement of natural raw materials with recycled materials from either internal or external collection. Therefore, their inclusion in the products essentially depends on the existence of efficient, long-term collection networks.

Today, 15 countries throughout the world use plaster waste from worksites to manufacture their plasterboard. Over 292,000 tons of waste plasterboard from sites were recovered and recycled in this way worldwide in 2021, representing the equivalent of the annual output of two medium-sized factories. Weber, which manufactures industrial mortars, has rolled out an ambitious global action plan to gradually reduce dependence on sand and portland cement. Initiatives are being developed in all regions of the world to seek more sustainable substitutes, such as the use of used foundry sand, the use of slag, or the use of waste tires. These initiatives sometimes help to develop industrial synergies within the Group.

Logistics have been optimized for glass products to promote the recovery of cullet (glass debris) across the entire value chain where Saint-Gobain is present and especially between glass processing sites (manufacturing of windshields or windows, for example) and glass furnaces. Other Group products can already tolerate the replacement of virgin raw materials with recycled materials from other consumption circuits, such as glass wool and cast iron pipe. For many years, glass wool has included cullet in its composition. In 2021, external cullet accounted for over 57% of all materials loaded into the furnaces (and more than 80% in countries such as Japan, South Korea or Argentina). Similarly, the production of cast iron pipes and other piping elements (connectors, manholes) uses a “second fusion” process which is carried out by fusing scrap and recovery cast iron. The annual quantities depend on their availability on the market.

The approach applied to products also applies to the packaging that accompanies them. Action plans are rolled out at the central level and relayed to the national level to increase the recyclability and recycled content of the packaging used. Initiatives are underway in Brazil to replace the dual-material bags (paper/plastic) used for mortars and coated with all-paper bags, with an internal treatment to protect the product from humidity.

Generate minimum production waste and recycle it internally

The industrial sites are working to reduce the quantities of waste generated in accordance with the three Rs hierarchy: Reduce, Reuse and Recycle. Incineration and landfilling should be limited as much as possible.

The priority waste management actions initially relate to a reduction in the quantities of production waste generated. Operational excellence carried out in the WCM program (see this chapter, section 3.3.1.2), particularly in terms of quality and productivity, is the first approach to reduce waste and optimize the use of resources. The sites then seek to reuse production waste in their own industrial process:

- in India, the Perundurai plant, which manufactures refractory blocks, obtained an “Emeraude” award in 2021 for the project carried out on its foundry sand residues, enabling the annual prevention of nearly 10,000 tons of waste initially intended for landfill and reducing the need for new sand by more than 1,000 tons, by modifying its production processes and developing external channels;
- in Egypt, the Sadat plaster plant, which had more than 12,000 tons of waste sent to landfill each year, succeeded in recycling all of its industrial waste in 2019, thereby improving its “material yield”. This performance was achieved by examining all the stages of the process, by considering all production waste, by reducing them step by step, by improving the efficiency of the process, by favoring internal recycling solutions, and by researching the most appropriate external recycling sectors when internal recycling was not possible;
- a glass plant in China has initiated a new process to recycle fine dust from processing by the electrofiltration of its smoke. Inspired by the pharmaceutical industry, it makes it possible to adjust the glass composition according to the amount and chemical analysis of the dust put back into the furnaces. This process brings about a reduction in the amount of waste sent to landfill and optimizes glass compositions;
- in Japan, a glass wool plant has developed a process to recycle 100% of production waste in a closed loop, paving the way for other glass wool furnaces in the world;
- lastly, a disruptive technology has been in place for several years at a stone wool production site in Romania, enabling all of its production waste to be recycled in the industrial process.

External recovery of waste from its processes

Even for industrial processes favorable to the incorporation of recycled materials, optimizations are possible. Saint-Gobain’s plasterboard manufacturing plant in Vietnam has introduced a process to separate the paper from the plasterboard during a waste reprocessing phase. The plaster is reincorporated into the process when the paper is recycled in the manufacture of cardboard *via* an external recovery network. Production waste generated during the production of bitumen membranes in the United States are recovered externally for use in addition to bitumen in road construction or renovation.

Some of the waste generated during the production of mineral wools is reprocessed before being recovered externally as a secondary raw material for the roofing industry or for certain manufacturers that manufacture acoustic ceilings. The Group is also involved in the creation of recycling networks with the help of external local partners. Progress in the reduction and recycling of production waste made at certain Group sites shows that “zero non-recovered waste” is an achievable ambition.

3.3.2.4 Biodiversity and land use

Saint-Gobain is particularly committed to protecting biodiversity at its high-impact sites or in areas with remarkable biodiversity. Thanks to the experience acquired in the field of extraction activities, the Group now has strong internal expertise in the area; it has adopted a biodiversity policy, the aim of which is to preserve, restore, enhance and boost biodiversity, and to this end to encourage the involvement of all relevant stakeholders.

A mapping study of all Saint-Gobain's sites was conducted using geographical tools to evaluate their sensitivity to the ecosystems based on their proximity to areas of high biodiversity value. The protected areas considered are areas recognized by the International Union for the Conservation of Nature (IUCN) or more locally defined as Natura 2000 or RAMSAR areas. In 2019, the study was continued, adding as criteria the environmental impact of the sites, the expectations of stakeholders and the actions already undertaken in terms of biodiversity. This made it possible to finalize a list of around one hundred priority sites in 2021, the vast majority of which were quarries, for the implementation of biodiversity management plans and the sharing of best practices.

Out of the 141 underground or surface quarries operated by the Group worldwide, the vast majority are for the production of gypsum (101 or 72%). A charter for the environment and biodiversity in all Saint-Gobain's quarries and mines was published in 2019, capitalizing on the experience acquired over many years in gypsum. The Group's quarries are operated and then restored with the aim of preserving the environment in accordance with the local rules. During the operating and restoration period, the effects on residents and on the environment are reduced as much as possible: visual impact, dust, noise and vibration, consequences to road traffic and repercussions on the local natural environments. In 2021, 39% of Saint-Gobain priority sites, around two-thirds of which quarries in operation, already had a biodiversity management plan analyzed centrally. "Biodiversity representatives" have been appointed at each of the priority sites. A training module explaining the challenges of biodiversity and the successful implementation of a biodiversity management plan was rolled out, and around twenty best practices in terms of biodiversity were distributed internally.

Among the local initiatives identified in 2021, the Group renewed its commitment to "Act4nature International", a voluntary commitment to biodiversity from international companies: one of the strong commitments concerns the implementation of biodiversity management plans for all active open-cast quarries by 2025.

3.4 Meeting customer expectations

3.4.1 An innovation process focused on safety and performance

Saint-Gobain regularly develops its innovation methods and processes to meet new market expectations, particularly the development of ever more sustainable solutions (products, systems and services). The innovation approach, made up of iterations, creativity, agility and openness to the outside world (university, partners, etc.), puts the customer at the heart of the project from the identification of needs to the validation of prototypes.

The methods used concern local projects and international projects (*via* pilot countries). The marketing teams are involved in the characterization of needs (functional analysis) and formalize functional specifications. These specification are the foundations for the development of the innovation that will be taken up by the R&D teams. Customers are also involved in the validation of industrialized solutions before their launch.

Saint-Gobain has a procedure for monitoring innovation applied to products, which is initiated by the R&D and marketing teams. The tool is a sequenced operational roadmap for the development teams, where every step in the innovation process is reviewed by a committee set up for this purpose. This methodology allows for the identification of and prompt attention to potential problems. Close monitoring of the progress achieved and product performance means that the process of innovation is faster and more secure.

The EHS checklist, introduced in 2008, is integrated into the innovation process. It enables a qualitative assessment of the substances included in product formulations and identification and reduction of environmental and health and safety impacts throughout the product life cycle. With regard to hazardous substances, the aim is to prevent the use of new hazardous substances and reduce their use in raw materials while reducing and controlling exposure levels. The innovation process incorporates normative and regulatory requirements, from the functional marketing specifications stage. Local marketing teams ensure that products comply with the legislation and standards applicable in the countries of commercialization.

The process for launching new products, systems and services is checked within the framework of Internal Control (see chapter 6, section 2.5). It is regularly updated to improve the quality management system procedures and associated monitoring indicators. Technical products are launched after sales force training and reinforced support by product managers and technical trainers. In several countries, they intervene directly on the worksites when installers use a differentiating innovation for the first time, throughout the launch phases until the sales organization reaches a sufficient level of maturity. The marketing and sales community, which brings together teams in different countries and activities, shares best pratices and facilitates the integration of newly acquired brands.

Saint-Gobain University's UniCampus program (see this chapter, section 4.3.5) offers five training courses related to the innovation process. 191 people were trained in 2021, despite the health context. These training courses are intended primarily for the R&D and the marketing functions of local activities. A product compliance training module has also been integrated into the program. Concrete courses combining theory, practice and experience sharing are offered widely to the main functions involved in the innovation process, such as marketing, R&D, purchasing, production and industrial efficiency. A new training course has been launched in 2021, *Deriksing a key success factor for your innovations*, whose objective is to greatly increase the success and impact of innovations while reducing lead times by relying on better anticipation. Built arount the Business Model Canvas, it helps identify all types of risks and conditions for the success of innovation projects at each stage of development, including launch.

Finally, the World Class Manufacturing (WCM) industrial excellence program (see this chapter, section 3.3.1.2) ensures the deployment of best practices in terms of quality and product compliance at industrial sites, based on the ISO 9001 standard.

At European level, the Group contributes to the work of the European Committee for Standardization (CEN) in developing standards and regulatory systems. Likewise, its active participation in European interprofessional associations such as EURIMA, Eurogypsum, Glass for Europe and EMO provides input into the Group's vision of standards development in Europe, in particular through exchanges with the European Commission and its institutions such as the European Chemical Agency (ECHA) in charge of the REACH regulation.

With regard to consumer information, the Group's products comply with current regulations, such as CE marking in Europe or the requirement for chemical products to have labels and safety data sheets (SDS). Saint-Gobain also provides non-mandatory information specific to some of its products, such as:

- voluntary safety data declaration sheets for unclassified articles or substances;
- the declaration of the composition of components and materials *via* the IMDS database (International Material Data System) in the case of the automotive industry;
- specific labels such as the environmental and health data sheet for construction products in France;
- voluntary certifications obtained through independent national laboratories – or, failing that, international laboratories close to these markets – when innovative products or systems are not covered by international or national standards.

As product compliance is a constantly evolving process, Saint-Gobain has complemented the measures already in place in 2021 with a program to strenghten the culture of product quality and compliance. The program is designed to remind countries and local teams of the key principles and processes related to product quality and compliance throughout the product life cycle, from design to production, use and finally end of life.

This program includes 4 steps:

- awareness campaigns at all Group levels;
- definition of a roadmap by local management teams;
- evaluation of the effectiveness of measures in the countries for each activity;
- definition and implementation of sustainable improvement plans if necessary.

A network of local facilitators has been set up to support the teams in the countries or activities during deployment and to ensure the sharing of best practices, thus promoting the continuous improvement of procedures. The progress of the program's implementation is monitored by a committee created for this purpose and bringing together members of the Executive Committee (see chapter 1, section 5.2.2).

3.4.2 Product transparency

Saint-Gobain has been involved for many years in the promotion of Life Cycle Assessments (LCA) to better understand and control the environmental impacts of its products. These analyzes are useful for guiding innovation, better informing customers and responding to a growing market demand for greater transparency. Saint-Gobain is committed to ensuring that, by 2030, 100% of the Group's revenue generated with products covered by verified LCAs (Life Cycle Analyses), or EPDs (Environmental Product Declarations), excluding distribution activity. By the end of 2021, 29.1% of revenues came from products covered by verified LCAs, or EPDs, excluding distribution activity.

In 2021, Saint-Gobain's industrial activities continued to carry out life cycle analyses and publish EPDs verified by third parties. With nearly 1,500 verified EPDs published in over 33 countries, the Group is the world's leading supplier of verified EPDs – by volume – in the construction sector.

Through the development of version 4 of the LEED label for buildings and new voluntary product certifications such as C2C or Declare, the demand for transparency about the substances contained in construction products is growing strongly. This trend also corresponds to an essential need for the development of the circular economy.

Saint-Gobain is keen to provide responses that are both appropriate and rigorous, and also consistent with existing regulations.

Depending on the geographical area, the Group meets the expectations of its customers through various means such as content declarations (which list the substances present in a product), declarations according to the North American voluntary standard HPD (Health Product Declaration) or the "Declare" label. In 2021, around twenty new content declaration type documents, HPDs or Declare labels were published for plasterboard, insulation and glass products.

In addition, Saint-Gobain is involved in the development and improvement of standards in terms of transparency and circularity. For example, Saint-Gobain made a major contribution to the new version of the C2C standard (version 4) and to the development of the PCDS (Product Circularity Data Sheet) initiative led by Luxembourg. Lastly, Saint-Gobain continued its efforts to develop a European version of the HPD standard mentioned above, consistent with the existing regulatory framework (REACH and CLP).

3.4.3 Customer satisfaction

Knowledge of current and future market expectations is essential in order to achieve Saint-Gobain's medium- and long-term targets. For this reason, the satisfaction of its customers is a priority for the Group, whose objective is to be an organization focused on their expectations. To measure customer satisfaction, several practices have been extended to all Group activities:

- firstly, a short questionnaire is sent to all clients and potential clients, both direct and indirect, at the time of each interaction, in order to identify the main points of satisfaction and dissatisfaction, and to determine the net promoter score, the only measure common to all; this refined measure will eventually make all clients the Group's primary influencers;
- secondly, a more rigorous and responsive measurement of compliance and punctuality (see this chapter, section 3.3.1), since these two parameters are the two most frequent sources of dissatisfaction in all the questionnaires: first and foremost, customers demand that their suppliers' promises be kept.

Thus, customer satisfaction measurements are carried out on a regular basis for all activities.

In the field, brands are increasingly collecting feedback from customers (defined as any person having an influence on the purchasing decision) on a relationship and transactional level, with the dissemination, internally and across functions, of best practice in the area. This data is cross-referenced with the context of the relationship, as well as with the type of customers, in order to assess the degree of satisfaction throughout their journey, *i.e.* across the entire chain of interactions between them and the Group's brands. In this context, the satisfaction questionnaires already implemented have shown that compliance and punctuality (see this chapter, section 3.3.1) are the most frequently cited negative points.

One of the Group's areas of excellence and progress is training, in order to build a growing community of customer experience experts. Each year, over 200 people are trained in customer experience methods and concepts through the UniCampus program. In addition, a platform called "Pulse" has been created to centralize and make available to Saint-Gobain countries and entities methodologies and tools for managing the customer experience, such as "personas", i.e. the definition of groups of customers whose behaviors and preferences are merged into a single predictive model.

In addition to the measurement of satisfaction itself, all of these systems create the basis for a co-development approach; on the basis of customer opinions, a shared innovation process can be put in place.

3.4.4 A range of sustainable and efficient solutions

The Solutions For Growth program is driven by Saint-Gobain's ambition to offer solutions that combine performance and sustainability in order to meet the expectations of its stakeholders, in particular its customers, and to enable acceleration towards a more sustainable and low-carbon economy.

The objective is to determine a standard method that is easy to deploy in the organization and to adapt to local markets and contexts in order to identify the most relevant solutions and measure the benefits. The impacts of the solutions are assessed across the entire value chain and for the main stakeholders involved, right through to the end user.

The critera used to measure the benefits related to sustainable development focus on environmental impacts and those related to health and well-being. The measurement of the performance of solutions focuses on the increase in economic value (productivity or other financial benefits) and the user experience.

In order to standardize the measurement of impacts and to accelerate differentiation in its markets, use cases have been selected to illustrate the value provided by Saint-Gobain solutions. They concern the decarbonization of industry through the solutions of the HPS, renovation and new construction Business Units. For each use case, local teams identify solutions combining products and services offerred by the brands and distribution networks. The tools developed enable them to measure the benefits and thus to adapt the offer and the sales pitch to the expectations of the stakeholders.

This program has covered more than 90% of Saint-Gobain's sales and helps to orient Saint-Gobain's offer towards sustainable construction markets. The methodology used to identify sustainable solution is available on the Group's website and has been reviewed by an independent third party.

The criteria used to measure environmental benefits are:

- energy and carbon efficiency;
- optimization of natural resources, including water resources;
- all products and services that support the environmental efficicency of other industries.

The criteria used to evaluate the benefits in terms of health, comfort and well-being are:

- safety and security, including the reduction of occupational risks in the value chain;
- ergonomics;
- indoor air quality
- acoustic comfort;
- thermal comfort;
- visual comfort.

The proportion of sales generated with sustainables solutions is 72% in 2020.

Saint-Gobain's sustanaibles solutions sales include activities not assessed in the context of compliance with the European regulation 2020/852 Taxonomy regulation (see chapter 9, section 3.5) such as distribution activities, impacts and benefits not yet integrated into the regulation such as resources and the circular exonomy or finally benefits related to health, safety and comfort that will potentially be eligible for the social taxonomy.

4. Promoting a healthy, open and engaging work environment

4.1 Deploying an engaged HR policy

Building on its history and its rich Social Dialogue, Saint-Gobain's Human Resources (HR) policy ensures the provision of an environment that is conducive to the employee's professional and personal growth and balances job-related performance with their well-being. This policy requires a compulsory buy-in from all employees for Saint-Gobain's values as expressed in its code of ethics, the Principles of Conduct and Action. Saint-Gobain's human resources policy must allow for rapid adaptation of the organization and, in particular, careful management of changes in skills requirements, support for employees in the face of major transformations, as well as attraction and retention of talent.

To do this, it incorporates two dimensions:

- global coordination tasked with defining a common framework for all Group employees, incorporating ethical values, respect for human rights, the deployment of managerial principles based on trust, accountability and collaboration, and the offering of training programs to better handle major cultural and market transformations, the establishment of ambitious and demanding health and safety objectives, social protection, diversity or any other subject that brings about decent working conditions for all;
- local implementation, by the HR teams in charge of Social Dialogue, wage policy, local adaptation and the implementation of action plans to achieve Saint-Gobain's objectives.

In addition to the HR operational performance indicators (see chapter 4, section 2.2), the success of this policy and the quality of Social Dialogue are measured each year in a survey conducted among all employees. The percentage of employees responding to the survey, their satisfaction with working conditions and their confidence in both the strategy and its implementation are signs of a strong commitment that vindicates the Group's choice of a balance between local and global dimensions.

The Human Resources Committee meets every month under the chairmanship of the Executive Vice President in charge of Human Resources and Corporate Social Responsibility. It brings together the Directors of the HR support functions, in particular the Director of Social Affairs and the Director of Group Talent and Executive Career Management, the main Directors of Human Resources of the regions and the Director of Human Resources of the HPS (High Performance Solutions) entity. Regular monitoring of local and global action plans and analysis of key HR indicators are carried out.

Each year, Saint-Gobain submits its human resources practices to the Top Employers Institute, an independent body that assesses human resources and ethics performance on the basis of an evaluation questionnaire followed by audits of practices. For the sixth consecutive year, the Group is one of the 11 companies to have gained global recognition. Saint-Gobain is also recognized Top Employer locally in 38 countries, corresponding to 92% of employees.

4.1.1 Managerial practices: a global ambition

Over the last few years, Saint-Gobain has experienced profound change, including the shift from a products offering to a solutions offering, creating a spirit of openness within Saint-Gobain: outward-looking openness to be attentive to the world around it and provide responses to customers' needs and openness within the business, to foster dialogue and innovation.

Five "Saint-Gobain Attitudes" constitute both a management method and a shared mindset throughout the Group:

- cultivate customer intimacy: understanding and anticipating the needs of external and internal customers and responding with a "solution-oriented" approach;
- act like an entrepreneur: focus on performance and results, cultivating a certain openness to new ideas and an ability to adapt to change;
- innovate: demonstrate curiosity but also promote and value diversity to foster the generation of fresh ideas;
- be agile: be proactive and anticipate change, including change related to digital technology, while maintaining a focus on results;
- build an open and engaging culture: exercise considerate leadership in a volatile, uncertain and complex world.

The "Saint-Gobain Attitudes" have been embedded in the Group's HR tools and procedures such as the managerial guidelines, annual appraisals and 360° assessments, induction programs for new arrivals, training, especially management training, and talent management.

In addition, a new way of leadership based on trust, accountability and collaboration is encouraged and includes new ways of working together. To develop this mindset, managers have training programs, tools for implementing new collaborative working methods, and inspiring examples to work on with their teams (see this chapter, section 4.3.5).

An employee satisfaction survey is conducted every year (see this chapter, section 4.3.8) and made it possible to measure progress in employees' perception of this new type of leadership. 79% of the Group's employees feel that they are involved in defining their objectives, 80% have confidence in management and 86% agree that their manager promotes teamwork and collaboration. These results were obtained while the pandemic forced the rapid transition to remote working in many countries and communication with teams *via* digital tools.

4.1.2 Local operational responsibility

Each country implements Saint-Gobain's policies and major commitments (health, safety, diversity, etc.) by adapting the action plans, stages of attainment and tools to the specific features and culture of its region without compromising on the expected performance level. HR policies are disseminated by the global HR network. The local teams have guides to support their deployment, and special training sessions are organized by the HR Academy. Practical guides and practical training provided by the global support teams are available for the following topics in particular: Social Dialogue, diversity, compensation and benefits, talent management, recruitment and integration, and mobility.

4.2 Protecting the health and safety of employees

The health and safety of employees are absolute priorities, and Saint-Gobain makes them central to its corporate culture. It is important for everyone to participate in their own health and safety, and those of all of their colleagues.

The Group's commitments are published in the EHS Charter and the Health policy, available on the Saint-Gobain website and which state the following principles:

- involvement of management teams in support of employee engagement;
- compliance with regulations and Saint-Gobain standards;
- exemplary behavior in processes, products and services over the entire life cycle;
- ongoing prevention and reduction of risks for employees, temporary workers, subcontractors, visitors, customers and the environment;
- collaboration and accountability of all through ongoing dialogue with stakeholders.

This EHS charter is accompanied by a letter of commitment from the Chief Executive Officer reminding everyone of the objectives of "zero occupational accidents" and "zero occupational illnesses", and of the principles. The management of health and safety risks is described in this chapter, section 4.2.

4.2.1 Employee health and well-being

In terms of health and well-being, Saint-Gobain adopted a policy in 2013 and updated it in early 2022. It sets out the guidelines for action to protect the health and promote the well-being of its employees, customers and suppliers, users of its products, as well as residents adjacent to its sites.

The Group's ambition is to protect health and promote well-being, maximizing its positive impact and minimizing the footprint of its activities on the health of its employees, temporary workers and subcontractors who work at its sites around the world. The action plan implementing this policy includes knowledge and tracking of the profile of exposure to occupational risks related to health and well-being as a fundamental element. Ergonomics, workstation design and adaptation in the event of limitations in the employee's ability to work are also central to the implementation of the policy. Finally, prevention and promotion programs for health and well-being including access to healthcare and social protection for employees and their families (see this chapter, section 4.2.1) are deployed.

All Saint-Gobain's sites worldwide have to implement this policy, in accordance with their local regulations and in addition to the health and industrial hygiene guidelines, standards and tools already in place. The actions implemented by each of the sites are prioritized following the completion of their health and well-being risk mapping in compliance with the EHS guidelines (see this chapter, section 3.3.1.5).

To ensure the same level of protection and medical care for all its employees worldwide, the Group has established mandatory standards and recommendations for health and industrial hygiene. They are supplemented by specific standards for certain activities and operating kits. The recommendations concerning the organization of first aid and the equipment of the entities with automatic external defibrillators were communicated.

4.2.1.1 The Covid-19 health crisis

The management of the Covid-19 pandemic relied on the networks of human resources, communication, EHS and medical teams, as well as an EHS management system deployed in all countries and on all industrial and distribution sites. Global coordination has been put in place to monitor the epidemic, with these networks working in close collaboration to ensure scientific and regulatory monitoring, communicate on prevention measures and support and monitor deployment at all sites.

As of February 2020, central and local crisis units were set up, bringing together the members of the Executive Committee, extended to the directors of the major support functions, and in particular the Director of Medical and Occupational Health and the Director of Sustainable Development in charge of EHS.

To face this unprecedented health crisis, Saint-Gobain set itself two priorities:

- protect employees, temporary workers and subcontractors on site from health risks in accordance with the requirements of the health authorities, by incorporating local cultural specificities and by being able, depending on the country, to apply additional protection measures such as the use of remote working in advance of decisions by local authorities;
- prevent the risks of psychological impact, particularly those related to lockdown measures and the switch to working from home.

Thus, procedures were deployed by the Group, including individual protection measures such as the wearing of masks, social distancing, temperature measurement and dianostic tests and on-site preventive measures such as cleaning procedures, ventilation systems, management of high-risk situations on site such as canteens or public transportation for commutes, working from home, isolation and monitoring of the reporting of cases by country.

To ensure prevention of psychological risks, the management teams used the Mental Well-Being tool (see this chapter, section 4.3.3) and guides to support the implementation of working from home, maintaining employee social bonds and motivation.

Finally, general communications were set up directly on the intranet site accessible to all employees to give updates on the pandemic, general scientific information, prevention measures, videos and online training to help managers manage the crisis, and regular updates on Saint-Gobain's situation. Health alerts specific to the implementation of internal measures such as travel restrictions starting January 2020 and news "flashes" informing employees of the situation were issued on a regular basis at a frequency appropriate to the management of the crisis.

4.2.1.2 A health risk management indicator

In parallel with the indicators monitoring safety (total recordable accident rate, or TRAR) and the environment (EvE), Saint-Gobain has defined an indicator to control the risk to the health of its employees connected with their activities, in keeping with its health standards, initially targeting noise risks. This indicator will also take into account risks related to chemical agents from 2022. This health indicator (HICE, Health Indicator for Occupational Exposure) is applied to all sites affected by exposure to noise and/or chemical agents. It corresponds to the rate of significant potential exposure to these health hazards and aims to promote the prioritization of actions to reduce the risks of exposure to employees on the sites.

The "HICE Noise" indicator was rolled out in 2021. It is communicated twice a year to the Group's Executive Committee. At the end of 2021, it stands at a level of 17.5 which means that, on average, on each site, 17.5% of the work situations of employees and permanent subcontractors are subject to potential noise exposure.

Since December 2021, each country or entity EHS coordinator has also been asked to validate the quality of the chemical product inventories and the risk assessments reported in SAFHEAR by the sites in their scope. This will make it possible to calculate from 2022 a "HICE Chemical Agents" indicator to help the sites manage their improvement actions in this area.

4.2.1.3 Chemical risk management

For many years, Saint-Gobain has been committed to reducing and controlling the risks associated with chemicals (hazardous substances and products, and dust). Three complementary tools have been developed to support the sites in managing chemical risks:

- the internal standard and its implementation guide on the assessment and control of the risk linked to chemical agents enables industrial sites to carry out a periodic assessment of exposure to hazardous substances according to precise minimum rules. It is supplemented by risk management guides (ventilation and personal protective equipment, examples of chemical management and storage procedures, activity-specific product inventories, etc.) as well as training kits;
- the SBASE database provides a list of chemical substances and their classification. This database is updated on an ongoing basis in response to changes in the classification of the different regulatory frameworks such as REACH in Europe. SBASE is managed by the Group's EHS Department;
- the SAFHEAR management tool allows each industrial site to prepare and document its own inventory of the chemical substances and products used and also potentially generated during industrial production processes. In the second phase, it allows sites to make and document exposures. These data are consolidated worldwide.

The inventory of products and substances used by Saint-Gobain entities is a continuous improvement process. In 2020, new indicators from the SAFHEAR tool were communicated to countries and entities to help them manage chemical risk according to the new risk assessment and control standard implemented in September 2019. Since January 2021, these indicators are communicated every three months to encourage the updating in SAFHEAR of chemical inventories and the results of risk assessments. At the end of 2021, 66% of the sites updated their inventory in SAFHEAR, following the new rules. The Group's objective is to have 100% of its sites covered by an up-to-date inventory by the end of 2025 (see chapter 4, section 2.1).

Training, educational materials and technical assistance help develop the skills of EHS managers on site. In 2021, more than 450 people were trained in the standard and related tools, 24 tutorials were developed and 15 technical videos were made available.

Lastly, Saint-Gobain actively monitors updates to the European list of candidate substances for authorization or subject to authorization or restriction and anticipates the deadlines for authorization of substances, in order to fulfill its substitution and communication obligations with its customers.

In countries outside the European Union, subject to other chemical regulations such as the US Toxic Substance Control Act, the Environmental Protection Act and the chemicals products management plan in Canada, or "China REACH" in China, the Group applies the regulations in force and monitors their evolution.

This cross-functional control of the management of chemical susbtances and products is also part of the product innovation and stakeholder information processes, particularly for consumers (see this chapter, section 3.4.2).

4.2.1.4 Noise management and ergonomic factors

Saint-Gobain has followed a similar approach in terms of assessing and managing noise in the workplace and ergonomic factors. The "HICE Noise" indicator was rolled out in 2021 (see this chapter, section 4.2.1.2). A noise assessment standard and a guide for implementing technical and individual protection methods are available.

A standard for assessing factors that may contribute to the occurrence of musculoskeletal disorders and a grid for detecting ergonomic factors were developed in 2021. The ergonomics standard lists the risk factors to be assessed and specifies the method for assessing these risks, in particular on the basis of international standards (for example, EN ISO 14738:2008 and ISO 11228-3). The detection grid is an easy-to-use tool that lists the criteria to be assessed. It aims to identify improvements to be made to a work situation through a before/after rating.

The Group finally has a set of information and precautions as to the use of exoskeletons. A dedicated platform brings together the results of the work and recommendations of the INRS (*Institut National de Recherche et de Sécurité* - the French national research and safety institute for the prevention of Occupational Accidents and Diseases) and the IFA (*Institut für Arbeitsschutz der Deutschen Gesetzlichen Unfallversicherung* - the institute for occupational health and safety of German social insurance body covering accidents) to cover the use of an exoskeleton for the prevention of musculoskeletal disorders (MSDs).

4.2.2 Safety

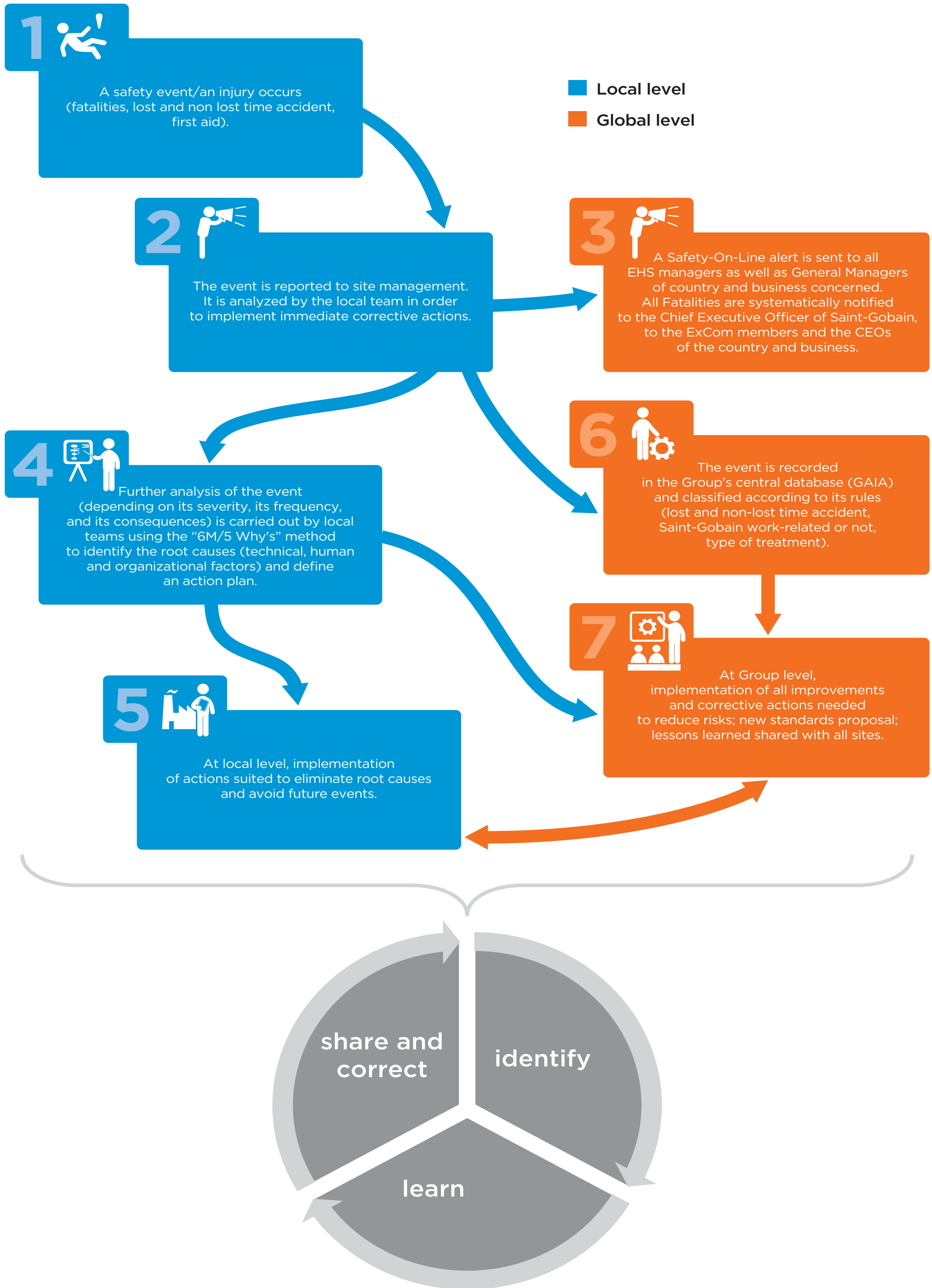
Saint-Gobain ensures that all employees on its sites, including temporary workers and subcontractors, have safe working conditions and environments by identifying, reducing and controlling risks.

At the highest level, the management has demonstrated its involvement in the development of a culture of safety within the Group. All meetings of the Board of Directors and the Executive Committee include safety performance reviews. Operational management is responsible everywhere and guarantees all aspects of safety: objectives, action plans and performance measurement. To underline this commitment, part of managers' annual variable compensation is based on actions and results in the area of safety. The performance of safety inspections and the application of safety standards are also considered.

To build on this result and sustain the overall effort, the TRAR indicator has been included in the criteria for the long-term compensation plan since 2017 (see chapter 5, section 2.4.3).

4.2.2.1 Daily safety management

This approach affects all Saint-Gobain's businesses and endeavors to place safety at the heart of the corporate culture. The reporting and processing of safety events are as follows for events leading to injuries. Other events, such as "near misses" and dangerous situations, are handled locally (reporting, analysis of causes, archiving, consolidation, communication).



When a serious or potentially serious event (SIP for "Serious Injury Potential") occurs, local management informs their superior. Once the victim has been rescued and immediate correction action has been taken, an in-depth analysis of the accident is conducted, with the aim of determining the root causes (technical, human and organizational factors) and developing an action plan. This analysis is undertaken with the local management and an action plan is approved.

The results of the analysis and the key points identified are then shared *via* the global networks of EHS facilitators, either at an entity or global level, and also with management. Alerts are circulated and shared with other sites, in order to raise awareness among staff about certain risks and to ask the following questions: "Could such an event occur on our site?" or "If so, what can be done to prevent it?". Sharing information in this way helps to strengthen the action already taken, such as risk assessments for all operations, and the introduction of internal standards.

In 2020, the identification of potentially serious events was strengthened thanks to the launch at Group level of a guide on this subject. It is essential to carry out an in-depth analysis, and then implement appropriate measures in order to eliminate the underlying causes of these events, which had limited consequences, but had the potential to cause much more serious damage (such as a fatal accident) if the circumstances had been slightly different.

A systematic analysis of all security events reported is carried out at Group level to check whether the SIP classification of an event is correct or should be made if the event has not been identified as such.

Safety inspections are organized on all sites according to the SMAT (Safety Management Tool) methodology. These inspections aim to encourage open dialogue with the person visited, on the subject of safety and health, following the observance of work practices by the inspector. The positive points are noted as a priority, as well as any dangerous acts or conditions, which form the subject of an immediate priority action or an action incorporated into an action plan. A guide has been developed to help local teams train visitors and people visited and promote the exchange of best practices. In 2021, 444,574 SMAT visits were carried out in the Group, which represents a ratio of 2.3 visits per employee, temporary worker and permanent subcontractor.

Numerous training and information materials and tools have been developed or updated to support local teams in identifying and managing risk situations. For example, the tool "60s to Think" has been adapted to a more modern format and a communication on the concept "Dare to Take Care" has been distributed.

4.2.2.2 Solid results

In 2021, the TRAR was equal to 1.9, which is a slight increase compared to 2020 (1.8), a particularly atypical year due to the health crisis. The general trend remains solid since the TRAR has been divided by four in ten years.

74% of the entities did not declare any occupational accidents, compared with 72% in 2019. The "Millionaires Club" comprises the most exemplary Group sites in terms of safety, with one million hours worked or five years without any accidents involving lost time, including all the individuals present on a site (employees, temporary workers, subcontractors, visitors, etc.). At the end of 2021, a total of 227 sites were in the "Millionaires Club" (compared to 228 at the end of 2020). It values the entities that have the best results and that demonstrate to all that the objective of zero work-related accidents is possible. Among these sites, 85 are "Silver Millionaires" (with ten years without a lost-time accident) and 22 "Gold Millionaires" (with 15 years without a lost-time accident).

Despite a significant decline, Saint-Gobain continues to suffer serious and fatal accidents every year. During a dedicated webinar at the beginning of 2022, the Group's Chief Executive Officer reminded all site managers that controlling risky situations is an absolute priority, with a particular focus on immediate actions when risks related to machine safety issues or hazardous energy control of equipment are detected.

4.2.2.3 Additional efforts needed to manage subcontractors and temporary workers

Saint-Gobain's safety commitment applies not only to its employees and temporary staff, but also to subcontractors working on site. Two safety standards, "Management of external businesses" and "Work permits" are in place to manage risks linked to the on-site presence of subcontractors.

Two categories of subcontractors are distinguished to adapt action plans to risks:

- permanent subcontractors, with whom actions can be conducted over the long term and whose results have been included in the Group's overall results;
- occasional subcontractors (worksite, maintenance, etc.) for whom a prevention plan must be drawn up in advance, and introduction, control and supervision procedures must be strengthened. Accidents with and without lost time involving occasional subcontractors are recorded and reported.

An e-learning course called "External company management" has been made available to the countries and site teams, along with communication tools to raise awareness of the risks linked to the on-site presence of subcontractors. Furthermore, the entire purchasing specialist network will have specific tools to closely monitor this process: information and training, best practices, etc.

4.3 Fostering employee commitment

4.3.1 Social dialogue

Saint-Gobain has made the quality of Social Dialogue an essential criterion for the performance of its HR policy. The principle of consultation and negotiation, either directly with employees or through their representatives, is universal, with the aim of translating this dialogue into collective agreements. Freedom of association is one of the values embedded in the Group's code of ethics and respect for it is a prerequisite for quality Social Dialogue.

Because Social Dialogue must provide concrete answers to the questions of working conditions, the specific expectations of employees, and the deployment of HR action plans, it is mainly carried out at local level in accordance with Saint-Gobain's HR policy (see this chapter, section 4.1). Executives in each country meet with employee representatives periodically to discuss strategy and local issues. As such, nearly 3,000 agreements have been signed with employee representative bodies, of which more than 20% include criteria related to emloyee health and safety.

Even though Saint-Gobain encourages social dialogue at a local level, Group coordination exists. So the Chief Executive Officer of Saint-Gobain meets with the central union coordinators several times a year and chairs the Group Committee at least twice a year. At European level, he chairs the Convention for social dialogue, which brings together 70 union representatives from 22 European countries annually. With the aid of an independent expert, this Convention makes it possible to supplement the national dialogue by dealing with subjects of common interest such as safety, corporate social responsibility or the trend of employment on European industrial sites. These subjects are raised in particular by the members of the Select Committee, which acts as spokesman for the Convention, who benefit from specific training to perform their role.

The employee satisfaction survey conducted in 2021 (see this chapter, section 4.3.8) shows that 85% of respondents consider their working conditions to be good. Despite the persistence of telecommuting in the face of the pandemic, 81% of employees who responded to the survey said that the balance between personal and professional life was satisfactory. During the Covid-19 crisis, the historic quality of Social Dialogue in the countries and regions made it possible for Saint-Gobain to be responsive and flexible to the local pandemic situation.

In an uncertain economic context, the Group is committed, as far as possible, to implementing solutions to safeguard employment and only to making job cuts as a last resort. The aim is initially to reorganize to deal with situations on a temporary basis, as in the case of temporary lay-off, or to favor internal mobility agreements which, associated with incentive measures, make it possible to maintain jobs within Saint-Gobain. When restructuring is inevitable, the employees affected by workforce adjustments benefit from personalized support programs which may result in training associated with retraining, assistance for geographic mobility or support for the execution of a personal project, such as the creation of a business.

When companies are acquired, coordination is set up to align the HR policy of the new entities with the Group's principles.

4.3.2 Wage policy and employee benefits

Wage policies are set by the countries in line with market conditions. In most of the countries in which Saint-Gobain operates, minimum wages are set either within the legal framework or by negotiating collective bargaining agreements. In 2021, less than 3% of employees were not covered by one or other of these provisions. The Group favors the collective bargaining strategy which is a way of guaranteeing a minimum standard of living for all employees depending on the local situation.

A general framework called the Framework for wages sets out common rules and principles to ensure fair compensation for Saint-Gobain employees. It has been circulated within the HR network and is published on the Group's website.

In 2021, Saint-Gobain conducted a country survey to better identify the actions taken to ensure a decent wage, but also complementary elements to compensation such as individual and collective bonuses or social benefits. Less than 4% of employees are paid only the legal or negotiated minimum wage. Almost two-third of full-time employees have an individual or group bonus program. The survey also verified that more than 99% of employees receive retirement benefits under locally defined programs.

At the same time, employee shareholding offers employees the option to become shareholders under preferential conditions, either directly as individuals or *via* involvement in a dedicated collective fund. The Group Savings Plan (GSP) enables them to acquire Saint-Gobain shares at a discount and, in some countries, an additional amount. In France, to encourage a team spirit and to associate each person with the success of the Group, Saint-Gobain favors the conclusion of collective profit-sharing agreements. In 2021, employee shareholding programs were available in 48 countries. 95.5% of Saint-Gobain employees have access to these programs, and in some countries, retirees are also eligible. In addition to these programs, Saint-Gobain has set up long-term compensation plans including, depending on the year, stock options, performance shares and performance units (see chapter 5, section 2.4.3).

Saint-Gobain also seeks to offer 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:

- daily medical monitoring of families and access to care, by covering health costs (doctor visits or hospitalization) at a rate of at least 80%;
- the birth of a child, including adoption procedures, by paying at least 14 weeks of maternity leave with full pay and three days of paternity leave with full pay;
- death, by providing the family with financial capital representing at least one year of the employee's salary.

The program is being implemented on a country-by-country basis, with the aim of being applied worldwide and for all employees by early 2023. Parenthood measures were rolled out in 2020, and all Saint-Gobain employees currently enjoy minimum guaranteed parental leave at their full salaries. Monitoring of the program's deployment is available in chapter 4, section 2.2.

4.3.3 Well-being at work

Saint-Gobain attaches fundamental importance to its employees physical health (see this chapter, section 4.2.1), and also their mental health. The Mental WellBeing (MWB) program was rolled out to all Group managers. The program takes the form of an interactive app and was designed to help managers optimize the psychological well-being of their teams. Each manager can build a tailored program for his or her team, monitor it and exchange it with other managers or share relevant best practices drawn from their experience. There are six action areas: management practices, change management, interpersonal environment, physical working environment, work-life balance, and personal well-being skills.

This interactive tool proposes best practices, collects the ones identified by teams worldwide, and provides key information so that each team can implement it. Thus, specific programs can be initiated locally by linking specific issues and proposals for concrete actions to improve well-being at work. This concept was designed on the impetus of the medical and workplace health department and a multicultural working group, with a very diverse range of profiles (HR, EHS, communication, site managers, etc.) and with the involvement of the social partners.

This approach is linked to the "human resources" pillar of the WCM excellence program (see this chapter, section 3.3.1.2). It is also embedded in the Saint-Gobain HR process: in the training provided by the school of management, the individual annual reviews for managers' forms, or in the specific questions in the yearly survey to measure employee engagement.

Generally speaking, the Group wishes to create a motivating and engaging work environment, respectful of the work/life balance for all employees. As such, flexible working and working from home are encouraged. This tool was particularly useful in the context of the Covid-19 crisis during the transition to working from home by a large number of employees. The well-being of employees and maintaining personal relationships in this particularly stressful environment were priorities.

This tool does not summarize all the measures put in place to protect and promote the mental health of the Group's employees. It is accompanied by trainings, webinars, surveys and indicator monitoring, an alert system, medical monitoring and individual care.

This individual care can be provided by on-site psychologists, specialized external firms, or the in-house medical teams.

4.3.4 Diversity

Diversifying its teams ensures that Saint-Gobain is in tune with the world around it and understand its challenges, to be enriched by different skills and experience, while developing its capacity to innovate. To meet its diversity and inclusion targets, the Group is working to create an environment conducive to fairness and equality, crucial to employees' professional growth, while fostering training and the cohesion of high-performance operational teams. The main drivers of this strategy are managers leading by example and the policy of equal treatment in the fields of recruitment, vocational training and compensation. Everywhere it operates, Saint-Gobain undertakes to promote inclusion and diversity in all its forms: gender, nationalities, training, career paths, generational diversity, disabilities and ethnic and social origins.

The Group is strongly committed to the themes of diversity and inclusion, which constitute one of its priority CSR challenges (see this chapter, section 1.3.3). The requirements to be followed are defined at the global level, while action plans to support this vision are rolled out locally. An overall diversity indicator incorporating diversity of gender, nationality and professional experience is monitored annually. It is part of the performance of Saint-Gobain's long-term management compensation plans (see chapter 5, section 2.4.3). The Group is committed to maintaining a diversity index always above 90% which is the case in 2021 with a diversity index of 91.1%.

To encourage pluridisciplinarity and diversity of nationalities, emphasis is placed on the value of diversified career paths in areas of expertise (marketing, research and development, etc.), and on equal opportunities for local profiles. With regard to generation diversity, Saint-Gobain ensures a balance in the age composition of employees, making room for younger and older employees. There is a particular focus on workplace inclusion pathways for young people.

Generally, greater diversity requires a more inclusive recruitment process. To encourage these practices, the "*Recruter sans discriminer*" (Recruit without discrimination) e-learning module has been circulated to human resources teams on a mandatory basis and distributed to Saint-Gobain managers in France since 2018. This training informs about the legal framework and good practices to be applied during the recruitment process.

4.3.4.1 Disability

The recruitment and retention of people with disabilities are important subjects for Saint-Gobain. First of all, disability awareness and training initiatives are in place in the various countries. Several subsidiaries offer workshops in partnership with specialized bodies. The Group also implements recruitment policies in partnership with various specialist agencies, applying a strict non-discrimination policy. For example, in France, several entities are in contact with ESATs (bodies promoting the inclusion of people with disabilities in society and the workplace) to support them in their efforts. One of Saint-Gobain's objectives is to make everyday life easier for employees with disabilities by adapting workstations and hours. In the United Kingdom, Ireland and North America, personal support is in place to adapt working environments to individual needs.

4.3.4.2 Gender equality

The increase in the gender diversity of teams is based on a voluntarist recruitment policy and on action plans for occupational promotion, equal pay, training and work/life balance.

Objectives related to gender diversity have been set: 30% of women managers in 2025 (target of 25% reached in 2020) and 25% of women senior managers in 2025. They are monitored each quarter by the Executive Committee. They have been developed by country and Business Units and are integrated into the performance criteria that determine the annual variable compensation of senior managers. At Group level, each monthly meeting of the Human Resources Committee has a Section dedicated to women with the aim of boosting career opportunities.

These objectives were strengthened in 2020 to promote the access of women to the management bodies of Saint-Gobain:

- 30% of women in the Group Executive Committee in 2025;
- an average of 30% of women in the Executive Committees of Business Units in 2025.

In terms of training, an e-learning document on awareness of gender diversity issues, entitled Gender Balance Awareness, has been drawn up in several languages and circulated to the human resources and management teams. This program was updated at the end of 2020 under a new e-learning format called Unconscious Bias.

In 2020, Saint-Gobain launched a program to use Big Data to identify differences in the situation between men and women in the Group's organizational structure. In addition to the quantitative indicators available in non-financial reporting, the aim is to identify underlying stereotypes that hinder the integration of women into management bodies or create systematic gaps in the situation. In accordance with the human resources policy (see this chapter, section 4.1), each country has implemented an action plan.

Finally, in 2020, the parenting component of the social protection program mentioned earlier, Care by Saint-Gobain, (see this chapter, section 4.3.2) was rolled out in all countries where the Group operates, with a guarantee of at least 14 weeks of maternity leave at full pay.

A systematic evaluation of the pay gap between men and women in equal positions is carried out. The ratios on the average pay gap of Group employees are measured and published in the chapter 4, section 2.2. In 2021, the proportion of women managers went from 25.3% to 26.3%. The Executive Committee consists of 37.5% women members (6 women out of 16 in 2021, compared to 4 out of 16 in 2020 and 4 out of 17 in 2019). In 2021, Saint-Gobain was included in the Bloomberg Gender Equality Index for the fourth consecutive year, a recognized index in the area of diversity and inclusion.

Saint-Gobain is a signatory to the Women Empowerment Principles (WEPs) since 2021, confirming its commitment to gender equality. Defined by the United Nations Global Compact, the WEPs are a set of principles that aim to help companies to promote gender equality and women's empowerment in the workplace.

4.3.5 Training

Training provided by Saint-Gobain must guarantee the employability and success of all employees throughout their working lives. The objective is to facilitate the access to training through processes and offers that correspond to their needs and expectations.

Training is part of the Group's major transformations as it provides support for employees and availability for the skills necessary for the success of operational teams.

The training policy is structured as follows:

- to support cultural transformation and leadership based on trust, accountability and collaboration, in order to acquire greater operational agility and to promote new ways of working, offering greater efficiency and flexibility. This includes managerial training and talent development;
- accelerate the digital transformation in operations, business models and skills;
- foster growth and focus on customers: sales and marketing performance, product innovation, services and business models;
- ensure efficiency and operational excellence: industrial performance, purchasing and supply chain, EHS and R&D;
- deploy mandatory training (compliance, ethics, cybersecurity, etc.) and programs dedicated to Saint-Gobain's major professional sectors (finance, HR, purchasing, marketing, etc.).

In 2021, all global training and development programs were carried out digitally in order to comply with the health rules related to the pandemic and to protect the employees.

New training modules and Unicampus programs have been proposed to accelerate the development of skills in relation to the pillars of the strategic program Grow & Impact (see chapter 2, section 3). The training programs on innovation, Agile methodologies, Digital Technology and Data Analytics, and Sustainability are now available.

For example, the Group has launched a program called "Climate Academy" to introduce all its employees to the challenges of the climate emergency. Available on the e-learning platform, short modules present both the risks related to climate change and the actions that everyone can take to deal with this challenge.

The annual employee satisfaction survey measures the perceived adequacy of the training offered with the needs for improving skills, the ease of access to the training offer and the personal feeling of being properly trained.

The level of satisfaction measured in 2021 is high:

- 89% of employees confirm that they are satisfied with their training ("I feel adequately trained to do my work");
- 78% of employees are satisfied with the training and development proposals ("I have opportunities for learning and development within my company");
- 86% of employees believe they have improved their knowledge and skills ("I feel I have improved my skills and abilities").

New leadership

Efforts to renew the School of Management, which supports managers in the major stages of their careers within the Group, continued.

These programs are continually reviewed in order to best match the skills required to support and maintain the Group's strategy. They have been redesigned to help participants build trust, accountability and collaboration in their teams as well as their transformational leadership skills, essential to the Group's sustainable growth. These programs also favor the attraction and retention of talents.

To supplement these programs for talents, digital tools and training programs specific to this new managerial culture have been rolled out at Group and country level for all managers.

Digital transformation

In 2020, the support programs for teams and employees were reviewed and reorganized according to Saint-Gobain's targets and transformation objectives:

- supporting people to better understand new digital tools and improve efficiency;
- the development of tools in operations, in particular the integration of new tools;
- digital culture, including the Data Analytics Academy program launched to develop and anchor the skills required for data processing and their use in operations, logistics and commercial activities;
- the new Business Models and anticipation of new technologies.

Growth and customer focus

The Unicampus program was launched to improve the sharing and circulation of knowledge and know-how throughout the organization. This program uses the camps format to provide training mostly involving the sharing of practices, with a minority component of theoretical conceptualization. This format promotes collaboration, networking and interactive learning methods. It enables the dissemination of a shared culture of operational excellence focused on customer needs and expectations. Thus, training sessions are mainly focused on marketing, sales and service offering to customers (innovation and offers, Sales and Marketing performance, Customer Experience, digital marketing, sustainable construction, etc.) as well as innovation and research and development.

The Unicampus program quickly went virtual. More than 136 sessions during the e-camps were held in 2021, involving more than 2,231 people.

Operational excellence

The Unicampus program also offers many trainings about management of technical skills related to the Group's businesses (Gypsum, Insulation, Mortars, etc.) and to the industrial excellence (WCM, supply chain...). The "people development" pillar of the WCM program (see this chapter, section 3.3.1.2) helps to identify and monitor key competencies.

Training programs organized by technical trade streams ensure the management and updating of the skills required to offer the customers high-performance, competitive and innovative products and services. These programs are generally developed and implemented by training teams organized by business line: glass, gypsum, insulation, mortars, pipe, etc. The Glass Technical Academy thus incorporated all glass manufacturing training, and also technical glass transformation training for construction and automobile applications. Designed and delivered by around 70 experts, the training sessions provide in-depth technical content, practical exercises and site visits. This constitution of a center of excellence around the businesses enables the transfer of knowledge, sharing of best practices and the alignment of methods within the businesses.

Similarly to manufacturing, training programs are set up for the specific distribution businesses in countries where the Group has sales outlets.

In addition, new programs related to product compliance and the supply chain were launched in 2021.

Offering solutions tailored to individual expectations

Programs are designed and implemented to promote adaptation to individual preferences. Combining classroom training, blended training, e-learning modules or camps, they enable the dissemination of the Group's policies and processes and the sharing of best practices. Saint-Gobain University also offers individual development programs such as coaching and mentoring.

4.3.6 Talent attraction and retention

The “Talent” element of the OPEN program is aimed at all employees to anticipate the Group’s needs and support its strategy. It is the subject of a specific annual progress update meeting with the members of the Executive Committee.

The “SG Talents” program identifies managers with significant development potential or key skills. Defined at all levels and in all Group businesses, it enables career plans to be drawn up, encouraging diversified paths. Personal reviews and succession plans, mentoring and relations with the Group’s target schools and universities all feed into and reinforce this measure. A specific program has also been designed to support and develop experts within the Group.

As part of the drive to digitize human resources processes, a project using machine learning applied to the “SG Talents” program has been developed. In the first phase, the use of Big Data made it possible to verify that the selection of talents was adapted to the defined criteria and that the paths of the identified talents benefited from additional resources (part of mobility, training, etc.). The second phase is more focused on complementary elements to the program: the search for talent not identified by the traditional process, improving retention or a focus on soft skills research.

Career paths offered to its employees are an asset that Saint-Gobain continues to advertise to students and young graduates to attract the most appropriate talent, particularly through its employer communication slogan “Invent Yourself. Reshape the world”.

Specific programs for young talent coordinated at the local level are being developed in Germany, Brazil, the United States, India, China and the Nordic countries.

The implementation of the Transform & Grow program required a large review of management positions at central and local level. The principles applied in the “Talents” component of the OPEN program identified managers with the most suitable profiles and organized their mobility in a way that has proven to be particularly active.

2021 saw the consolidation of the country/cluster organizations and there was a return to the manager mobility levels of previous years (despite the constraints related to Covid-19 and subsequent variants).

The definition of "Grow & Impact", the Group’s new Strategic Plan (2021-2025), has identified as one of its six priorities, “to have the best teams in a diverse and inclusive work environment”.

The definition of the Group’s purpose, like the definition of its “zero carbon” roadmap, is a force of attraction for young talents, who are particularly demanding with regard to the sustainable dimension of Saint-Gobain's activities. They both constitute one of the foundations of the Group’s employer promise.

4.3.7 Employee development

Saint-Gobain’s ambition is to grow the skills and know-how of its employees while still ensuring excellence in each of its businesses, but also to be an employer of reference, recognized for the richness of the career paths offered. It involves taking into account individual wishes and the requirements of the organization, offering adapted developing paths, whether individual or collective, or specific to one business line or cross-functional.

4.3.7.1 Listening to employees individually

More individually, Saint-Gobain has introduced an annual interview procedure which makes it possible to ensure the regularity and quality of dialogue with employees. Individual interviews are held at least once a year for management and are gradually being expanded to all employees.

Multiple initiatives (trainings, "Evolve" platform, etc.) have been developed to increase feedback in the managerial or project management framework.

Finally, the Group has developed, with the help of partners, a 360-degree assessment tool. This tool is available on request for any manager and is compulsory before taking part in any training in the Management School.

4.3.7.2 Mobility

Every Saint-Gobain employee, no matter what their position in the company, should benefit from career enrichment. Their career path must be a positive marker, so they can feel they are ambassadors for the Group. Promoting and enriching employees’ professional mobility, whether geographic, functional or between Saint-Gobain activities, is a priority for accelerating the Group’s growth:

- it is an essential way of attracting diversity, innovating, developing the individual and collective skills needed for the organizational and technological requirements of the Group’s activities;
- this also enables the sharing of market and customer knowledge, the comparison of different experiences, the development of an open mindset and the enrichment of employees’ careers;
- mobility should reconcile employees’ professional development with the business’s needs. Offering more career development opportunities builds employee loyalty and intensifies synergies, generating new solutions for customers.

The system deployed by Saint-Gobain to support mobility is based on broad communication of the policy and related actions, including a guide to support HR teams.

All employees are invited to consult the job offers that are made and to apply for them. The new online platform "Moove!" (replacing OpenJob) was developed and deployed in countries to meet this need. This platform is accessible on mobile devices for all employees.

In various Saint-Gobain entities, mobility committees bring together human resources managers to share job offers and exchange points of view about employees' development prospects. These mobility committees cover all employees and are reinforced for managers. The management teams also encourage employee mobility and include applications from employees from other activities in their succession plans.

In the event of geographic mobility, the Group offers all employees support for themselves and their families. Finally, within the scope of reorganization projects, Saint-Gobain favors the conclusion of mobility agreements.

4.3.8 Employee satisfaction

Increasing employees' involvement in a context of change, both generational and technological, is an essential challenge for the Group. To meet this challenge, the Group places managerial attitude and involvement at the heart of this approach: managers motivate and develop the loyalty of employees by giving more meaning to their everyday work and by favoring a spirit of initiative.

Since 2019, a unique tool to measure employee commitment has been developed. It makes it possible to conduct surveys targeted on particular populations and/or themes, for example, specifically listening to managers during the transformation phases. This platform is also used to conduct the annual global survey sent to all employees: me@saint-gobain. Employees are asked questions covering the five main focus areas of the HR policy and the current transformation programs:

- Energy: an energizing, collaborative working environment;
- Active: an organization that fosters responsibility;
- Talent: an HR organization focused on developing talent;
- Management: a management style based on influence;
- Inspiration: sharing clear objectives and a factual vision.

With a participation rate of 81% in 2021, over 120,000 employees took part.

The level of commitment measured is even higher despite the particular environment of 2021 and the pandemic.

The commitment index reached a score of 83%, an improvement of one point compared to the survey conducted in 2020. This index groups the results into four themes:

- pride in working for Saint-Gobain;
- short-term retention capacity;
- recommendation;
- the feeling of being appreciated and valued for their work.

In accordance with the HR organization, each country or BU is able to obtain results for its own scope and is responsible for circulating the results, and starting dialogue with employees to define action plans to work on areas requiring improvement.


Olav Askjer
Olav Askjer
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2021 results and outlook for 2022

The 2021 consolidated financial statements were approved and adopted by Saint-Gobain's Board of Directors at its meeting of February 24, 2022. The consolidated financial statements were audited and certified by the statutory auditors.

2021 KEY FIGURES

Record results

	Sales	Operating income
	€44,160m	€4,507m
vs 2019(1)	+ 13,8%	+ 39%

	Recurring net income	ROCE
	€2,815m	15.3%
vs 2019	+ 47%	11.1% ROCE

Record growth, earnings and margin

- **Record organic growth up 18.4% on 2020 and 13.8% on 2019:** outperformance (volumes up 6.2% on 2019) on very dynamic underlying markets and with an acceleration in prices (up 10.3% in Q4), generating a positive price-cost spread of €60 million in 2021
- **Record operating income and margin: up 60% on 2020 and 39% on 2019(1) at €4,507 million; margin at 10.2% (a rise of 250 bps over the three years of transformation)**
- Record recurring net income of €2,815 million, up 91% on 2020 and 47% on 2019
- **Free cash flow up 56% on 2019 at €2,904 million,** with a conversion ratio of 53%
- **Strong value creation,** with ROCE at a record high of 15.3% (*versus* 11.1% in 2019)
- **Record shareholder return at €1.2 billion in 2021** through share buybacks and dividends; TSR(2) at 69% for the year. **Dividend of €1.63 (up 23%)** recommended **for 2021, and commitment to buy back at least €400 million in shares in 2022**
- **Continued progress in sustainability performance,** with a further reduction in scope 1 and 2 CO_2 emissions in 2021 despite the sharp 11.7% year-on-year increase in volumes, representing a reduction of 23% on 2017
- **Successful launch of the "Grow & Impact" plan,** with first-year results in line with or ahead of all objectives

(1) Like-for-like
(2) TSR: Total Shareholder Return for Saint-Gobain in 2021, including the reinvestment of the dividend in Saint-Gobain stock.

1. Financial results

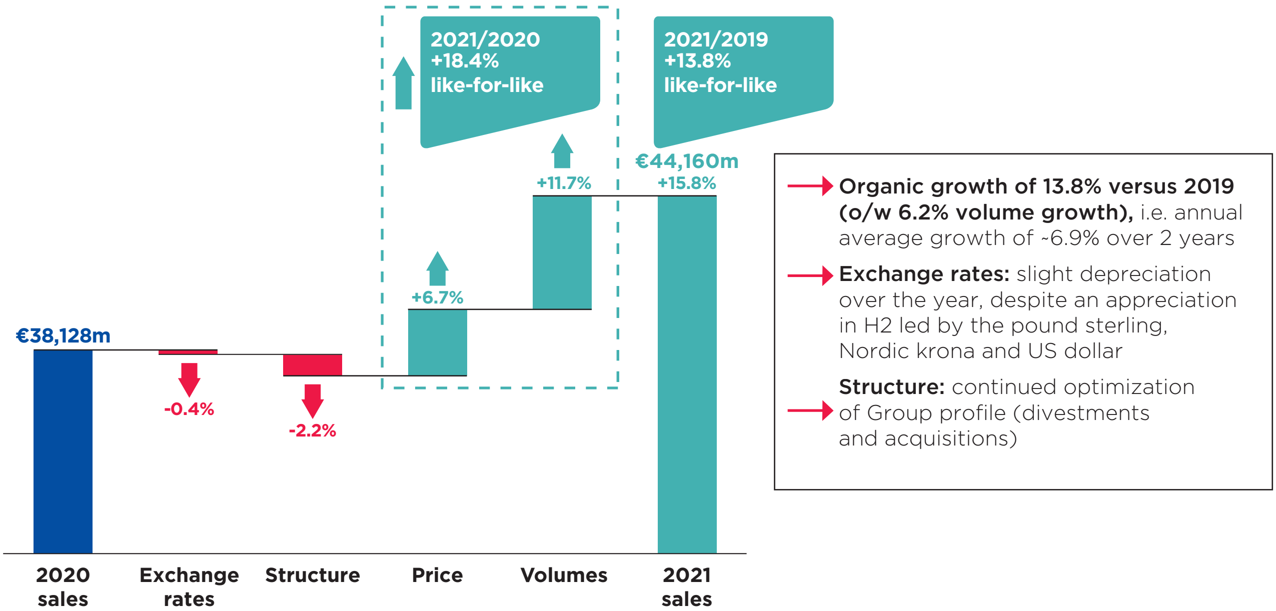
1.1 2021-2025 "Grow & Impact" plan: successful execution of the 1st year

Sustainable construction and industry decarbonization are essential in the fight against climate change. As the worldwide leader in light and sustainable construction, Saint-Gobain therefore plays a key role in reaching carbon neutrality.

The first year of the "Grow & Impact" plan has already proved a **success**, and **sets the Group firmly on the financial trajectory set at its Capital Markets Day**, with an acceleration in earnings and cash generation, along with attractive value creation for our shareholders:

- **strong organic growth with an annual average of 6.9%** over the period 2019-2021, ahead of the 3%-5% target, maximizing Saint-Gobain's positive impact in the fight against climate change. Its comprehensive range of sustainability solutions for its customers represents 72% of Group sales. The solutions sold by Saint-Gobain across the globe in one year result in around 1,300 million tons of avoided CO_2 emissions over their lifespan, *i.e.*, around 40 times the Group's own total carbon footprint in 2020 (scopes 1, 2 and 3), and more than 100 times its scope 1 and 2 footprint;
- **operating margin of 10.2%, in line with the Group's double-digit margin ambition;**
- **free cash flow conversion ratio of 53%,** in line with the objective of over 50%, with free cash flow generation that has more than doubled since the launch of the transformation at the end of 2018, at €2.9 billion;
- **strong value creation, with ROCE at 15.3%** – ahead of the target of 12%-15% – compared to 10.4% in 2020 and 11.1% in 2019;
- **record shareholder return at €1.2 billion.**

1.2 Operating performance



Annual average organic growth over 2019-2021 = 6.9%, ahead of the target of 3% to 5%

Like-for-like sales were up **18.4% on 2020 and 13.8% on 2019, with the increase accelerating to 15.9% in the second half *versus* second-half 2019.**

In a far more inflationary raw material and energy cost environment, the Group once again showed its **ability to increase sales prices** and **generate a positive price-cost spread** in 2021. The price effect was a positive 6.7% for 2021 as a whole, steadily increasing throughout the year to stand at 9.5% in the second half and 10.3% in the fourth quarter.

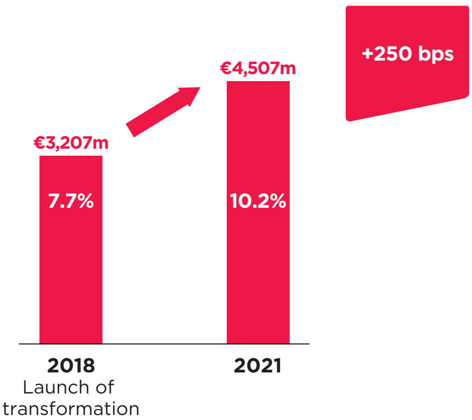
In line with the third quarter, and as expected, there was a modest rise in **volumes**, up 0.6% over the second half given the very high comparison basis in 2020, when trade professionals in Europe had taken less holiday during the summer and over the Christmas and New Year period owing to the coronavirus pandemic. Compared to second-half 2019, volumes were up by 4.9%, **with an acceleration between the third and fourth quarters** (up 3.6% and 6.0%, respectively) in all Group segments.

On a reported basis, sales came in at a record high of **€44,160 million**, with a negative **currency effect** of 0.4% over the year, but a positive effect of 1.7% in the second half, due mainly to the appreciation of the British pound, the Nordic krona and the US dollar in the fourth quarter alone.

The Group structure impact reduced sales by 2.2% over the year and by 3.6% in the second half, reflecting the ongoing **optimization of the Group's profile**, with **€5.6 billion** in total sales divested or signed to date since the launch of the transformation at the end of 2018. In 2021 alone, Saint-Gobain completed or signed **20 divestments representing €2.0 billion** in sales, including mainly Lapeyre in France, Distribution in the Netherlands and Spain, specialized Distribution in the UK, Glassolutions in Germany and Denmark, and Pipe in China.

During the year the Group completed or signed **37 acquisitions** representing almost **€2.0 billion in sales**, including mainly **Chryso and GCP Applied Technologies** (GCP) – reinforcing its existing positions to make it a major global player in construction chemicals with more than €4 billion in sales – and Panofrance, a specialist distributor of timber and panels. The integration of Chryso is progressing particularly well and the company is consolidated in the Group's financial statements as from fourth-quarter 2021, with objectives set at the date of the acquisition exceeded in 2021 in terms of both sales (€431 million, up 26% like-for-like on 2019) and Ebitda (€87 million). **Continental Building Products** (plasterboard in the US), acquired in February 2020, created value in the second year – one year earlier than targeted – thanks to a strong operating performance and a rapid and seamless integration: sales totaled USD 605 million in 2021, with Ebitda at USD 185 million, representing an **Ebitda margin of 30.6%**, and synergies exceeded initial expectations, at an annualized rate of USD 50 million.

Note that in light of the hyperinflationary environment in Argentina, this country which represents less than 1% of the Group's consolidated sales is excluded from the like-for-like analysis.



2018-2021

- Impact of the successful **operational and financial transformation**
- **Portfolio optimization**
- **Outperformance** versus the markets

2021

- **Continued outperformance**
- Positive **price-cost spread of €60m**
- **Additional cost savings** of **€150m** in businesses impacted by the coronavirus par le coronavirus

Double-digit margin ambition delivered

Operating income rose sharply, reaching a **new all-time high of €4,507 million**, a rise of 58% on a reported basis *versus* 2020 and of 33% *versus* 2019. Operating income was up by 60% and 39%, respectively, on a like-for-like basis.

Saint-Gobain's **operating margin** rose to a record level of **10.2% in 2021** (from 7.5% in 2020 and 8.0% in 2019), *i.e.*, an increase of 250 basis points since the launch of the Group's transformation at the end of 2018 and at the level of the best sector performers in both industry and merchanting.

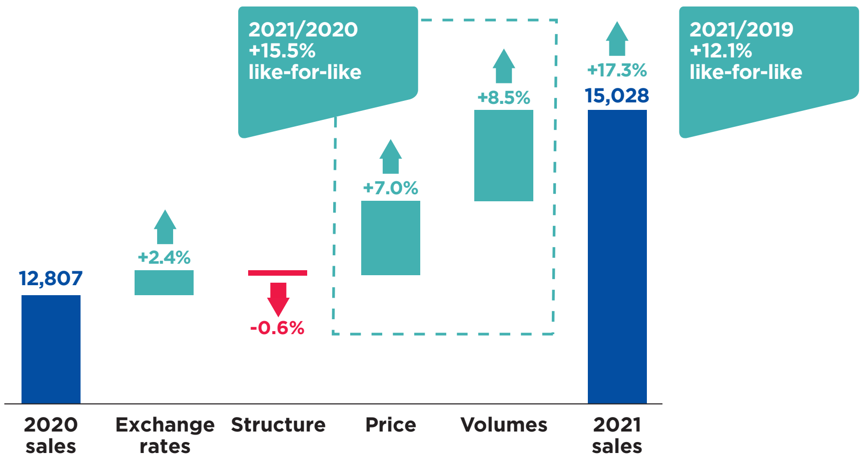
In 2021, the Group benefited from:

- a structurally improved post-pandemic volume dynamic, supported by market share gains, leveraging its comprehensive range of solutions developed within the scope of a multi-local organization, with strongly empowered local management as close to customers as possible;
- good trends in sales prices, generating a positive raw material and energy price-cost spread of €60 million;
- an optimized profile and portfolio delivering a structural improvement in its profitable growth with a positive impact on the operating margin;
- €150 million in cost savings resulting from the post-coronavirus adaptation measures launched in 2020, along with the rigorous execution of our ongoing operational excellence program.

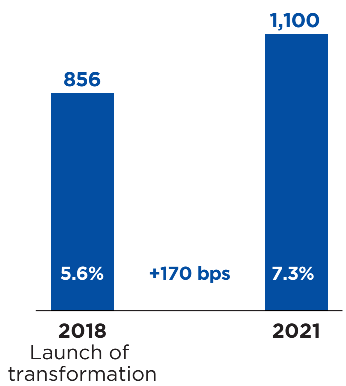
Segment performance (like-for-like sales)

a. Northern Europe: strong sales momentum on the renovation market and record margin

Sales (€m)



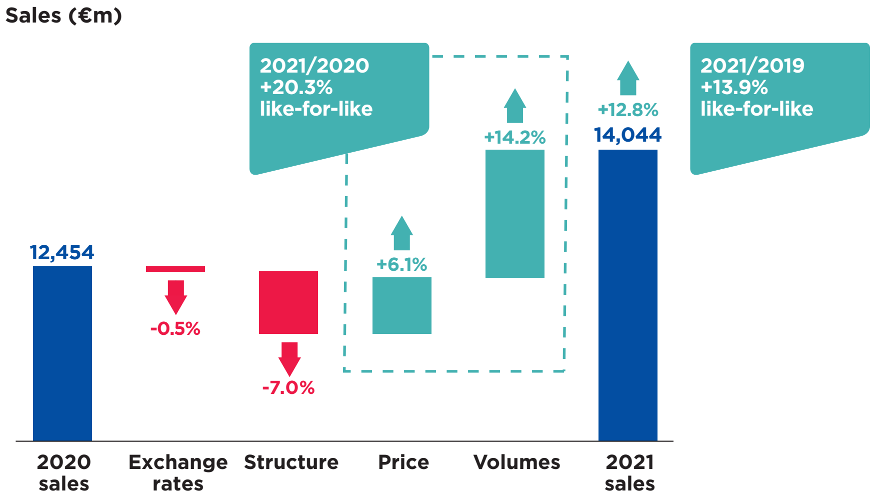
Operating income (€m) and margin (%)

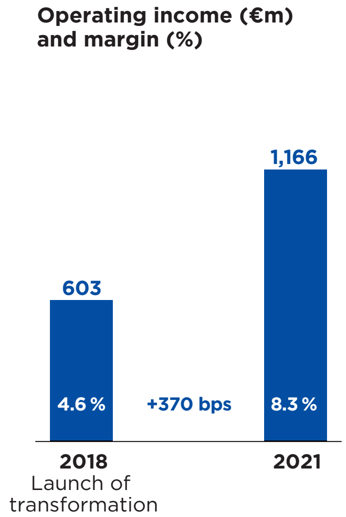


Sales in the Northern Europe Region were up by 15.5% year-on-year and by 12.1% on 2019, with a stronger 14.9% increase in the second half of the year *versus* second-half 2019 thanks to a good fourth quarter on structurally supportive renovation markets. The Region's operating margin hit an annual record high of 7.3% (*versus* 6.2% in 2020 and 6.3% in 2019), supported by good volume trends, an optimized business profile and a strong acceleration in prices at the end of the year.

Nordic countries reported robust growth over the year as a whole, particularly in sales through distribution and light construction solutions, on a supportive renovation market. Our e-commerce platforms proved especially dynamic, representing up to 30% of sales in specialty segments. Investments in Norway aimed at transforming our Fredrikstad factory into the world's first carbon-neutral plasterboard plant made good progress. Despite the impact of the automotive market contraction on demand for glass, **Germany** ended the year with an acceleration thanks to sales of light and sustainable construction solutions and should benefit from stimulus measures in the energy efficiency renovation segment in 2022. The **UK** saw an acceleration in growth in the second half compared to second-half 2019 – in the context of an optimized network – driven by prices and an improvement in sales through distribution, despite certain logistical difficulties affecting supply chains. **Eastern Europe** enjoyed strong growth in its main markets, particularly Poland, the Czech Republic and Russia, although the latter represents only around 0.5% of the Group's sales.

b. Southern Europe - Middle East & Africa: strong sales momentum on the renovation market and record margin

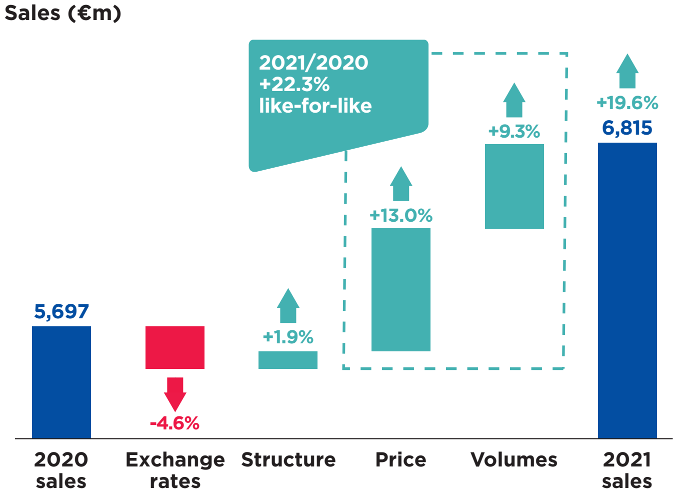


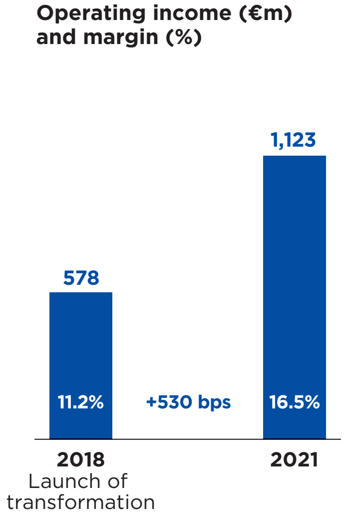


Sales for the Southern Europe - Middle East & Africa Region rose by 20.3% year-on-year – with all countries reporting double-digit growth – and by 13.9% compared to 2019, with an acceleration to 14.9% in the second half *versus* second-half 2019 thanks to a good fourth quarter on structurally supportive renovation markets. The operating margin for the Region came in at an annual record high of 8.3% (*versus* 5.2% in 2020 and 5.4% in 2019) owing to several factors: very good volumes and an outperformance on the renovation market and in sustainable construction solutions, productivity gains from our teams, a highly optimized post-transformation profile following in particular the positive impact of disposals, and a strong acceleration in prices at the end of the year.

France continues to enjoy good momentum, driven by renovation markets and energy efficiency solutions. The Group has benefited from France's household stimulus package *MaPrimeRenov'*, which represents €2 billion in subsidies distributed for over 600,000 projects approved over the year. In terms of renovation of public buildings, the first effects of the stimulus plan should begin to be seen in 2022. Saint-Gobain continued to capture market share during the year in France. It benefited from its unique and dense presence across the entire value chain: from the manufacture of sustainable solutions to their distribution – in stores offering advice, training, digital services, and logistics or recycling solutions to our hundreds of thousands of trade professional customers, as well as on e-commerce platforms or our site offering inspiration and intermediation, *La Maison Saint-Gobain*. The acquisition of Panofrance enriches the Group's offer in the high-potential modular timber solutions market. **Spain** advanced, particularly in light construction solutions as well as in construction chemicals, and despite the closure of a flat glass manufacturing plant in 2020 as part of the optimization of our industrial footprint. To support this robust growth, a new plasterboard facility equipped with the very latest technologies will be operational in the country in 2022 at Quinto. **Italy** leveraged the Group's comprehensive solutions offering to fully benefit from the country's continued support for energy-efficient renovation in the form of tax credits. **Benelux** also progressed, as did the **Middle East and Africa**, where we opened 5 plants, increasing our presence to 21 countries in 2021, with strong growth in Turkey and Egypt.

c. Americas: strong sales growth and increase in margin to an all-time high

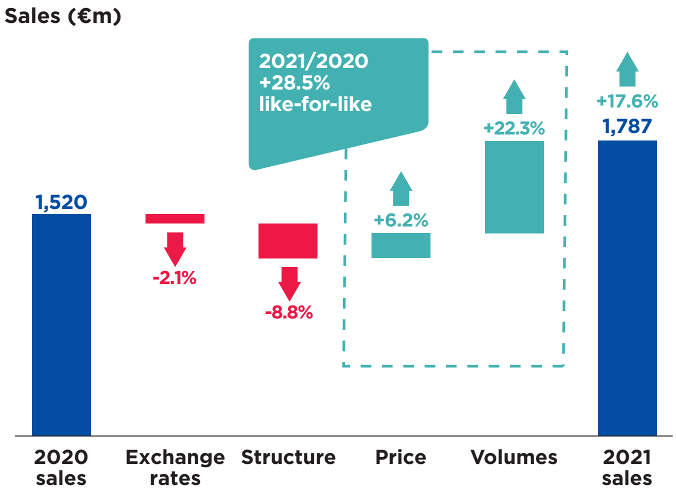


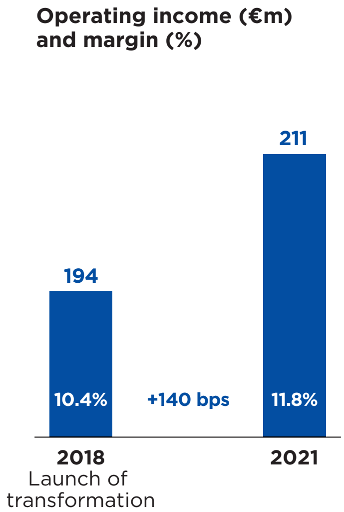


The Americas Region delivered 22.3% organic growth over the year compared to 2020, and 28.3% compared to 2019, with an acceleration in the second half at 31.3% *versus* second-half 2019 thanks to good momentum in the fourth quarter. The operating margin for the Region came in at an annual record high of 16.5% (*versus* 11.5% in 2020 and 10.1% in 2019), mainly supported by strong growth in volumes and a strong positive raw material and energy price-cost spread.

- **North America** progressed by 21.6% over the year *versus* 2019, and by 23.5% in the second half of 2021, driven by an acceleration in prices and a good volume dynamic in light construction solutions. Our local organization enabled us to mitigate strong tensions on supply chains throughout the year – particularly for raw materials – and to strengthen our customer relationships. The successful integration of Continental in early 2020 not only helped strengthen the Group's position on the US plasterboard market, but also helped develop a shared Saint-Gobain solutions offer for new sales channels, thereby improving our value proposition and differentiation for our customers thanks to these sales synergies.
- **Latin America** achieved further strong growth in terms of both prices – to offset inflation – and volumes. Sales in the Region grew by 42.5% over the year compared to 2019, and by 47.7% in the second half, driven by the acceleration in prices. Brazil benefited from its comprehensive range of solutions in 2021, strengthening its market presence and improving its efficiency and customer service. Growth was also supported by our development in Argentina, Chile, Peru, Mexico and Columbia, thanks to new plant openings and acquisitions to reinforce our presence in the region.

d. Asia-Pacific: strong sales growth and record margin

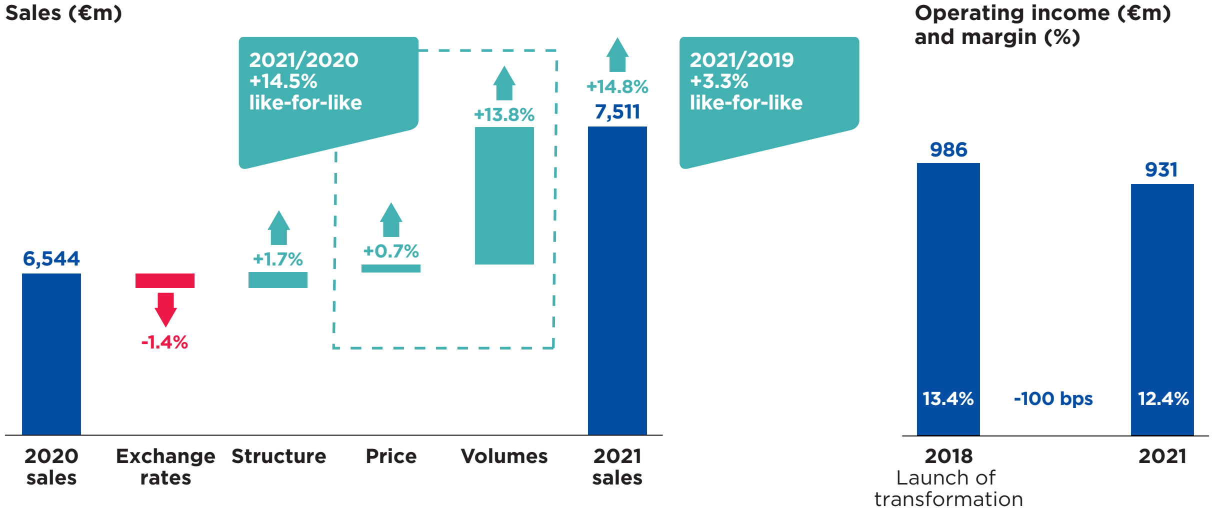




The Asia-Pacific Region reported 28.5% growth *versus* 2020 and 17.0% growth *versus* 2019, including 17.8% in the second half *versus* second-half 2019. The operating margin for 2021 came in at an annual record high of 11.8% (*versus* 10.7% in 2020 and 10.6% in 2019), supported by good momentum in volumes.

India delivered a strong performance in 2021, despite an unstable health situation throughout the year. The Group captured market share in the country, thanks to its leadership in promoting energy- and resource-efficient buildings, an integrated and innovative range of solutions for the residential market (Home & Hospitality), and the introduction of new ranges of construction chemicals. The integration of Rockwool India in stone wool insulation, expected to be completed by the end of first-quarter 2022, will help continue this overall dynamic. **China** enjoyed very strong growth in 2021, benefiting from market share gains thanks to its positioning on high value-added segments, in an upbeat market. Several development projects will help accelerate growth in light and sustainable construction, including new gypsum lines and waterproofing solutions. Although **South-East Asia** returned to growth overall at the end of the year compared to 2019, driven by Vietnam where the Group continued to capture market share, its 2021 performance was affected by the numerous health restrictions imposed in light of the coronavirus pandemic.

e. High Performance Solutions (HPS): good growth in sales *versus* 2019 excluding Mobility



HPS sales were up by 14.5% year-on-year and by 3.3% compared to 2019, with a stronger 4.6% increase in the second half *versus* second-half 2019 thanks to upbeat industrial markets in the fourth quarter, with the exception of automotive in Europe. Against this backdrop, the operating margin came in at 12.4% for the year (*versus* 9.4% in 2020 and 12.7% in 2019), continuing to be affected by Mobility in Europe.

- Businesses serving the **Construction Industry** outperformed the market with 11.8% growth *versus* 2019, continuing to benefit from upbeat trends in textile solutions for external thermal insulation systems (ETICS) thanks to good momentum in sustainable construction. This growth was supported by the increase in production capacities for textile solutions. The integration of Chryso got off to a very good start: the company is consolidated as from fourth-quarter 2021 and sales trends are very positive, ahead of the expectations set at the time of the acquisition.
- The **Mobility** business remained slightly below 2019 levels (down 3.1%), but returned to growth in the fourth quarter (up 1.7%) driven by a progression in sales to the Americas and China, particularly in electric vehicles, which now represent around 20% of our automotive sales. Europe remained down, as the shortage of semi-conductors weighed on automotive manufacturers' production capacities. However, thanks to its very strong positioning in electric vehicles and high value-added products, the Mobility Business continued to significantly outperform the automotive market.
- Businesses serving **Industry** progressed 6.4% on 2019, supported by positive trends in surface finishing solutions and innovation in decarbonization technologies for our customers, such as Saint-Gobain's expertise in specialty materials that help significantly reduce CO_2 emissions from many different industrial processes and applications (*e.g.*, ceramic refractories for glass manufacturers). Although the year-on-year rebound in activities relating to investment cycles intensified throughout the year, these activities remain slightly down on 2019.

1.3 Financial results

Record results: business income and Ebitda

(in EUR million)	2019	*2020*	2021	2021/2020	2021/2019
Operating income	3,390	*2,855*	4,507	+57.9%	+32.9%
Non-operating costs	(421)	*(342)*	(239)		
Capital gains (losses) and impacts resulting from changes in Group structure	(13)	*(58)*	(67)		
Asset write-downs and other	(403)	*(1,023)*	(265)		
BUSINESS INCOME	**2,553**	***1,432***	**3,936**	**+174.9%**	**+54.2%**
Operating income	3,390	*2,855*	4,507	+57.9%	+32.9%
Operating depreciation and amortization	1,901	*1,902*	1,934		
Non-operating costs	(421)	*(342)*	(239)		
EBITDA	**4,870**	***4,415***	**6,202**	**+40.5%**	**+27.4%**
EBITDA MARGIN (AS A% OF SALES)	**11.4%**	***11.6%***	**14.0%**	**+240 BPS**	**+260 BPS**

4

Ebitda margin up 290 bps *vs.* 2018

Ebitda climbed 40% on 2020 and 27% on 2019 to a record €6,202 million, while **the Ebitda margin came in at a record annual high of 14.0%** *versus* 11.6% in 2020. Non-operating costs included in Ebitda decreased to €239 million from €342 million in 2020, in line with the objective given at the Group's Capital Markets Day.

The net balance of capital gains and losses on disposals, asset write-downs and the impacts of changes in Group structure represented an expense of €332 million (*versus* an expense of €1,081 million in 2020), reflecting €265 million in asset write-downs relating mainly to the divestment of underperforming businesses, and €67 million in disposal losses and impacts relating to changes in Group structure. Business income was €3,936 million, up 54% on 2019.

Record recurring net income

(in EUR million)	2019	*2020*	2021	2021/2020	2021/2019
BUSINESS INCOME	**2,553**	***1,432***	**3,936**	**+174.9%**	**+54.2%**
Net financial expense	(496)	*(453)*	(408)		
Dividends received from investments	28	*34*	1		
Income tax	(631)	*(526)*	(919)		
NET ATTRIBUTABLE INCOME	**1,406**	***456***	**2,521**		
RECURRING NET INCOME	**1,915**	***1,470***	**2,815**	**+91.5%**	**+47.0%**
Recurring EPS *(in EUR)*	3.53	*2.74*	5.35	+95.3%	+51.6%

EPS up by more than 50% *vs.* 2019

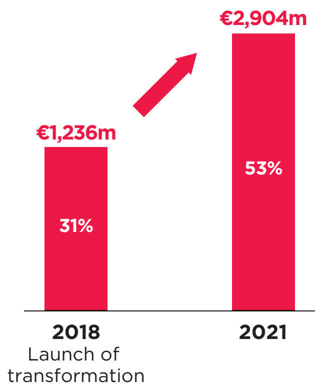
Net financial expense excluding dividends from investments improved, at €408 million *versus* €453 million in 2020.

The **tax rate** on recurring net income was 24%, slightly lower than in 2019 (25%). Income tax was €919 million, including an exceptional €106 million which relates to deferred tax in the UK (liability method) following the rise in the corporate income tax rate from 19% to 25%.

Recurring net income hit an all-time high of €2,815 million (excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions), up 47% from €1,915 million in 2019.

Net attributable income amounted to €2,521 million, up 79% on the 2019 figure of €1,406 million.

Capital expenditure represented €1,591 million, up on the abnormally low figure in 2020 but down 12.5% on 2019. In 2021, growth capex was up by 40% on 2020: the Group opened 21 new plants and production lines to bolster its leading positions on the fast-growing markets of construction chemicals and light construction. Its main growth projects concerned (i) sustainable construction and construction chemicals in Asia (Malaysia and China), Latin America (Brazil, Peru and Chile), Africa (Ivory Coast and Angola), the Middle East (Saudi Arabia), Europe (Czech Republic) and Turkey, and (ii) façade and light construction solutions in emerging countries (Mexico, India and China), in the United States and in Spain. In North America, Saint-Gobain has decided to invest more than USD 400 million over the next three years to increase its production capacities in plasterboard, roofing and insulation.



2018-2021

- **New** cash **culture**
- Positive impact of **change** in the Group's **profile**
- **Optimization of capital expenditure**
- **Reduction in operating working capital requirement** (operating WCR): **decrease of 12 days' sales**

2021

- **Capital expenditure at 3.6% of sales** compared to a target of 3.5% to 4.5%
- **Non-operating costs at €239m,** in line with target
- **Operating WCR at 17 days'** sales vs 18 days at end-2020

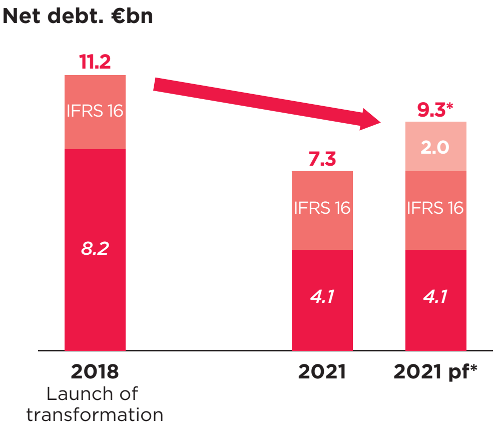
Delivered target of a FCF conversion ratio >50%

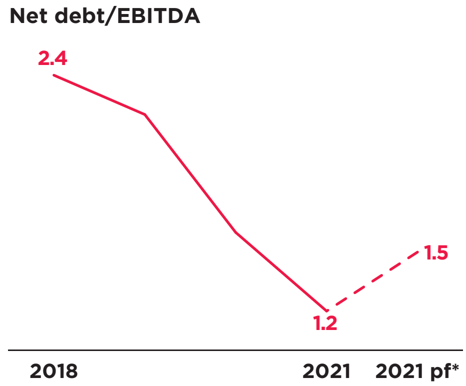
Free cash flow remained high, at €2,904 million, a rise of 56% on 2019. The **free cash flow conversion ratio was 53%** *versus* 44% in 2019, buoyed by strong growth in Ebitda, a continuing low working capital requirement (WCR) and the decrease in maintenance capex. Operating WCR represented 17 days' sales at December 31, 2021, representing a historic low for the second consecutive year (compared to 18 days at end-2020 and 27 days at end-2019), thanks to efforts to monitor overdue receivables and despite the first steps taken to rebuild inventories in order to best serve its customers.

ROCE hit an all-time high of 15.3% (*versus* 11.1% in 2019), resulting in strong value creation for our shareholders, in both industry and merchanting.

Investments in securities net of debt acquired totaled €1,352 million (€1,423 million in 2020), and related primarily to the acquisition of Chryso in the construction chemicals segment – but also Duraziv in Romania and Z Aditivos in Peru – the bolt-on acquisitions of Panofrance and Raboni Normandie in France; Brüggemann in modular construction in Germany; and a joint venture investment in Massfix, a glass recycling company, to develop the circular economy in Brazil. In total, acquisitions made by the Group in 2021 represent approximately €820 million in full-year sales and approximately €125 million in Ebitda.

Divestments totaled €322 million, corresponding essentially to the sale of Lapeyre, the distribution business in the Netherlands and Spain, the specialized plumbing, heating and sanitaryware distribution business in the UK (Graham), and the Pipe business in China.





Net debt/EBITDA ratio between 1.5x and 2.0x, in line with commitments

* Proforma 2021, after GCP acquisition: net debt +€2bn

Net debt remained virtually stable at €7.3 billion at December 31, 2021 (€7.2 billion at end-2020 and €10.5 billion at end-2019). It benefited from strong free cash flow generation which allowed us to enhance our capital allocation and shareholder return policy (€1.2 billion distributed *via* dividend payouts and the buyback of almost 9 million Saint-Gobain shares). The Group was therefore able to invest €1.6 billion in capital expenditure and €1.4 billion in acquisitions. Net debt represents 35% of consolidated equity compared to 39% at December 31, 2020. The **net debt to Ebitda ratio** on a rolling 12-month basis was 1.2 (around 1.5 with the GCP acquisition on a *pro forma* basis) compared to 1.6 at December 31, 2020.

1.4 Shareholder return policy

In 2021, Saint-Gobain **returned a total of €1.2 billion to its shareholders**. The **TSR** of the Saint-Gobain share climbed to **69%** for the year as a whole:

- almost **€700 million was paid by the Group to its shareholders in respect of the dividend** for 2020;
- Saint-Gobain Group spent **€518 million buying back its shares** in 2021 (net of offsetting employee share creation) in order to reduce the number of shares outstanding to 521 million at December 31, 2021 from 530 million at end-December 2020, ahead of its target of €2 billion in share buybacks over five years (2021-2025).

In 2022, the Group **therefore expects to return over €1.2 billion in total to shareholders:**

- at today's meeting, Saint-Gobain's Board of Directors decided to recommend to the Shareholders' Meeting on June 2, 2022 a cash **dividend up 23% to €1.63 per share** (*versus* €1.33 in 2020). This dividend represents **30% of recurring net income** and a dividend yield of 2.6% based on the closing share price at December 31, 2021 (€61.87). The ex-dividend date has been set at June 6 and the dividend will be paid on June 8, 2022;
- **the Group will allocate at least €400 million for share buybacks in 2022** (net of offsetting employee share creation) – in order to further reduce the number of its outstanding shares – in line with the objectives announced on presenting its "Grow & Impact" plan on October 6, 2021;
- **the Group will recommend to the Annual General Meeting of June 2, 2022 to increase the maximum purchase price for its own shares, from €80 to €100 per share.**

1.5 Outlook and strategic priorities

2022 outlook

In 2022 the Group should continue to benefit from good momentum in its main markets – especially renovation in Europe, as well as construction in the Americas and in Asia – and reaffirm its excellent operating performance thanks to a solid and well-aligned organization. In this environment, and provided there is no new major impact related to the coronavirus pandemic and the geopolitical situation, Saint-Gobain expects the following trends for its segments:

- **Europe:** supportive renovation market, requiring comprehensive solutions that increase efficiency and save time for customers, albeit with a high comparison basis in the first half;
- **Americas:** upbeat market trends, particularly in residential construction in North America and in Latin America overall, despite a less dynamic environment in Brazil;
- **Asia-Pacific:** market growth with continued good momentum in China and India, and a gradual recovery in South-East Asia with fewer pandemic-related restrictions;
- **High Performance Solutions:** growth in industrial markets, with supportive long-term trends in sustainable construction and a demand for innovation and new materials for industry decarbonization and green mobility, despite uncertainties as to the recovery of the automotive market in Europe.

Strategic priorities

In this supportive environment, our strategic priorities for 2022 are fully aligned with the medium and long-term structural growth scenario in the "Grow & Impact" plan:

1. **Accelerate the Group's growth and impact:**
   - **outperformance *versus* our markets,** as demonstrated by the good volume momentum throughout 2021, thanks notably to our comprehensive range of integrated, differentiated and innovative solutions offering sustainability and performance for our customers, developed within the scope of an organization as close to the ground as possible in each country or market;
   - **determined deployment of our ESG initiatives** in line with our 2030 roadmap towards carbon neutrality in 2050;
   - **ongoing optimization of the Group's profile,** with the full effect of the Chryso integration and preparation for the GCP acquisition in the second half, as part of a vigorous dynamic of targeted and value-creating acquisitions and divestments.
2. **Continue our initiatives focused on profitability and performance: maintain a robust margin and strong free cash flow generation:**
   - **constant focus on the price-cost spread,** with, as in 2021, strong pricing agility and discipline capitalizing on a significant carry-over price effect amid inflation in raw material and energy costs of the same order of magnitude as in 2021;
   - disciplined continuation of our **operational excellence program;**
   - maintaining the **structural improvement in operating working capital requirement** while maintaining a good level of inventories to best serve customers;
   - **capital expenditure** of around **€1.8 billion**, in line with the Group's objective of between 3.5% and 4.5% of sales, with strict allocation to high-growth markets and digital transformation.

In a structurally supportive market environment, Saint-Gobain is targeting a further increase in operating income in 2022 compared to 2021 at constant exchange rates.

This document contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Saint-Gobain, including but not limited to the risks described in this document. Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. This presentation does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain. No representation or warranty, express or implied, is made by Saint-Gobain or its managers, corporate officers, employees, contractors, representatives or advisors as to the accuracy or completeness of the information or opinions contained in this document.

2. Non-financial results

2.1 Alignment of the CSR dashboard with the Group's challenges

The Group has prioritized its CSR challenges and actions. These key challenges relate to risks and opportunities identified in accordance with legal requirements (see chapter 2, section 1.3.3). They also take into consideration the expectations of stakeholders identified in the materiality analysis, as well as the Group's environmental, social and societal challenges.

A CSR roadmap was published in 2019. It is a tool for managing the Group's CSR strategy. This roadmap is based on six key challenges for the Group: business ethics, climate change, inclusion and diversity, the circular economy, health and safety across the entire value chain and the creation of inclusive local value.

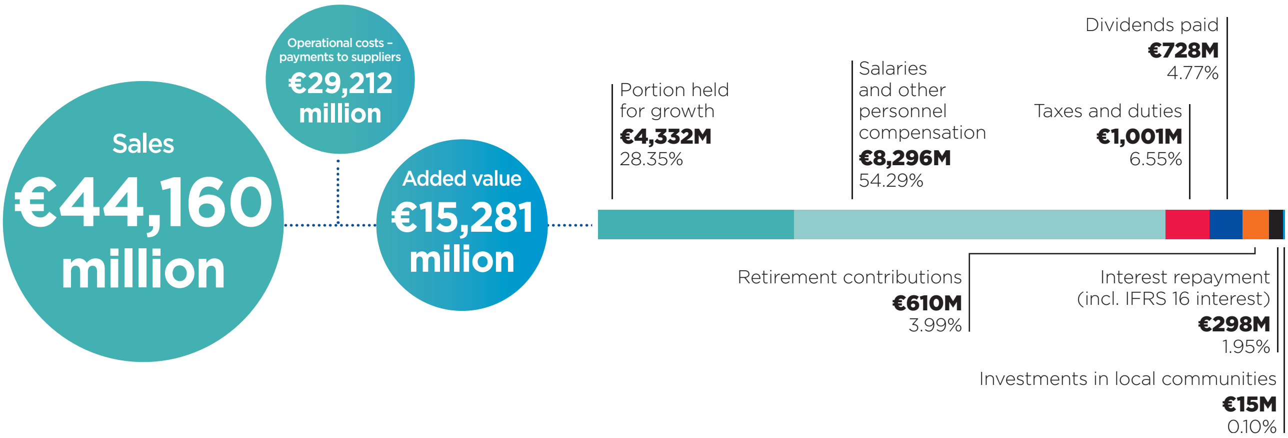
This roadmap reflects Saint-Gobain's willingness to assess its performance in terms of impacts on the environment, people and society generated by its activities and the expectations of its stakeholders.

In November 2020, the Group implemented its CO_2 roadmap to achieve carbon neutrality by 2050. New targets for reducing carbon emissions in scopes 1 and 2 and in scope 3 between 2017 and 2030 were validated by the Science-Based Targets initiative (SBTi). These targets were therefore included in the dashboard in 2021 to replace the 2025 iso-production targets.

This dashboard update also includes the action plans implemented as part of the Grow & Impact strategic program.

OBJECTIVES	2021 RESULTS	PROGRESS IN 2021
Climate change		
To contribute to a just and sustainable transition, aligned with the Paris Agreement		
-33% on scopes 1 and 2 between 2017 and 2030 (in absolute value)	-23% ($10.3\ MtCO_2$)	70%
-50% on industrial water withdrawals between 2017 and 2030 (in absolute value)	-14% (48.1 million m^3)	29%
Circular economy		
To create value through a circular business model that conserves resources		
-80% non-recovered waste between 2017 and 2030 (in absolute value)	-24% (0.459 Mt)	30%
+30% of virgin raw materials avoided between 2017 and 2030	+1% (9.952 Mt avoided)	3%
Health and safety across the entire value chain		
To ensure the health and safety of our employees and stakeholders is our first responsibility		
Value of TRAR: 1.5 at the end of 2030 vs. 2017	1.9	64%
100% of sites covered by a chemical inventory by 2025	66%	66%
Employee engagement and diversity		
To create a work environment that enables professional and personal growth, promotes inclusion of all diversities and ensures equity		
Employee engagement rate above benchmark every year	83% vs. 74%	100%
30% of women managers by 2025	26.3%	88%
Inclusive growth		
To create shared economic growth with stakeholders in a spirit of mutual trust and transparency		
100% of countries have a community assistance program by 2025	67%	67%
100% coverage of the CARE program by 2023	88% of employees covered	88%
Business ethics		
To share our values with our stakeholders to build together over the long term		
100% of new managers are trained in the code of ethics in their induction year every year	95%	95% code of ethics 95% corruption 93% competition
100% of responsible timber purchases by 2025	93.4%	93.4%

In addition to this dashboard, Saint-Gobain assesses value creation for each of its stakeholders every year.



2.2 Non-financial indicators

Saint-Gobain has placed CSR at the heart of its strategy and wishes to transparently communicate its non-financial performance and its progress with regard to its short-, medium- and long-term objectives.

This communication is part of its dual commitment: to reduce its footprint on people and the environment and to maximize its positive contribution on climate, social and societal issues.

2.2.1 Environment

Saint-Gobain acts to reduce its carbon footprint and is committed to achieve carbon neutrality by 2050 thanks to its 2030 CO_2 roadmap.

- reduction in scope 1 and 2 CO_2 emissions in 2021, down to 10.3 million tons – despite the sharp 11.7% year-on-year increase in volumes vs. 2020 – representing a reduction of 23% since 2017, in line with the 2030 objective of a 33% reduction, validated by the Science-Based Targets initiative (SBTi);
- growth decoupled from its CO_2 emissions: 0.23kg of CO_2 per euro of turnover, representing a reduction of around 15% on 2020 and of almost 30% on 2017; 1.67kg of CO2 per euro of EBITDA, representing a reduction of approximately 30% on 2020 and of more than 50% on 2017;
- Two-fold increase over one year in green electricity as a proportion of the Group's total electricity consumption, at nearly 40%, in line with targets;
- slight improvement in energy consumption between 2019 and 2021. Considering the impact of energy on carbon emissions, Saint-Gobain favors the transition to carbon-free energy by changing its mix energy. Thus, consumption of coal and coke decreased by 32%, that of petroleum products by 23% between 2019 and 2021.

ENVIRONMENTAL MANAGEMENT	2021	2020	2019	GRI	SDG
Total environmental expenditure, of which:	**€188.1 M**	**€156.4 M**	**€155.4 M**		**9; 13**
a) Salaries and other payroll expenses for environmental officers	€30.7 M	€26.6 M	€27.9 M		13
b) Environmental certification and renewal costs (ISO 14001, EMAS or ISO 50001)	€2.5 M	€2.5 M	€2.7 M		13
c) Environmental taxes	€8.8 M	€6.9 M	€7.1 M		13
d) Insurance and warranties	€12.0 M	€11.7 M	€12.2 M		13
e) Environmental fines	€0.5 M	€0.0 M	€0.1 M		13
f) Cost of environmental incidents	€1.4 M	€0.5 M	€0.7 M		13
g) Cost of technical measures	€9.5 M	€9.2 M	€9.9 M		13
h) Environmental R&D budget	€110.7 M	€86.4 M	€80.9 M	3-3	9
i) Soil decontamination, site remediation and other clean-up costs	€11.9 M	€12.6 M	€13.9 M		9
Capital expenditure on environmental management measures	€118.4 M	€91.2 M	€86.0 M		13
Provisions for environmental risks	€189.8 M	€156.1 M	€153.8 M		13
Number of serious major Group environmental events or accidents	0	0	0		12
Number of "Environment" certified sites (ISO 140001 and / or EMAS) Proportion of certified sites in scope of consolidation	593 77%	610 77%	610 76%		12; 13; 15
Number of sites certified for Energy management (ISO 50001) Proportion of certified sites in scope of consolidation	152 21%	158 20%	160 20%		7; 12; 13
Number of quality-certified sites Of which ISO 9001 Proportion of certified sites (across the total scope)	630 568 60%	636 579 60%	656 597 60%		9; 12; 13
Variation in production in sellable units	+7.9%	+5.0%	-3.0%		13

GHG EMISSIONS	2021	2020	2019	GRI	SDG
Target to reduce CO_2 emissions by 20% (scope 1 +2) at iso-production between 2010 and 2025	-21.7%	-12.2%	-14.5%	305-5	12; 13
Total CO_2 emissions (scopes 1+2)	10.3 Mt	10.4 Mt	10.8 Mt	305-1 & 2	12; 13
Change in total CO_2 emissions (scopes 1+2)	-0.1 Mt -1.0%	-0.4 Mt -3.7%	-0.9 Mt -7.7%	305-5	12; 13
Direct CO_2 emissions (scope 1)	8.4 Mt	7.9 Mt	8 Mt	305-1	12; 13
Variation in direct CO_2 emissions	+0.5 Mt +6.4%	-0.2 Mt -2.0%	-0.6 Mt -7.0%	305-5	12; 13
Other relevant direct emissions (for the entire Group or the relevant scope) of greenhouse gases, by weight (tons of CO_2 equivalent)	Not applicable	Not applicable	Not applicable	305-1	12; 13
Indirect GHG emissions (purchases of electricity, steam, hot water) (scope 2)	1.9 Mt CO_2-eq	2.5 Mt CO_2-eq	2.7 Mt CO_2-eq	305-2	12; 13
Change in indirect emissions of greenhouse gases (purchases of electricity, steam, hot water)	-0.6 Mt CO_2-eq -22.9%	-0.1 Mt CO_2-eq -4.0%	-0.4 Mt CO_2-eq -12.9%	305-5	12; 13
Change in the CO_2 impact (scope 1+2) on Group revenue	0.23 kg CO_2/€	0.27 kg CO_2/€	0.25 kg CO_2/€	305-4	12; 13
Change in the CO_2 impact (scopes 1+2) on Group Ebitda	1.67 kg CO2/€	2.37 kg CO2/€	2.21 kg CO2/€	305-4	12; 13
Other indirect GHG emissions (scope 3)*	21.3 Mt	17.4 Mt		305-3	12; 13
Share of revenue generated with products covered by verified LCA or EPD, excluding distribution activity (target : 100% by 2030)	29.1%				12; 13

* *Scope 3 calculation methodology aligned with the Science-Based Targets commitment and the 2021 revision including an improvement in the impact assessment (see chapter 3, section 2.1.5.3.).*

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OTHER EMISSIONS INTO THE AIR	2021	2020	2019	GRI	SDG
Target to reduce SO_x emissions by 20% between 2010 and 2025 at iso-production	-66.1%	-51.8%	-57.5%	305-7	7; 12; 13
SO_x emissions	8,372 t	10,276 t	11,366 t	305-7	7; 12; 13
Target to reduce NO_x emissions by 20% between 2010 and 2025 at iso-production	-32.4%	-15.7%	-23.0%	305-7	7; 12; 13
NO_x emissions	16,906 t	16,988 t	18,116 t	305-7	7; 12; 13
Target to reduce dust emissions by 20% between 2010 and 2025 at iso-production	-57.1%	-53.0%	-54.7%	305-7	7; 12; 13
Dust emissions	4,731 t	4,817 t	5,512 t	305-7	7; 12; 13

ENERGY	2021	2020	2019	GRI	SDG
Target to reduce energy consumption by 15% between 2010 and 2025 at iso-production	-3.4%	+1.3%	-2.1%	302-4	7; 12
Total energy consumption of entire Group	43,461 GWh	41,020 GWh	41,974 GWh	302-1	7; 12
Change in the impact of energy consumed on Group revenue (value in 2010: 1.58 kWh/€)	0.98 kWh/€	1.08 kWh/€	0.99 kWh/€	302-3	7; 12
Change in total energy consumption	+2,441 GWh +5.9%	-954 GWh -2.3%	-2,137 GWh -4.8%	302-4	7; 12 7; 12
Total indirect energy consumption	8,389 GWh	8,000 GWh	8,480 GWh	302-2	7; 12
Change in indirect total energy consumption	+369 GWh +4.6%	-480 GWh -5.7%	-1,130 GWh -11.8%	302-4	7; 12 7; 12
Electricity consumption	8,309 GWh	7,891 GWh	8,375 GWh	302-1	7; 12
Consumption of renewable electricity generated on site	21 GWh	14 GWh	10 GWh	302-1	7; 12
Share of renewable electricity in total electricity consumption (target: two-fold increase between 2020 and 2021)	39.2%	18.9%	18.2%	302-1	7; 12
Consumption of renewable energy (electricity purchases, electricity generated on site and biomass)	4,321 GWh	2,412 GWh	2,454 GWh	302-1	7; 12
Utilities consumption (steam, hot water, etc.)	40 GWh	95 GWh	95 GWh	302-1	7; 12
Total direct energy consumption	35,091 GWh	33,020 GWh	33,494 GWh	302-1	7; 12
Change in direct total energy consumption	+2,071 GWh +6.3%	-474 GWh -1.4%	-1,007 GWh -2.9%	302-4	7; 12 7; 12
Coal and coke consumption	2,540 GWh	3,422 GWh	3,714 GWh		7; 12
Natural gas consumption	29,505 GWh	27,039 GWh	26,243 GWh		7; 12
Petroleum products consumption	2,022 GWh	1,656 GWh	2,622 GWh		7; 12
Renewable energy consumption/total energy consumption	10.0%	5.9%	5.8%	302-3	7; 12
Sales outside the Group of renewable electricity generated on site	3 GWh	4 GWh	2 GWh		7; 12
Sales outside the Group of utilities (steam, hot water, etc.) produced on site	2.4 GWh	1.2 GWh	0.7 GWh		7; 12

WATER	2021	2020	2019	GRI	SDG
Target to reduce liquid water discharge by 80% between 2010 and 2025 at iso-production	-39.8%	-31.5%	-34.5%	303-4	6; 12
Total water withdrawal	48.1 M of m^3	45.4 M of m^3	48.9 M of m^3	303-3	6; 12
Municipal water withdrawal	15.3 M of m^3	15.4 M of m^3	16.1 M of m^3	303-3	6; 12
Surface water withdrawal	12.7 M of m^3	11.3 M of m^3	12.2 M of m^3	303-3	6; 12
Ground water withdrawal	17.4 M of m^3	16.2 M of m^3	17.8 M of m^3	303-3	6; 12
Water withdrawal from high water stress sites based on Aqueduct 2020 data	4.7 M of m^3	4.6 M of m^3		303-3	6; 12
Surface water withdrawal on sites with very high water stress (sites with >5,000 m^3/year) based on Aqueduct 2020 data	3.0 M of m^3	2.5 M of m^3		303-3	6; 12
Water withdrawal from sites with very high water stress based on Aqueduct 2016 database			0.58 M of m^3	303-3	6; 12
Total water discharge	23.5 M of m^3	23.0 M of m^3	24.3 M of m^3	303-4	6; 12
Water discharges into the surrounding environment	14.9 M of m^3	14.4 M of m^3	16.2 M of m^3	303-4	6; 12
Water discharges into the municipal waste water collection system	7.0 M of m^3	7.1 M of m^3	8.5 M of m^3	303-4	6; 12
Water discharge on sites with very high water stress based on Aqueduct 2020 data	0.8 M of m^3			303-4	6; 12
Water discharges on sites with high water stress based on Aqueduct 2020 data	1.5 M of m^3			303-4	6; 12
Quantity of water reused in production processes through internal recycling systems	274.3 M of m^3	258.6 M of m^3	275.5 M of m^3	303-5	6; 12
Percentage of water reused in production processes through internal recycling systems	85%	85%	85%	303-5	6; 12

CIRCULAR ECONOMY	2021	2020	2019	GRI	SDG
Target to reduce non-recovered waste by 50% between 2010 and 2025 at iso-production	-27.3%	-26.3%	-11.5%	306-4	9; 12; 13
Quantity of waste generated	1.413 Mt	1.309 Mt	1.585 Mt	306-3	6; 12; 13
Quantity of hazardous waste generated	0.083 Mt	0.081 Mt	0.102 Mt	306-3	6; 12; 13
Quantity of non-recovered waste	0.459 Mt	0.445 Mt	0.515 Mt	306-5	6; 12; 13
Quantity of non-recovered hazardous waste	0.040 Mt	0.036 Mt	0.045 Mt	306-5	6; 12; 13
Quantity of waste reused or recycled	0.959 Mt	0.854 Mt	1.083 Mt	306-4	6; 12; 13
Extraction of natural raw materials avoided*	9.952 Mt	9.272 Mt	9.969 Mt	301-1	6; 12; 13
Recycled materials included in the product	8.192 Mt	8.437 Mt	8.382 Mt	301-2	6; 12; 13
Percentage of recyclable packaging (target of 100% in absolute value by 2030)	69%				

* *New methodology in 2021.*

BIODIVERSITY	2021	2020	2019	GRI	SDG
Percentage of the Group's active quarries with a biodiversity management plan (target of 100% by 2025)	31%			304-1	15

2.2.2 Social

Thanks to the strong commitment of its teams, demonstrated in the survey conducted in 2021, with an impressive industry-leading engagement rate up 4 points in 2 years at 83%, the Group has continued to record strong social progress in 2021, confirming the pride, loyalty and satisfaction of its employees.

Take care of employees

- continued commitment to safety, with the accident frequency rate (TRAR) including subcontractors at 1.9 in 2021, an improvement of 15% versus 2019;

Diversity

- increase in diversity in management bodies, locally and at Group level. The proportion of women in the Executive Committee in place since July 1, 2021 reached 37.5%, ahead of the target of 30% in all internal management bodies in 2025;
- proportion continues to rise of women managers: 26.3 % in 2021 for a new target of 30% women managers set for 2025;
- share of women in executive recruitment of nearly 35% in 2021

HEALTH – SAFETY	2021	2020	2019	GRI	SDG
Group accident frequency rate (TRAR) (employees, temporary workers and permanent subcontractors)	1.9	1.8	2.2	403-9	3; 8
Total recordable accident rate with and without lost time of more than 24 hours (employees, temporary workers and permanent subcontractors)	1.3	1.2	1.2	403-9	3; 8
Group accident severity rate (employees)	0.05	0.08	0.09	403-10	3; 8
Number of fatal incidents connected with the work of Saint-Gobain employees	4	1	2	403-9	3; 8
Number of fatal incidents connected with the work of subcontractors	1	1	3	403-9	3; 8
Number of fatal incidents connected with the work of temporary workers	0	1	0	403-9	3; 8
Number of fatal incidents connected with the work of third parties	0	0	0	403-9	3; 8
Percentage of industrial sites covered by a chemical inventory (SAFHEAR) (target of 100% by 2025)	66%	44%		403-8	3; 8
Number of Health & Safety certified sites at the actual scope (OHSAS 18001 – ILO OSH 2001 – ISO 45001) Percentage of employees covered	359 27%	359 28%	368	403-8	3; 8
Percentage of sites offering medical inspections at comparable scope	83%	81%	81%		3; 8
Number of occupational illnesses in France	60	61	71	403-10	3; 8
Absenteeism rate	3.9%	3.7%	3.5%		3; 8
Education, training, advising, prevention and risk control programs to assist employees in the event of severe illness	YES	YES	YES	403-5	3; 8
Extension of the program to families	Advice and assistance in case of severe accident	Advice and assistance in case of severe accident	Advice and assistance in case of severe accident	403-1	3; 8
Extension of the program to communities	Sometimes in collaboration with associations	Sometimes in collaboration with associations	Sometimes in collaboration with associations	403-1	3; 8
Proportion of health and safety signed and active agreements with employee representatives*	23.2%	8.8%	5.2%	403-4	3; 8

* *Value includes all active agreements that include a health and safety dimension.*

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EMPLOYMENT	2021	2020	2019	GRI	SDG
Number of employees					
Total headcount at 31 December	165,871	167,552	170,639	2-7	8
Percentage of Blue Collar	41.1%	40.8%	40.9%	2-7	8
Average headcount (number of employees)					
Average headcount including temporary workers, Joint Venture (JVs) and apprentices	176,037	176,895	181,540	2-7	8
Average headcount excluding temporary workers	166,464	168,177	173,057	2-7	8
Average temporary headcount	9,573	8,718	8,483	2-7	8
Spot headcount at year-end					
Headcount at year-end including temporary workers	173,591	176,677	181,895	2-7	8
Headcount at year-end excluding temporary workers	165,871	167,552	170,639	2-7	8
Permanent contracts in absolute value	149,718	152,842	153,189	2-7	8
Percentage of permanent contracts in the headcount excluding temporary workers	93.4%	94.3%	94.4%	2-7	8
	10,585	9,320	9,124	2-7	8
Fixed-term contracts in absolute value	6.6%	5.7%	5.6%	2-7	8
Percentage of fixed-term contracts in the headcount excluding temporary workers	6.6%	5.7%	5.6%	2-7	8
Fixed-term contracts converted to permanent contracts in absolute value	4,673	3,422	3,433	2-7	8
Percentage of fixed-term employment contracts converted into permanent contract	44.4%	38.2%	36.1%	2-7	8
Temporary headcount	7,720	9,125	11,256	2-7	8
Percentage of temporary workers	5.18%	4.70%	4.60%	2-7	8
Percentage of temporary employees (fixed-term employees and temporary workers)	10.8%	10.6%	11.6%	2-7	8
Full-time equivalent (FTE) headcount, including JVs, excluding temporary workers	155,619	155,153	157,250	2-7	8
Organization of working time					
Percentage headcount at Full-time employment	95.4%	95.7%	95.8%	2-7	8
Percentage headcount at Part-time employment	4.6%	4.3%	4.2%	2-7	8
Overtime rate	4.3%	3.5%	4.3%	2-7	8
Breakdown of headcount by age in absolute value					
≤ 24 years old	11,663	10,455	10,791	405-1	8; 10
25-34 years old	37,872	37,216	37,259	405-1	8; 10
35-44 years old	43,168	43,609	43,233	405-1	8; 10
45-54 years old	39,225	41,396	41,139	405-1	8; 10
55-64 years old	23,360	23,553	22,707	405-1	8; 10
> 64 years old	1,515	1,376	1,353	405-1	8; 10
Breakdown of headcount by geographical region					
North America	9.6%	9.0%	8.9%	2-7	8
South America	13.9%	12.8%	12.0%	2-7	8
Asia-Pacific	10.5%	10.4%	10.6%	2-7	8
Northern Europe	35.1%	34.6%	35.2%	2-7	8
Southern Europe, Middle East, Africa	30.9%	33.2%	33.3%	2-7	8
Breakdown of headcount by country (most significant countries)					
France	22.7%	23.9%	23.6%	2-7	8
United Kingdom	9.3%	9.4%	9.7%	2-7	8
United States	8.8%	8.3%	8.2%	2-7	8
Brazil	8.1%	7.7%	7.5%	2-7	8
Germany	5.3%	5.5%	6.0%	2-7	8
Poland	4.5%	4.3%	4.4%	2-7	8
Mexico	4.4%	3.9%	3.3%	2-7	8
India	4.3%	3.9%	3.8%	2-7	8
China	3.3%	3.7%	3.7%	2-7	8
Norway	3.2%	3.1%	3.1%	2-7	8
Czech Republic	2.6%	2.6%	2.5%	2-7	8
Sweden	2.5%	2.5%	2.4%	2-7	8
Annual change in headcount by country (most significant countries)					
France	-6.0%	-0.8%	-5.9%	2-7	8
United Kingdom	-1.7%	-4.8%	-3.3%	2-7	8

EMPLOYMENT	2021	2020	2019	GRI	SDG
United States	+5.8%	-1.1%	-1.7%	2-7	8
Brazil	+3.0%	+1.5%	-5.2%	2-7	8
Germany	-4.3%	-8.7%	-33.9%	2-7	8
Poland	+2.4%	-2.0%	-0.3%	2-7	8
Mexico	+12.0%	+14.7%	+7.5%	2-7	8
India	+9.6%	-0.6%	1.0%	2-7	8
China	-12.5%	-1.5%	-1.9%	2-7	8
Norway	+2.2%	-1.5%	-0.4%	2-7	8
Czech Republic	+1.6%	-0.6%	+1.9%	2-7	8
Sweden	+1.2%	-0.7%	-2.1%	2-7	8
Average temporary headcount					
Breakdown by geographical region					
North America	4.6%	4.6%	6.6%	2-7	8
South America	13.7%	15.0%	16.3%	2-7	8
Asia-Pacific	22.4%	24.6%	12.5%	2-7	8
Northern Europe	21.5%	18.5%	20.3%	2-7	8
Southern Europe, Middle East, Africa	37.8%	37.3%	44.3%	2-7	8

4

HIRING	2021	2020	2019	GRI	SDG
Hires	33,268	22,021	26,665	401-1	8
Hiring rate	20.6%	13.6%	16.2%	401-1	8
Breakdown of new hires by type of contract					
Permanent hires in absolute value	22,016	12,988	16,767	401-1	8
Percentage of permanent hires	66.2%	59.0%	62.9%	401-1	8
Fixed-term contract hires in absolute value	11,252	9,033	9,898	401-1	8
Percentage of hires on fixed-term contracts	33.8%	41.0%	37.1%	401-1	8
Hiring rate by gender					
Men	73.1%	72.9%	74.2%	401-1	5; 8; 10
Women	26.9%	27.1%	25.8%	401-1	5; 8; 10
Management hiring rate by gender					
Men	65.1%	69.1%	72.2%	401-1	5; 8; 10
Women	34.9%	30.9%	27.8%	401-1	5; 8; 10
Breakdown of hires by age					
≤ 24 years old	27.8%	29.4%	28.3%	401-1	8; 10
25-34 years old	35.6%	35.4%	35.5%	401-1	8; 10
35-44 years old	20.8%	20.3%	21.3%	401-1	8; 10
45-54 years old	11.5%	11.1%	11.3%	401-1	8; 10
55-64 years old	3.9%	3.4%	3.3%	401-1	8; 10
> 64 years old	0.4%	0.4%	0.4%	401-1	8; 10
Breakdown of hires by geographical region					
North America	13.7%	8.7%	9.0%	401-1	8
South America	17.2%	20.4%	16.0%	401-1	8
Asia-Pacific	10.3%	8.3%	9.6%	401-1	8
Northern Europe	31.8%	32.7%	35.4%	401-1	8
Southern Europe, Middle East, Africa	27.0%	29.9%	30.0%	401-1	8

DEPARTURES	2021	2020	2019	GRI	SDG
Departures on permanent and fixed-term contracts	27,852	22,708	26,942	401-1	8
Of which layoffs	7,573	7,142	8,212	401-1	8
Of which resignations	13,792	9,158	12,829	401-1	8
Including others (retirements, end of contract…)	6,487	6,408	5,901	401-1	8
Breakdown of departures by gender					
Men	74.6%	74.4%	74.5%	401-1	5; 8 ; 10
Women	25.4%	25.6%	25.5%	401-1	5; 8 ; 10
Breakdown of departures by age					
≤ 24 years old	16.9%	16.8%	18.3%	401-1	8; 10
25-34 years old	31.6%	30.1%	31.6%	401-1	8; 10
35-44 years old	21.8%	22.1%	22.5%	401-1	8; 10
45-54 years old	15.0%	13.8%	13.8%	401-1	8; 10
55-64 years old	12.2%	14.2%	11.4%	401-1	8; 10
> 64 years old	2.5%	3.0%	2.4%	401-1	8; 10
Breakdown of departures by geographical region					
North America	13.4%	9.7%	8.1%	401-1	8
South America	15.6%	15.4%	16.9%	401-1	8
Asia-Pacific	8.9%	9.2%	10.5%	401-1	8
Northern Europe	32.8%	32.4%	33.5%	401-1	8
Southern Europe, Middle East, Africa	29.3%	33.3%	31.1%	401-1	8

LAYOFFS	2021	2020	2019	GRI	SDG
Rate of layoffs of permanent and fixed-term contracts	4.7%	4.4%	5.0%	401-1	8
Breakdown of layoffs by type of contract					
Permanent contract	88.4%	90.9%	90.3%	401-1	8
Fixed-term contract	11.6%	9.1%	9.7%	401-1	8
Breakdown of manager layoffs by gender					
Men	71.5%	75.8%	74.1%	401-1	5; 8; 10
Women	28.5%	24.2%	25.9%	401-1	5; 8; 10
Breakdown of layoffs by geographical region					
North America	19.7%	13.4%	9.6%	401-1	8
South America	27.7%	28.9%	33.4%	401-1	8
Asia-Pacific	3.6%	5.7%	5.5%	401-1	8
Northern Europe	27.2%	35.2%	27.1%	401-1	8
Southern Europe, Middle East, Africa	21.8%	16.8%	24.5%	401-1	8

RESIGNATIONS	2021	2020	2019	GRI	SDG
Voluntary turnover rate - permanent and fixed-term	8.5%	5.6%	7.8%	401-1	8
Breakdown of resignations by gender					
Men	72.8%	72.9%	73.3%	401-1	5; 8; 10
Women	27.2%	27.1%	26.7%	401-1	5; 8; 10
Breakdown of resignations by seniority					
Less than 1 year	36.7%	35.0%	37.0%	401-1	8
1-4 years	38.4%	40.7%	40.2%	401-1	8
5-14 years	18.5%	17.9%	17.7%	401-1	8
15-24 years	5.3%	4.8%	3.5%	401-1	8
25-34 years	0.8%	1.1%	1.1%	401-1	8
> 34 years	0.3%	0.5%	0.5%	401-1	8

DIVERSITY	2021	2020	2019	GRI	SDG
Diversity index (objective to maintain above 90%)	91.1%	90.7%	91.4%	405-1	5; 8; 10
Gender diversity					
Percentage of women in the headcount:					
Percentage of women in the headcount at the end of the year	23.3%	22.8%	22.5%	405-1	5; 8; 10
Percentage of women on fixed-term contracts at the end of the year	31.1%	28.9%	28.1%	405-1	5; 8; 10
Percentage of women in the average headcount	23.0%	22.6%	22.4%	405-1	5; 8; 10
Percentage of women on fixed-term contracts in the average headcount	29.5%	28.2%	27.9%	405-1	5; 8; 10
Percentage of women in governing bodies and management:					
Group Executive Committee (target of 30% by 2025)	37.5%	25.0%	23.5%	405-1	5; 8; 10
Executive Committees Business Units (target of 30% by 2025)	24.0%				
Senior management (target of 25% by 2025)	21.0%	19.0%	17.1%	405-1	5; 8; 10
Management (female managers in the total managerial headcount)	26.3%	25.3%	24.2%	405-1	5; 8; 10
Middle management	27.3%	25.9%	25.3%	405-1	5; 8; 10
Junior management	29.4%	28.5%	29.1%	405-1	5; 8; 10
Promotion of female managers among all management promotions	31.4%	33.7%	26.0%	405-1	5; 8; 10
Hiring rate of female managers:					
■ in the main countries: France, United States, United Kingdom, Germany, Nordic countries (target of 40% by 2025)	34%			401-1 & 405-1	5; 8; 10
■ in other countries (target of 30% by 2025)	36%			401-1 & 405-1	5; 8; 10
Equal treatment					
Ratio of average basic wage: female to male	0.94	0.94		405-2	5; 8; 10
Ratio of average basic wage: female to male junior managers	0.95	0.96	0.98	405-2	5; 8; 10
Ratio of average basic wage: female to male middle managers	0.93	0.95	0.95	405-2	5; 8; 10
Ratio of average basic wage: female to male senior managers	0.99	0.98	0.96	405-2	5; 8; 10
Ratio of average total compensation: female to male	0.91	0.92	0.92	405-2	5; 8; 10
Ratio of average total compensation: female to male junior managers	0.93	0.95	0.97	405-2	5; 8; 10
Ratio of average total compensation: female to male middle managers	0.92	0.93	0.93	405-2	5; 8; 10
Ratio of average total compensation: female to male senior managers	0.92	0.94	0.93	405-2	5; 8; 10
Percentage of women in the top pay quartile	18.0%	18.6%	18.4%	405-2	5; 8; 10
Percentage of women in the upper middle pay quartile	20.1%	19.7%	19.2%	405-2	5; 8; 10
Percentage of women in the lower middle pay quartile	22.4%	23.0%	21.5%	405-2	5; 8; 10
Percentage of women in the lower pay quartile	24.2%	23.3%	23.6%	405-2	5; 8; 10
Generational diversity					
Breakdown by age					
≤ 24 years old	7.4%	6.6%	6.9%	405-1	8; 10;
25-34 years old	24.2%	23.6%	23.8%	405-1	8; 10;
35-44 years old	27.5%	27.7%	27.6%	405-1	8; 10;
45-54 years old	25.0%	26.3%	26.3%	405-1	8; 10;
55-64 years old	14.9%	14.9%	14.5%	405-1	8; 10;
> 64 years old	1.0%	0.9%	0.9%	405-1	8; 10;
Breakdown of headcount by seniority					
Less than 5 years	41.9%	39.3%	39.6%	405-1	8; 10;
5-14 years	29.4%	30.7%	31.1%	405-1	8; 10;
15-24 years	18.3%	18.8%	18.1%	405-1	8; 10;
25-34 years	7.8%	8.5%	8.3%	405-1	8; 10;
> 34 years	2.6%	2.7%	2.9%	405-1	8; 10;
Disability					
Proportion of disabled employees within the Group	1.6%	1.6%	1.5%	405-1	8; 10;

TALENT DEVELOPMENT	2021	2020	2019	GRI	SDG
Training					
Proportion of payroll of training investment	0.40%	0.33%	0.93%		4
Employees who received training during the year (target of 100% by 2025)	85.0%	73.2%	79.1%	404-1	4
Average number of training hours per employee per year	14.6 hours	12.1 hours	31.6 hours	404-1	4
Average number of training hours per employee per year and by gender (M/F)	14.3 hrs / 15.2 hrs	12.2 hrs / 12.1 hrs	35.1 hrs / 21.0 hrs	404-1	4
Share of technical and EHS training	61.0%	56.1%	54.4%	404-1	4

EMPLOYEES' ENGAGEMENT	2021	2020	2019	GRI	SDG
Annual employee satisfaction survey (me@Saint-Gobain):					
■ Participation rate	81%	78%	74%		3; 8
■ Engagement rate (target above benchmark every year)	83%	82%	79%		3; 8
■ Recommendation rate	85%	84%	78%		3; 8
Annual reviews					
Proportion of employees who had annual reviews	64.1%	61.7%	59.5%	404-3	8
Proportion of non-managers who had annual reviews	58.1%	55.3%	53.4%	404-3	8
Proportion of managers who had annual reviews	92.1%	91.7%	88.5%	404-3	8
Social dialogue					
Percentage of employees with employee representation	71.0%	68.2%	55.0%	2-30	8; 16
Percentage of Group employees covered by a collective bargaining agreement	68.0%	65.5%	65.6%	2-30	8; 16
Number of collective agreements with employee representatives	2,941	2,638	1,437	2-30	8; 16
Minimum prior notice period before any organizational change	two weeks to several months, depending on the country	two weeks to several months, depending on the country	two weeks to several months, depending on the country	402-1	8; 16

"CARE BY SAINT-GOBAIN" SOCIAL PROTECTION PROGRAM (% of employees covered)	2021	2020	2019	GRI	SDG
CARE program coverage in number of employees covered (target of 100% by 2023)	88%	71%	N/A	403-6	1; 3; 8; 10

GROUP SAVINGS PLAN	2021	2020	2019	GRI	SDG
Proportion of shares held by employees through the Group Savings Plan	8.3%	9.1%	8.7%	401-2	8
Number of countries participating in the Group Savings Plan	48	46	47	401-2	8
Group Savings Plan coverage rate for the entire Group headcount	95.5%	88.1%	88.0%	401-2	8

2.2.3 Ethics and communities

In terms of inclusive growth and business ethics, significant progress have ben made in areas such as:

- roll-out of a whistleblowing system accessible to employees and other stakeholders in 2021;
- 95% of managers trained in our Code of Ethics in their first year with the Group;
- increase in the proportion of ESG-linked compensation: from 5% to 10% for short-term compensation (CO2 emissions reduction criterion added to the safety criterion), and from 15% to 20% for long-term compensation (increase in the weighting of the CO2 emissions reduction criterion from 5% to 10%, along with criteria based on safety and diversity, each accounting for 5%);
- strengthening support for local communities: almost €15 million for community initiatives (philanthropy and sponsorship);

GROUP VALUES	2021	2020	2019	GRI	SDG
Adhere training: training of new managers in the code of ethics (Principles of Conduct and Action) in their first year (target of 100% per year)	95%	97%	93%		4
Adhere training: training for all managers	97%	97%	93%		4
Human rights					
Number of incidents involving forced or compulsory labor	0	0	0	409-1	8; 16
Number of incidents involving union freedom	1	1	2	407-1	8; 16
Other incidents involving human rights, including child labor	0	0	0	408-1	8; 16
Reports received through the occupational whistle-blowing system	645	477	537	2-16	8; 16
Anti-corruption					
ACT training: training of managers in their first year	95%	94%	89%	205-2	4; 16
ACT training: share of managers trained	98%	94%	95%	205-2	4; 16
Number of proven cases of corruption	0	0	0	205-3	8; 16
Respect for the law					
Online training Comply (anti-trust laws): proportion of managers trained in the 1st year after joining the Group	93%	96%	92%		4; 16
Online training Comply (anti-trust laws): share of managers trained	98%	96%	91%		4; 16
Major fines for non-compliance with laws and regulations	0	0	0	206-1	4; 16
Number of non-financial penalties for violation of laws and regulations	0	0	0	206-1	4; 16

FIGHT AGAINST DISCRIMINATION AND HARASSMENT	2021	2020	2019	GRI	SDG
Number of incidents declared	**54**	**60***	**55***	**406-1**	**8; 10**
Discrimination of which:	**35**	**38**	**23**	**406-1**	**8; 10**
Ethnic origin	6	5	3	406-1	8; 10
Disability	5	10	9	406-1	8; 10
Gender	3	7	2	406-1	5: 8; 10
Age	2	N/A*	N/A*	406-1	8; 10
Sexual orientation	2	N/A*	N/A*	406-1	5; 8; 10
Family status	1	N/A*	N/A*	406-1	8; 10
Freedom of association	1	1	1	406-1	8; 10
Other causes	15	17	8	406-1	8; 10
Harassment	**19**	**20**	**32**	**406-1**	**8; 10**
of which sexual harassment	8	5	5	406-1	5; 8; 10

* *Methodology update.*

RESPONSIBLE PURCHASING	2021	2020	2019	GRI	SDG
Trade suppliers and outside subcontractors					
Percentage of contracts with European partners that include the Suppliers Charter	100%	100%	100%		9; 12
Proportion of suppliers per CSR performance level (evaluation includes in particular human rights, working conditions, fight against corruption, against forced labor, against child labor, etc.) as a percentage of revenue					
Percentage of so-called "risky" purchases following risk mapping: 27.0%					
Percentage of so-called "risky" purchases evaluated in terms of CSR: 83.7%					
Proportion of document reviews concluding on a "critical" CSR performance	2.9%	5.1%	16%*	414-2	9; 12
Proportion of document reviews concluding on a "to be improved" CSR performance	17.5%	11.1%	45%*	414-1	9; 12
Proportion of document reviews concluding on an "effective" CSR performance	79.6%	83.7%	39%*	414-1	9; 12
Results of onsite audits of own-brand suppliers evaluated in terms of CSR in 2020					
Proportion of onsite audits concluding on a "critical" CSR performance	0.5%	1.9%	0%	414-2	9; 12
Proportion of onsite audits concluding on a "to be improved" CSR performance	57.9%	35.2%	68.3%	414-1	9; 12
Proportion of onsite audits concluding on an "effective" CSR performance	41.6%	63.0%	31.7%	414-1	9; 12
Responsible timber purchases	93.4%	94.8%	96.5%		8; 9; 12; 15
Non-trade suppliers and outside contractors					
Total non-trade purchases covered by the Suppliers Charter (eligible perimeter)	91.3%	90.6%	89.1%		9; 12
Proportion of suppliers per CSR performance level (evaluation includes in particular human rights, working conditions, fight against corruption, forced labor, child labor, etc.) as a percentage of revenue					
Percentage of so-called "risky" purchases following risk mapping: 17.8%					
Percentage of so-called "risky" purchases evaluated in terms of CSR: 71.5%					
Proportion of document reviews concluding on a "critical" CSR performance	14.0%	22.6%	2.7%	414-2	9; 12
Proportion of document reviews concluding on a "to be improved" CSR performance	35.0%	32.2%	91.5%	414-1	9; 12
Proportion of document reviews concluding on an "effective" CSR performance	51.0%	45.3%	5.7%	414-1	9; 12
Proportion of onsite audits concluding on a "critical" CSR performance	18.5%	5.2%	8.9%	414-2	9; 12
Proportion of onsite audits concluding on a "to be improved" CSR performance	16.5%	38.5%	59.3%	414-1	9; 12
Proportion of onsite audits concluding on an "effective" CSR performance	65.0%	56.4%	31.9%	414-1	9; 12

* *Methodology update*

LOCAL IMPACT	2021	2020	2019	GRI	SDG
Support to local communities					
Investments in projects	€15.1 M	€9.9 M	€6.1 M	413-1	1; 4; 8; 10; 11
Percentage of countries with a community assistance program (target of 100% by 2025)	67%	50%		413-1	1; 4; 8; 10; 11

2.3 Integration of the United Nations sustainable development goals

To embed the sustainable development goals (SDGs) within its CSR approach, Saint-Gobain draws upon the materiality analysis (see chapter 2, section 1.3.2), the Group's stakeholder dialogue, and its understanding of its value chain. Generally, Saint-Gobain is actively following the debates on SDGs and reporting, especially the working group initiated by the Global Compact. The 17 SDGs were subdivided into different levels: SDGs aligned with the strategy, moderately aligned SDGs (limited scope of influence or associated with a specific activity) and non-priority SDGs where the Group has little or no impact.

SDG 9	**SDGs aligned with the strategy**
SDG 14	**SDGs moderately aligned with the strategy**
SDG 15	**Non-priority SDGs**

The Group is especially committed to 14 Sustainable Development Goals aligned with the strategy:

SDG 1	Creating inclusive growth in the countries where Saint-Gobain operates
SDG 2	Implement actions according to the local context
SDG 3	Promoting healthy lives and support the well-being of all at all ages
SDG 4	Promoting learning opportunities throughout life
SDG 5	Being inclusive by encouraging equal opportunities
SDG 6	Ensuring a sustainable management of water resources
SDG 7	Using the Group's potential for local consumption to foster the development of local renewable energy networks
SDG 8	Creating conditions guaranteeing quality jobs for the Group's employees
SDG 9	Engaging Saint-Gobain's innovation at the service of sustainable development and the circular economy
SDG 10	Being inclusive by encouraging equal opportunities
SDG 11	Offering sustainable and affordable solutions that are adapted to the lifestyle changes associated with increasing urbanization
SDG 12	Changing the way in which the Group designs, produces and distributes its products and solutions to develop the circular economy
SDG 13	Contributing to the emergence of low-carbon economies capable of preserving the common good
SDG 14	Implement actions according to the local context
SDG 15	Managing and reducing Saint-Gobain's impact on biodiversity
SDG 16	Sharing the Group's values with its stakeholders
SDG 17	Behaving like a corporate citizen in each country

SDG 1

No poverty

To create inclusive growth in the countries where it operates:

- for employees: the Group provides its employees with high-quality jobs (see chapter 3, section 4);
- for local communities: Saint-Gobain contributes to economic development and local employment (see chapter 3, section 2.3).

SDG 3

Good health and well-being

To ensure healthy lives and promote the well-being of all at all ages:

- for employees: health and safety issues are central to the Saint-Gobain EHS Charter and are values held by all Group stakeholders (see chapter 3, section 4.2);
- for suppliers: the Group encourages its suppliers to improve the workplace health and safety of its employees through its Responsible Purchasing policy (see chapter 3, section 1.4);
- for customers: one of the Group's priorities is to design comfortable and sustainable products (see chapter 3, section 3.4);
- for local communities: Saint-Gobain offers sustainable and comfortable solutions to promote local, inclusive economic development (see chapter 3, section 2.3).

SDG 4

Quality education

To promote lifelong learning opportunities:

- for employees: Saint-Gobain's aim is to be a preferred employer, known and recognized for the richness of the career paths it offers (see chapter 3, section 4.1);
- for customers: the Group supports craftsmen and other professionals through, for example, training for craftsmen (see chapter 2, section 2.1.6.3);
- for local communities: the Group maintains relationships with local partners in many of the countries where it operates, to boost local employment and support disadvantaged populations with their career aspirations (see chapter 3, section 2.3). Saint-Gobain also contributes to major societal issues through sponsorship and philanthropy (see chapter 3, section 2.3.2);
- for civil society: support for young people is a priority in all countries where the Group operates, particularly the professional integration of young adults in difficulty (see chapter 3, section 2.3.2.1).

SDG 5

Gender equality

To be inclusive by promoting equal opportunities:

- for employees: Saint-Gobain is working to create an environment conducive to fairness and equality, which is crucial to employees' professional growth, while fostering training and the cohesion of high-performance operational teams (see chapter 3, Section 4.3.4);
- for civil society: Saint-Gobain works to promote a more inclusive environment through its commitment to the United Nation's Women Empowerment Principles (WEPs);
- for local communities: the Saint-Gobain India Foundation has dedicated itself to improving the living conditions of the most destitute people by supporting educational projects, particularly for young girls (see chapter 3, section 2.3.3).

SDG 6

Clean water and sanitation

To ensure a sustainable management of water resources:

- for civil society: reduce as much as possible the impacts of the Group's activities on water resources, both in terms of withdrawals or discharges. Long-term target is to withdraw as little water as possible and to aim for "zero discharge" of industrial water in liquid form, while refraining from generating new impacts for other natural environments and/or for other stakeholders;
- for suppliers: the Group pays particular attention to the quality of its supplies and the suppliers performance in terms of sustainable resource management;
- for local communities: manage these issues locally.

SDG 7

Clean and affordable energy

To use our potential for local consumption to develop local renewable energy networks:

- for civil society: Saint-Gobain is a member of the ETC (Energy Transition Commission) whose aim is to accelerate the transition to a low-carbon energy system (see chapter 3, section 2.1.6.2).

SDG 8

Decent work and economic growth

To create conditions guaranteeing quality jobs for our employees:

- for employees: in 2018, Saint-Gobain launched version 4.0 of its OPEN (Our People in an Empowering Network) program, a management tool designed to boost the satisfaction of its employees (see chapter 3, section 4.3.6);
- for suppliers: the Group's suppliers are committed to guaranteeing decent working conditions (see chapter 3, section 1.4);
- for civil society: as part of the Global Deal, Saint-Gobain is committed to ensuring decent work for all (see chapter 3, section 1.5.2).

SDG 9

Industry, innovation and infrastructure

To engage our innovation at the service of sustainable development and the circular economy:

- for employees: to develop solutions that anticipate market trends, the Group has introduced an innovation approach that integrates the challenges of sustainable development and measures the sustainable performance of its products and solutions (see chapter 3, section 3.4);
- for civil society: Saint-Gobain has been a member of the WBCSD Board with responsibility for "climate, energy, the circular economy, towns and cities, and mobility" since 2017 (see chapter 3, section 1.1.1).

SDG 10

Reduced inequalities

To be inclusive by promoting equal opportunities:

- for employees: Saint-Gobain is working to create an environment conducive to fairness and equality, which is crucial to employees' professional growth, while fostering training and the cohesion of high-performance operational teams (see chapter 3, section 4.3.4);
- for local communities: wherever it is present, the Group undertakes to promote inclusion and diversity in all its forms: gender, nationalities, training, career paths, generational diversity, disabilities and ethnic and social origins (see chapter 3, section 4.3.4).

SDG 11

Sustainable cities and communities

To offer sustainable and affordable solutions in response to lifestyle changes in line with increasing urbanization:

- for customers: Saint-Gobain designs, produces and distributes increasingly sustainable solutions (see chapter 2, section 2);
- for civil society: at the local level, Group subsidiaries are involved in partnerships, *e.g.* with the Green Building Councils (GBC) (see chapter 3, section 1.5).

SDG 12

Responsible consumption and production

To change the way we design, produce and distribute products and solutions to develop the circular economy:

- for employees: training programs to raise awareness among employees about climate change stakes have been developed within the Climate Academy (see chapter 3, section 2.1.6.4);
- for customers: Saint-Gobain designs, produces and distributes sustainable and comfortable solutions (see chapter 3, section 3);
- for local communities: Saint-Gobain is gradually reducing pressure on natural resources through innovative processes.

SDG 13

Climate action

To contribute to the emergence of a sustainable economy aligned with the Paris Agreement:

- for customers: Saint-Gobain is committed, in conjunction with a number of private and public players, to increasing its positive contribution and to creating virtuous dynamics (see chapter 2, section 2);
- for civil society: the Group's goal is to encourage the emergence of a low-carbon economy in the countries in which it operates (see chapter 3, section 2);
- for investors: Saint-Gobain upholds the recommendations of the Task Force on Financial Disclosures (TCFD) (see chapter 3, section 2);
- for regulatory authorities: the Group takes part in the public debate on climate change (see chapter 3, section 1.5);
- for suppliers: Saint-Gobain is continuing its Scope 3 assessment process and encourages suppliers to reduce their carbon footprint through the Responsible Purchasing policy (see chapter 3, section 1.4).

SDG 16

Peace, justice and strong institutions

To share the Group's values with the stakeholders:

- for employees: the Group's responsible approach is based on its code of ethics: the Principles of Conduct and Action (see chapter 3, section 1.1.1);
- for suppliers: the Responsible Purchasing approach incorporates suppliers' compliance with the Suppliers Charter, based on Principles of Conduct and Action (see chapter 3, section 1.4);
- for civil society: compliance with the law, the principles of the code of ethics and respect for human rights constitute the Group's fundamental values (see chapter 3, section 1.1.1).

SDG 17

Partnerships to achieve the objectives

To promote multi-stakeholder cooperation:

- for employees: through its commitments, the Group ensures decent working conditions and fights against practices that do not comply with its code of ethics and its Human Rights policy;
- for regulatory authorities: the Group participates in the public debate on the major issues it faces, such as climate change or the transition to a circular economy;
- for civil society: through its positions, commitments and partnerships, Saint-Gobain works to promote a fair and sustainable transition.


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Corporate governance

1. Composition and operation of the governing bodies

The following Sections 1.1 and 1.2, prepared with the assistance of the Board's Nomination and Remuneration Committee and the Lead independent Director, hereby report, pursuant to Articles L.225-37 *et seq.* and L.22-10-10 *et seq.* of the French Commercial Code, the composition of the Board and the conditions for the preparation and organization of the Board's works (see Chapter 5, Section 4 for the entire report of the Board of Directors on corporate governance).

Compliance with the AFEP-MEDEF Corporate Governance Code

Compagnie de Saint-Gobain refers to and complies with the AFEP-MEDEF Corporate Governance Code for French listed companies in its updated version of January 2020, which may be found on the AFEP website at the following address: www.afep.com.

The Company's practices comply with all recommendations contained in the AFEP-MEDEF Code (the "AFEP-MEDEF Code").

AFEP-MEDEF Code recommendation revoked	Saint-Gobain practice and justification
None.	None.

1.1 Composition of the Board of Directors

1.1.1 Members of the Board of Directors

The Board of Directors consists of the 14 members named below, appointed for four-year terms, including one Director representing employee shareholders and two Employee Directors, appointed in accordance with the law, and one Lead independent Director, in charge of overseeing the efficient running of the Company's governance bodies.

73%
INDEPENDENT DIRECTORS

98%
ATTENDANCE RATE

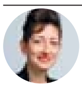
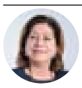
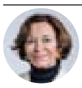
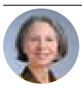
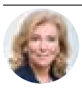
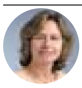
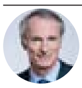
1
LEAD INDEPENDENT DIRECTOR

55%
WOMEN

2
EMPLOYEE DIRECTORS

1
DIRECTOR REPRESENTING EMPLOYEE SHAREHOLDERS

The table below gives a general overview of the members of the Board of Directors and its committees as at February 1, 2022:

Name	Age	Independent (1)	Other terms (5)	ARC (6)	NRC (7)	CSRC (8)	Years of seniority
 **Pierre-André de Chalendar**	63	No	2				16
 **Benoit Bazin** (11)	53	No	1				0.5
 **Jean-François Cirelli**	63	Yes	0		(M) (9)		1.5
 **Lydie Cortes**	50	No (2)	0		(M)		3.5
 **Sibylle Daunis-Opfermann**	47	No (3)	0				2
 **Lina Ghotmeh** (12)	42	Yes	0				0.5
 **Iêda Gomes Yell**	63	Yes	1	(M)			6
 **Anne-Marie Idrac**	70	Yes	2		(P) (10)	(M)	11
 **Pamela Knapp**	63	Yes	2	(P)			9
 **Agnès Lemarchand**	67	Yes	2	(M)		(P)	9
 **Dominique Leroy**	57	Yes	3		(M)		4
 **Gilles Schnepp**	63	No	3	(M)			13
 **Jean-Dominique Senard** (4)	68	Yes	2			(M)	10
 **Philippe Thibaudet**	41	No (2)	0			(M)	3.5
NUMBER OF MEETINGS			**BOARD: 11**	**ARC: 4**	**NRC: 4**	**CSRC: 4**	
ATTENDANCE RATE			**98%**	**94%**	**100%**	**88%**	

(1) According to the criteria set forth in Recommendation 9.5 of the AFEP-MEDEF Code, see Chapter 5, Section 1.1.2 for more details.
(2) Employee Director, appointed pursuant to the law, not included in the calculation of the Director independence ratio on the Board of Directors, in compliance with the recommendations of the AFEP-MEDEF Code, nor in the gender parity ratio on the Board of Directors, in accordance with the law.
(3) Director representing employee shareholders, not included in the calculation of the ratio of independent Directors on the Board of Directors, in accordance with the recommendations of the AFEP-MEDEF Code, and gender parity on the Board of Directors, in accordance with the law.
(4) Lead independent Director.
(5) Held within listed companies (excluding Compagnie de Saint-Gobain).
(6) Audit and Risk Committee.
(7) Nomination and Remuneration Committee.
(8) Corporate Social Responsibility Committee.
(9) Member of a committee.
(10) Chairperson of a committee.
(11) Since June 3, 2021.
(12) Since November 25, 2021.

Each year, specifically on the occasion of its assessment, the Board of Directors considers the desirable balance of its composition and that of the Committees. Regarding the diversity and internationalization of the Saint-Gobain Group's activities, it specifically provides for the presence of Directors with international experience, and ensures that the profiles and competencies represented at the Board reflect, to the greatest possible extent, the diversity of challenges the Group may face, to guarantee to shareholders and the market that its tasks are executed with the necessary competency, independence and objectivity.

The following biographies show the members of the Board of Directors as of February 1, 2022, their experience and their respective expertise, and the principal offices and functions they exercise or have exercised outside the Group over the past five years, to the best of the Company's knowledge.

PIERRE-ANDRÉ DE CHALENDAR

Chairman of the Board of Directors
Main position: Chairman of the Board of Directors of Compagnie de Saint-Gobain
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

63 years old

Nationality: French

Number of shares held: 312,718

Date of first election: June 2006

Term start date: June 2018

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2021

Expertise and experience

Mr. Pierre-André de Chalendar joined Compagnie de Saint-Gobain as Corporate Planning Director on October 1, 1989. Appointed Director of Abrasives Europe (1992-1996), then of the Abrasives Division (1996-2000), the Head Office of which was located in Worcester, United States, before being named Vice President for the United Kingdom and the Republic of Ireland (2000-2002), Mr. Pierre-André de Chalendar was named Chief operating officer of Compagnie de Saint-Gobain in charge of the Building Distribution Sector in 2003.
Appointed Chief operating officer of Compagnie de Saint-Gobain in May 2005 and elected Director in June 2006, he was appointed Chief executive officer of Compagnie de Saint-Gobain in June 2007 then Chairman and Chief executive officer in June 2010, a position held until June 2021. Since July 2021, Mr. Pierre-André de Chalendar has been Chairman of the Board of Directors of Compagnie de Saint-Gobain.
Mr. Pierre-André de Chalendar has also been a Director of BNP Paribas since 2012, Chairman of its Compensation Committee and member of its Governance, Ethics, Nominations and CSR Committee. He has also been a Director of Veolia Environnement since 2021 and a member of its Nomination Committee.
His offices and duties held outside the Group over the past five years are described below.
Mr. Pierre-André de Chalendar has been a Director of Compagnie de Saint-Gobain since June 2006.

Offices and duties held outside the Group

- Director, Chairman of the Compensation Committee and member of the Governance, Ethics, Nomination and CSR Committee of BNP Paribas*
- Director and member of the Nomination Committee of Veolia Environnement*

Other offices held outside the Group and expired over the past five years

None.

* Listed company

BENOIT BAZIN

Director
Principal office held: Chief executive officer of Compagnie de Saint-Gobain
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

53 years old

Nationality: French

Number of shares held: 64,598

Date of first election: June 2021

Term start date: June 2021

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2024

Expertise and experience

After studying in France and in the United States, and spending four years at the Interministerial Committee on Industrial Restructuring (ICIR) and the Treasury Department within the French Ministry of Finance, Mr. Benoit Bazin joined Saint-Gobain in 1999. He held various positions in France and, starting in 2002, in the United States – in a general management role within High-Performance Materials, before taking the Chief financial officer role of Compagnie de Saint-Gobain in 2005. From 2009 to the end of 2015, Mr. Benoit Bazin headed the Building Distribution Sector. In 2010, he was appointed Senior Vice President of Compagnie de Saint-Gobain. From 2016 to the end of 2018, Mr. Benoit Bazin headed the Construction Products Sector. During 2017, he was President and CEO of CertainTeed Corporation in the United States. Appointed Chief operating officer of Compagnie de Saint-Gobain on January 1, 2019, then Director on June 3, 2021, he was appointed Chief executive officer of Compagnie de Saint-Gobain as from July 1, 2021.
In addition, Mr. Benoit Bazin was appointed Director of Vinci in 2020; as such, he is member of the Remuneration Committee and the Nomination and Corporate Governance Committee. He was also a Director and member of the Audit and Risk Committee of Essilor between 2009 and 2017, and Chairman of the Audit and Risk Committee from May 2016 to March 2017. He is also Director of the Cité de l'Architecture et du Patrimoine.

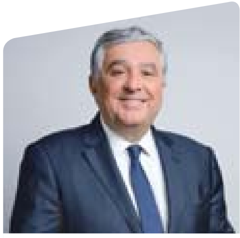
Offices and duties held outside the Group

- Director and member of the Remuneration Committee and the Nomination and Governance Committee of Vinci*

Other offices held outside the Group and expired over the past five years

- Director of Essilor* (2009-2017)

* Listed company



JEAN-FRANÇOIS CIRELLI

Independent Director
Member of the Nomination and Remuneration Committee
Principal office held: Chairman of BlackRock France, Belgium and Luxembourg [(1)]
BlackRock France – 16 rue du 4 Septembre – 75002 Paris, France

63 years old
Nationality: French
Number of shares held: 800
Date of first election: June 2020
Term start date: June 2020
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2023

Expertise and experience

Mr. Jean-François Cirelli began his professional career at the Treasury Department of the French Ministry of Economy and Finance, holding several positions, from 1985 to 1995. In 1995, he was appointed Economic Advisor to the President of the Republic. In 2002, he was appointed Deputy Director of the Prime Minister's Office, more specifically in charge of economic, industrial and social issues.

Mr. Jean-François Cirelli was appointed Chairman and Chief executive officer of Gaz de France in 2004, a mandate he held until 2008. From 2008 to 2014, he was Vice-Chairman and Chief operating officer of GDF SUEZ (now ENGIE). From 2012 to 2014, he also manages all of GDF SUEZ's Energy activities in Europe.

Since 2016, he has been Senior Advisor at Advent International and Chairman of BlackRock France, Belgium and Luxembourg. He is a member of the Board of Directors of Idemia since 2017. He is also a member of the Orientation Board of Sonepar SAS and a member of the Supervisory Board of Saur SAS since 2018 as well as a member of the Board of Directors of MET Holding AG since 2019.

Mr. Jean-François Cirelli has been a Director of Compagnie de Saint-Gobain since June 2020.

Offices and duties held outside the Group

- Chairman of BlackRock France, Belgium and Luxembourg
- Senior Advisor, Advent International
- Chairman of the Board of Directors of Idemia
- Director of MET Holding AG** (Switzerland)

Other offices held outside the Group and expired over the past five years

- Member of the Supervisory Board of Uniper SE* (Germany) (2017-2020)
- Member of the Vallourec* Supervisory Board and Strategy Committee (2009-2016)

(1) Board Member as an individual, and not as a BlackRock representative, Mr. Jean-François Cirelli does not represent BlackRock on the Board of Directors.
* Listed company
** Non-listed foreign company

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LYDIE CORTES

Employee Director
Member of the Nomination and Remuneration Committee
Principal office held: Product Safety Coordinator
Saint-Gobain Weber France – D 1083 – Le Grand Étang – 01960 Servas, France

50 years old
Nationality: French
Number of shares held: 2,202
Date of first election: May 2018
Term start date: June 2018
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2021

Expertise and experience

Mrs. Lydie Cortes joined the Saint-Gobain Group in 1992, working at the Saint-Gobain Weber research and development laboratory on the Servas site, where she performed various functions, first as a color development and control technician, then as a technician for the development of control methods for finished pulp goods. From 1999 to 2012, she was an R&D technician for the formulation of finished powder goods.

Since 1996, Mrs. Lydie Cortes has held various elected and union offices, including member of the Works Committee, Employee Representative and member of the Saint-Gobain Weber CHSCT, and, since 2004, CFDT Central Trade Union Representative.

Since 2007, Mrs. Lydie Cortes has been a member of the Company's Works Council, and in 2010, she was elected Secretary of the European Convention and to the Saint-Gobain Select Committee.

Mrs. Lydie Cortes has been the Product Safety Coordinator (management and assessment of product hazard classes, awareness and prevention of the use and handling of chemicals) at Saint-Gobain Weber France since 2012.

Mrs. Lydie Cortes has been a Director of Compagnie Saint-Gobain since June 2018.

Offices and duties held outside the Group

None.

Other offices held outside the Group and expired over the past five years

None.

SIBYLLE DAUNIS-OPFERMANN

Director representing employee shareholders
Principal office held: Chief executive officer of PUM
PUM – 4 rue René Francart – 51100 Reims

47 years old

Nationality: French

Number of shares held: 900

Date of first election: March 2020

Term start date: March 2020

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2024

Expertise and experience

Mrs. Sibylle Daunis-Opfermann began her career in 1996 in an SME in the automotive sector, where she was responsible for optimizing the non-production purchases of large groups in the automotive subcontracting sector.
In 1998, she joined the Welding activity of the Air Liquide Group, where she held the position of deputy to the Production Purchasing Director, before joining the Marketing Department and being in charge of the management of the whole trading products.
In 2001, she joined Virax, a Facom Group company specialized in plumber's tools, as purchasing manager.
In 2005, she joined the Saint-Gobain Group, within PUM Plastiques, where she was deputy to the Purchasing Director. She held this position until 2010 before being appointed Marketing and Purchasing Director. In 2013, she was entrusted, in addition to her duties, with the digitalization of the trading brand, and with the function of Head of the Communication Department.
Since September 2016 she has been Chief executive officer of PUM.
Mrs. Sibylle Daunis-Opfermann has been a Director of Compagnie Saint-Gobain since March 2020.

Offices and duties held outside the Group

None.

Other offices held outside the Group and expired over the past five years

None.

LINA GHOTMEH

Independent Director
Main position held: Architect
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

42 years old

Nationalities: French, Lebanese

Number of shares held: 800

Date of first election: November 2021

Term start date: November 2021

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022

Expertise and experience

Mrs. Lina Ghotmeh is a particularly renowned architect on the international scene. She is leading her own studio, Lina Ghotmeh – Architecture, in Paris and works with a multicultural team to produce architectural designs in France and abroad.
She has received numerous awards, including the 2008 AJAP prize from the French Ministry of Culture, the 2016 DEJEAN prize from the Académie d'Architecture, the 2016 Grand Prix Afex, the 2019 Pierre Cardin prize from the Académie des Beaux-Arts de Paris, and more recently, the 2020 Tamayouz "Woman of Outstanding Achievement" Award and the 2020 Schelling Foundation Prix d'Architecture. She has also been nominated for the Moira Gemmill Prize, a British award.
Her work was exhibited at the 17th Venice Biennale of Architecture and is frequently published, notably in works of Phaidon and RIBA, or in the reviews AA, Domus and Architectural Record.
She teaches at the Yale School of Architecture in the United States, at the University of Toronto in Canada and has taught at the École Spéciale d'Architecture. She has lectured at several institutions including Columbia University in the United States, Parsons School in France and the Royal College of Art in the United Kingdom.
Mrs. Lina Ghotmeh has been a Director of Compagnie de Saint-Gobain since November 2021.

Offices and duties held outside the Group

- Chairwoman of Lina Ghotmeh Architecture

Other offices held outside the Group and expired over the past five years

None.

IÊDA GOMES YELL

Independent Director
Member of the Audit and Risk Committee
Principal office held: Research fellow and Director of Companies
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

63 years old

Nationalities: Brazilian, British

Number of shares held: 800

Date of first election: June 2016

Term start date: June 2020

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2023

Expertise and experience

Mrs. Iêda Gomes Yell was Chief executive officer of Companhia de Gas de São Paulo from 1995 to 1998.
She then held various senior positions within the BP Group, in particular as Vice-President of Pan American Energy (1998-1999), Vice-President of Regulatory Affairs (1999-2000), Chairwoman of BP Brazil (2000-2002), Vice-President of Development of BP Solar (2002-2004), and Vice-Chairwoman of BP Integrated Supply and Trading (2004-2011). She was also a member of the Board of BP Brasil Ltd and BP Egypt Investments Ltd up to 2011. Mrs. Iêda Gomes Yell was also Vice-President of New Ventures for the Middle East and South Asia (2004-2011) and Independent Chairwoman of British Taekwondo Ltd. (2011-2016).
She has also held several senior positions within professional organizations (the Brazilian Association of Infrastructure, the International Gas Union, the US Civil Engineering Foundation and the Brazilian Association of Gas Distribution Companies).
In 2011, she founded Energix Strategy Ltd, a consulting company on the energy markets based in Warrington that she chaired until October 2017.
In addition, Mrs. Iêda Gomes Yell serves as Director of the Department of the Infrastructure of the Federation of the State Industry of São Paulo (since 2012), member of the Advisory Board of the Companhia de Gas de São Paulo (since 2013), Councilor to the Brazilian Chamber of Commerce of England, member of the Advisory Board of the Fundação Getulio Vargas Energia and Director and co-founder of WILL Latam, a non-profit organization for the development of women executives (since 2014). Mrs. Iêda Gomes Yell has been a visiting research fellow at the Oxford Institute for Energy Studies since September 2012. In October 2020, she became a representative of energy consumers at the Isle of Man Climate Change Citizens Forum.
Her other offices and positions held during the last five years are described below.
Mrs. Iêda Gomes Yell has been a Director of Compagnie de Saint-Gobain since June 2016.

Offices and duties held outside the Group

- Director and Chairwoman of the Nomination, Sustainable Development and Governance Committee and Human Capital and Remuneration Committee of Exterran Corporation* (United States)
- Director and member of the Strategy Committee and the Human Resources, Compliance and Sustainable Development Committee of Prumo Logistica SA** (Brazil)
- Director of The Institute of Directors** (United Kingdom)

Other offices held outside the Group and expired over the past five years

- Director and Chairwoman of the Governance Committee of InterEnergy Group Holdings** (2013-2020)
- Director and Chairwoman of the Compliance Committee of Odebrecht SA (Brazil) (2018-2019)
- Founding President of Energix Strategy Ltd** (2011-2017)
- Director and member of the Audit and Risk Committee and of the Strategic Committee of Bureau Veritas* (2013-2021)

* Listed company
** Non-listed foreign company

ANNE-MARIE IDRAC

Independent Director
Chairwoman of the Nomination and Remuneration Committee
Member of the Corporate Social Responsibility Committee
Principal office held: Director of companies
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

70 years old

Nationality: French

Number of shares held: 827

Date of first election: June 2011

Term start date: June 2019

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022 [(1)]

Expertise and experience

Mrs. Anne-Marie Idrac held various positions from 1974 to 1995 in the Ministry of Public Works in the areas of environment, housing, urban development and transport, specifically as Chief executive officer of the Établissement Public d'Aménagement de Cergy-Pontoise (1990-1993), then Director of Land Transport (1993-1995).
In 1995, she was appointed Junior Minister for Transport, a position she held until June 1997.
She was elected Member of Parliament for Yvelines in 1997 and 2002, and Regional Council Member for Île-de-France from 1998 to 2002. From 2002 to 2006, Mrs. Anne-Marie Idrac was Chairwoman and Chief executive officer of RATP, then Chairwoman of SNCF from 2006 to 2008.
In March 2008, she was appointed Junior Minister for Foreign Trade, a position she held until November 2010.
Mrs. Anne-Marie Idrac was also Chairwoman of the European-France Movement from 1999 to 2005 and member of the Economic and Social Council from 2004 to 2008. She is also Chairwoman of the Advisory Board of the School of Public Affairs of Sciences Po Paris and Vice-Chairwoman of the Robert Schuman Foundation and is senior advisor of the firm Sia Partners. In addition, since 2017, Mrs. Anne-Marie Idrac has been Senior Representative of the French Government for autonomous vehicle development strategy and, since January 2020, Chairwoman of the France Logistique association.
Her other offices and positions held during the last five years are described below.
Mrs. Anne-Marie Idrac has been a Director of Compagnie de Saint-Gobain since June 2011.

Offices and duties held outside the Group

- Director and Chairwoman of the Sustainable Development and Compliance Committee of Air France-KLM*
- Director and member of the Governance and Ethics Committee and of the Strategy & CSR Committee of Total Energies SE*
- Director and Chairwoman of the Compensation Committee of Sanef

Other offices held outside the Group and expired over the past five years

- Chairwoman of the Supervisory Board of Aéroport Toulouse-Blagnac (2015-2018)
- Director, Chairwoman of the Ethics, CSR and Patronage Committee and member of the Audit Committee of Bouygues*

* Listed company
(1) As Mrs. Anne-Marie Idrac reaches the age limit of 70 during the 2021 fiscal year, her term of office will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the 2021 fiscal year in accordance with the Article 9 paragraph 8 of the Company's bylaws.

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PAMELA KNAPP

Independent Director
Chairwoman of the Audit and Risk Committee
Principal office held: Director of companies
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

63 years old

Nationality: German

Number of shares held: 1,818

Date of first election: June 2013

Term start date: June 2021

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2024

Expertise and experience

Mrs. Pamela Knapp began her career in 1987 as an M&A consultant at Deutsche Bank Morgan Grenfell GmbH and Fuchs Consult GmbH.
In 1992, she was named Director of Strategic Projects, then of the Maintenance & Services Branch in the Transportation Systems Division of the Siemens Group, where she served until 1997. From 1998 to 2000, she was a Board member and Chief financial officer (CFO) of Siemens SA, Belgium and Luxembourg.
In 2000, she became Director of the Siemens Group's central Corporate Development Executives Department then, starting in 2004, Board member and Chief financial officer of the Power Transmission and Distribution Division of the Siemens Group, until 2009. From 2009 until October 2014, she was a member of the Management Board of GfK SE.
Mrs. Pamela Knapp was also a member of the Supervisory Board of Monier Holdings SCA from 2009 to 2013 and of Peugeot SA from 2011 to 2021.
Since June 2020, she has been a member of the Monopoly Commission (Monopolkommission), which advises the German Minister of the Economy on competition issues.
Her other offices and positions held during the last five years are described below.
Mrs. Pamela Knapp has been a Director of Compagnie de Saint-Gobain since June 2013.

Offices and duties held outside the Group

- Member of the Supervisory Board and Chairwoman of the Audit Committee of Lanxess AG* (Germany)
- Member of the Supervisory Board and Chairwoman of the Audit Committee of Signify NV* (Netherlands)

Other offices held outside the Group and expired over the past five years

- Member of the Supervisory Board, the Nomination, Remuneration and Governance Committee and the Finance and Audit Committee of Peugeot SA* (2011-2021)
- Director and member of the Audit Committee of NV Bekaert* (Belgium) (2016-2020)
- Director of HKP Group AG (Switzerland) (2013-2019)
- Director and member of the Audit Committee of Panalpina World Transport (Holding) Ltd* (Switzerland) (2015-2019)

* Listed company

AGNÈS LEMARCHAND

Independent Director
Chairwoman of the Corporate Social Responsibility Committee
Member of the Audit and Risk Committee
Principal office held: Director of companies
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

67 years old

Nationality: French

Number of shares held: 2,252

Date of first election: June 2013

Term start date: June 2021

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2024

Expertise and experience

Mrs. Agnès Lemarchand began her professional life with various operational responsibilities within the Rhône-Poulenc Group from 1980 to 1985.
Appointed in 1986 as Chief executive officer of Industrie Biologique Française (IBF), she created IBF Biotechnics, a subsidiary of the Rhône-Poulenc Group and the Institut Mérieux, in the United States in 1987, of which she was appointed Chairwoman and Chief executive officer.
In 1991, she joined the Ciments Français Group as Chief executive officer of Prodical, an industrial minerals subsidiary which she led from 1991 to 1996. She joined the Lafarge Group in 1997, held the position of Director of strategy for the Specialty Materials branch, then in 1999 was appointed Chairwoman and Chief executive officer of Lafarge Chaux.
In 2004, she took over, together with its senior executives, the Lafarge Chaux subsidiary in the United Kingdom and founded Steetley Dolomite Limited, where she served as executive Chairwoman for 10 years before selling the company to the Lhoist industrial group. Mrs. Agnès Lemarchand was a member of the Supervisory Board of Mersen from 2007 to 2013 and a member of the Economic, Social and Environmental Council (economic activities section) from 2012 to 2014.
She is a member of the ESG Committee of the Institut Français des Administrateurs (the French institute of Directors).
She has also been Chairwoman of COMDEV since April 2021.
Her other offices and positions held during the last five years are described below.
Mrs. Agnès Lemarchand has been a Director of Compagnie de Saint-Gobain since June 2013.

Offices and duties held outside the Group

- Director and member of the Nomination and Remuneration Committee of Solvay SA* (Belgium)
- Director and member of the Audit Committee of BioMérieux*
- Chairwoman of COMDEV

Other offices held outside the Group and expired over the past five years

- Chairwoman of Orchad SAS (2014-2019)
- Director of CGG* (2012-2017)
- Member of the Supervisory Board of Vivescia Industries, representative of BPI France Participations (2011-2016)

* Listed company

DOMINIQUE LEROY

Independent Director
Member of the Nomination and Remuneration Committee
Principal office held: Member of the Management Board of Deutsche Telekom AG for Europe
Friedrich-Ebert-Allee 140, 53113 Bonn, Germany

57 years old
Nationality: Belgian
Number of shares held: 1,000
Date of first election: November 2017
Term start date: June 2019
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022

Expertise and experience

Mrs. Dominique Leroy held various positions at Unilever Belgium and Benelux for 24 years. Having started out in marketing, finance and client development, between 1999 and 2006 she was appointed first Director of Operations Division, then Director of Logistics and finally Director of Client Development at Unilever Foods Belgium. Up to 2011, she was then Director of Client Development and member of the Management Committee, then Managing Director of Unilever Benelux, where she also sat on the Management Committee from 2008 to 2011.
In 2011, she joined Proximus Group (formerly Belgacom) as Vice-Chairwoman with responsibility for sales and e-business for the Consumer Business Unit, before becoming its Executive Vice-Chairwoman in June 2012. Between January 2014 and September 2019, Mrs. Dominique Leroy was Chief executive officer of Proximus Group, listed on the first market of Euronext Brussels. At Proximus Group, she also chaired the Boards of Directors of BICS and Be-Mobile and was a Director of Proximus Art.
Since November 2020, she has been a member of the Management Board of Deutsche Telekom AG* for Europe.
Mrs. Dominique Leroy has been Senior Advisor of Ergon Capital Partners since May 2020 and, since November 2020, member of the Board of Directors of T-Mobile USA. She chaired the International Advisory Board of the Solvay Brussels School of Economics and Management until October 2019.
Her other offices and positions held during the last five years are described below.
Mrs. Dominique Leroy has been a Director of Compagnie de Saint-Gobain since November 2017.

Offices and duties held outside the Group

- Member of the Management Board of Deutsche Telekom AG* for Europe (Germany)
- Member of the Board of Directors of T-Mobile USA* (United States)
- Member of the Board of Directors of OTE* (Greece)

Other offices held outside the Group and expired over the past five years

- Member of the Supervisory Board, the Governance and Nomination Committee, the Risk Management Committee and the Sustainable Development and Innovation Committee of Ahold Delhaize* (Netherlands) (2016-2021)
- Senior Advisor of Bain & Company (Belgium) (2019-2020)
- Chief executive officer of Proximus* (Belgium) (2014-2019)
- Director and Chairwoman of the Audit Committee of Lotus Bakeries* (2009-2018)

* Listed company

GILLES SCHNEPP

Director
Member of the Audit and Risk Committee
Principal office held: Chairman of the Board of Directors of Danone
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

63 years old
Nationality: French
Number of shares held: 800
Date of first election: June 2009
Term start date: June 2021
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2024

Expertise and experience

Mr. Gilles Schnepp began his career at Merrill Lynch in 1983 and was appointed Director of the Bonds and Derivatives Departments in 1988. In 1989, he joined the Legrand Group where he held several positions before being appointed Senior Vice President (2000), member of the Management Committee and Director (2001), Vice-Chairman and Chief executive officer (2004), Chairman and Chief executive officer of Legrand (2006) and Chairman of the Board of Directors (2018), a term he held until June 2020.
Between 2019 and 2021 he was Vice-Chairman and Senior Independent Member of the Supervisory Board of Peugeot SA and Chairman of the Nomination, Remuneration and Governance Committee and member of the Finance and Audit Committee. Since May 2020, he has been a Director of Sanofi and, since December 2020, of Danone and has been appointed Chairman of Danone's Board on March 15, 2021.
His other offices and positions held during the last five years are described below.
Mr. Gilles Schnepp has been a Director of Compagnie de Saint-Gobain since June 2009.

Offices and duties held outside the Group

- Director of Legrand*
- Chairman of the Board of Directors of Danone* and member of its Strategy & Transformation Committee
- Director, Chairman of the Nomination, Governance and CSR Committee and member of the Strategic Thinking Committee of Sanofi*

Other offices held outside the Group and expired over the past five years

- Chairman and Chief executive officer (2006-2018) then Chairman of the Board of Directors (until 2019) of Legrand*
- Vice-Chairman and Senior Independent Member of the Supervisory Board, Chairman of the Nomination, Remuneration and Governance Committee and member of the Finance and Audit Committee of Peugeot SA* (2019-2021)

* Listed company

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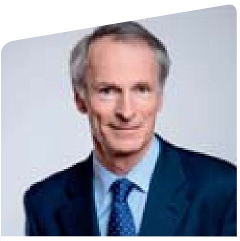


JEAN-DOMINIQUE SENARD

Lead independent Director
Independent Director
Member of the Corporate Social Responsibility Committee
Principal office held: Chairman of the Board of Directors of Renault
Renault – 13 Quai Alphonse le Gallo – 92100 Boulogne-Billancourt, France

68 years old
Nationality: French
Number of shares held: 7,685
Date of first election: June 2012
Term start date: June 2020
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2023

Expertise and experience

Mr. Jean-Dominique Senard began his career with various financial and operational responsibilities within the Total Group from September 1979 to September 1987, before working at Saint-Gobain from 1987 to 1996.
From September 1996 to March 2001, he was Chief financial officer of the Pechiney Group and member of the Group's Executive Committee. He then managed the Primary Aluminum Division of the Pechiney Group until 2004. Then, as member of the Alcan Group Executive Committee, he was in charge of Pechiney's integration and Chairman of Pechiney SA.
Mr. Jean-Dominique Senard joined Michelin in March 2005 as Chief financial officer and member of the Executive Council of the Michelin Group. In May 2007, he became Non-Limited Partner of the Michelin Group before being appointed Limited Managing Partner in May 2011 alongside Michel Rollier, and then Chairman from May 2012 to May 2019.
Mr. Jean-Dominique Senard was a Director of SEB from 2009 to 2013.
Mr. Jean-Dominique Senard was coopted as a new Director and elected Chairman of the Board of Directors of Renault on January 24, 2019.
His other offices and positions held during the last five years are described below.
Mr. Jean-Dominique Senard has been a Director of Compagnie de Saint-Gobain since June 2012.

Offices and duties held outside the Group

- Chairman of the Board of Directors of Renault*
- Director of Nissan Motor Co., Ltd. (Japan)**
- Member of the Supervisory Board of Groupe Fives
- Director of Groupe Center France – La Montagne

Other offices held outside the Group and expired over the past five years

- Non-Limited Partner (2007-2011), Limited Managing Partner (2011-2012) then Chairman of Michelin* (2012-2019)

* Listed company
** Listed foreign company

PHILIPPE THIBAUDET

Employee Director
Member of the Corporate Social Responsibility Committee
Principal office held: EHS Operations Manager
Saint-Gobain Isover – 19 rue Paul Sabatier – 71102 Chalon-sur-Saône, France

41 years old
Nationality: French
Number of shares held: 972
Date of first election: May 2018
Term start date: June 2018
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2021

Expertise and experience

Mr. Philippe Thibaudet has spent his professional career at the Saint-Gobain Isover Chalon-sur-Saône plant as a continuous-shift production operator.
He began his union career path very early on, first at the Chalon-sur-Saône plant, then in the central, national and European union organizations of the Saint-Gobain Group as representative of the CGT.
He has been responsible for industrial activity and collective bargaining in all professional sectors covered by the CGT National Federation of Glass and Ceramic Workers.
Within the Saint-Gobain Isover and the Saint-Gobain Group union organizations, he was an employee representative, member of the CHSCT, member of the Works Committee, member of the Central Works Council, secretary of the CHSCT, member of the Company's Works Council, member of the Convention for European Social Dialogue, Trade Union Delegate, SGI Central Trade Union Delegate and FNTVC-CGT Federal Secretary. Lastly, he was also the CWC Alternate Representative on the Isover Board of Directors.
Mr. Philippe Thibaudet has been EHS Officer at Saint-Gobain Isover in Chalon-sur-Saône since July 1, 2019.
Mr. Philippe Thibaudet has been a Director of Compagnie de Saint-Gobain since June 2018.

Offices and duties held outside the Group

None.

Other offices held outside the Group and expired over the past five years

None.

1.1.2 Independence, diversity policy and representation of employee shareholders and employees on the Board of Directors

Independence

The Board has carried out the annual review of each Director's situation with regard to the independence criteria set out in the AFEP-MEDEF Code on corporate governance of listed companies, with which the Company complies, at the proposal of the Nomination and Remuneration Committee.

The Board of Directors, at its meeting of February 24, 2022, also scrutinized, as it does every year, with vigilance and with the same attention as the other criteria, the business relationships that may exist between the Saint-Gobain Group and the other companies or groups where each Director holds office. In particular, Mr. Jean-Dominique Senard, Chairman of the Board of Directors of Renault, Mr. Gilles Schnepp, Chairman of the Board of Directors of Danone, Mrs. Dominique Leroy, member of the Board of Directors of Deutsche Telekom AG and Europe Chief executive officer, Mr. Jean-François Cirelli, Chairman of BlackRock France, Belgium and Luxembourg and Chairman of the Board of Directors of Idemia, Mrs. Agnès Lemarchand, Chairman of COMDEV, and Mrs. Lina Ghotmeh, Chairman of Lina Ghotmeh Architecture, who hold executive management positions or chairmanships of administrative or supervisory bodies. The Board's review, described below, concluded that, with the exception of Mrs. Dominique Leroy and Mr. Jean-Dominique Senard, none of these Directors, nor any company or group within which they hold office as senior executives or exercise Board chairmanship functions (or supervisory board) has any business relationship with Compagnie de Saint-Gobain, its Group or its management.

As no business relationships exist between Danone, BlackRock, Idemia, COMDEV or Lina Ghotmeh Architecture groups on the one hand, and Saint-Gobain on the other, the Board conducted a quantitative and qualitative review of the situation of Mrs. Dominique Leroy and Mr. Jean-Dominique Senard and of business relationship between Deutsche Telekom and the Renault Alliance (Renault, Nissan, Mitsubishi), on the one hand, and Saint-Gobain, on the other.

The business transactions between each of these groups and Saint-Gobain, all activities combined worldwide, represent regarding Deutsche Telekom less than 0.1% of their respective consolidated revenue and for the Renault Alliance, less than 0.1% and 0.5% of the respective consolidated net sales of Alliance Renault and Saint-Gobain, and fall significantly below the materiality threshold of 1% set by the Board. Furthermore, the Board of Directors highlighted that, because of the structure of the Saint-Gobain Group, its size and the diversity of its business activities, the Board's role was not designed to intervene in the business relationships of the Group's various business activities, which are managed in a decentralized manner by their respective heads. Mrs. Dominique Leroy and Mr. Jean-Dominique Senard, therefore, in their capacity as Directors of the Saint-Gobain Group, have no direct or indirect decision-making powers within the establishment of or for maintaining these business transactions. If, however, for any extraordinary reason, such an issue should be discussed by the Board, the Board's internal rules regarding conflict of interest are such that the Director concerned would be required to inform the Chairman of the Board of Directors and the Lead independent Director of his situation, and to abstain from participating in such debates or deliberations on the matter in question (see Chapter 9, Section 1.1.2).

On the basis of the above, the Board considered that Mrs. Dominique Leroy and Mr. Jean-Dominique Senard do not have, directly or indirectly, any significant business relationships with the Group that could affect their freedom of judgment or independence.

It should be noted that Mr. Jean-François Cirelli is a Director as an individual and not on the proposal of BlackRock which, at December 31, 2021, held 5.56% of the capital and 5.05% of the voting rights of the Company. Mr. Jean-François Cirelli does not represent BlackRock on the Board of Directors.

Chapter 5, Section 1.1.3 deals with conflicts of interest of members of the Board of Directors, and the absence of services contract between Directors and the Company or any company within the Group.

The Board of Directors concluded from its review of Directors' independence against the criteria set down by the AFEP-MEDEF Code that, as of February 1, 2022, eight Directors out of eleven (*i.e.* 73%) completely satisfied the independence criteria, and were therefore considered to be independent Directors: Mrs. Lina Ghotmeh, Mrs. Iêda Gomes Yell, Mrs. Anne-Marie Idrac, Mrs. Pamela Knapp, Mrs. Agnès Lemarchand, Mrs. Dominique Leroy, Mr. Jean-François Cirelli and Mr. Jean-Dominique Senard. In compliance with the recommendations of the AFEP-MEDEF Code, Mrs. Sibylle Daunis-Opfermann, representing employee shareholders, and Mrs. Lydie Cortes and Mr. Philippe Thibaudet, representing employees, were not included in calculating that proportion.

The table below summarizes the results of the independence review of each Director in relation to the criteria set out in the AFEP-MEDEF Code.

Director	Criteria (1)							
	Criterion 1: ***Employee or Executive corporate officer during the preceding five years***	**Criterion 2:** ***Cross-directorships***	**Criterion 3:** ***Significant business relationships***	**Criterion 4:** ***Family relationships***	**Criterion 5:** ***Statutory Auditor***	**Criterion 6:** ***Term of office greater than 12 years***	**Criterion 7:** ***Non-Executive Director***	**Criterion 8:** ***Major shareholder***
Pierre-André de Chalendar	✗	✓	✓	✓	✓	✗	✓	✓
Benoit Bazin	✗	✓	✓	✓	✓	✓	✓	✓
Jean-François Cirelli	✓	✓	✓	✓	✓	✓	✓	✓ (2)
Lydie Cortes	✗	✓	✓	✓	✓	✓	✓	✓
Sibylle Daunis-Opfermann	✗	✓	✓	✓	✓	✓	✓	✓
Lina Ghotmeh	✓	✓	✓	✓	✓	✓	✓	✓
Iêda Gomes Yell	✓	✓	✓	✓	✓	✓	✓	✓
Anne-Marie Idrac	✓	✓	✓	✓	✓	✓	✓	✓
Pamela Knapp	✓	✓	✓	✓	✓	✓	✓	✓
Agnès Lemarchand	✓	✓	✓	✓	✓	✓	✓	✓
Dominique Leroy	✓	✓	✓	✓	✓	✓	✓	✓
Gilles Schnepp	✓	✓	✓	✓	✓	✗	✓	✓
Jean-Dominique Senard	✓	✓	✓	✓	✓	✓	✓	✓
Philippe Thibaudet	✗	✓	✓	✓	✓	✓	✓	✓

In this table, ✓ represents a criterion of independence that has been met and ✗ represents a criterion of independence that has not been met.

(1) *According to the criteria set out in Recommendation 9.5 of the AFEP-MEDEF Code: (i) not be or not have been within the previous five years an employee or Executive corporate officer of Compagnie de Saint-Gobain or employee, Executive corporate officer or Director of a company within the Compagnie de Saint-Gobain scope of consolidation, (ii) not hold a cross-directorship as defined by Recommendation 9.5.2 of the AFEP-MEDEF Code, (iii) not have a significant business relationship with the Saint-Gobain Group, (iv) not be related by close family ties to an Executive corporate officer of Compagnie de Saint-Gobain, (v) not have been Statutory Auditor of Compagnie de Saint-Gobain within the previous five years and (vi) not be a Director of Compagnie de Saint-Gobain for more than twelve years, it being specified that the loss of the status of independent Director occurs on the date when this twelve years is reached, (vii) not receive, for a non-Executive Director, variable compensation in cash or in the form of shares or any compensation linked to the performance of Compagnie de Saint-Gobain or the Saint-Gobain Group, and (viii) not represent a major shareholder of Compagnie de Saint-Gobain.*

(2) *As a reminder, Mr. Jean-François Cirelli is an individual Director and not on the proposal of BlackRock, which held 5.56% of the share capital and 5.05% of the voting rights of the Company at December 31, 2021; Mr. Jean-François Cirelli does not represent BlackRock on the Board of Directors.*

Diversity policy, complementarity of skills and Director experience

As of February 1, 2022, four members of the Board of Directors out of eleven (*i.e.* 36%) are of foreign nationality (Mrs. Sibylle Daunis-Opfermann, representing the employee shareholders, and Mrs. Lydie Cortes and Mr. Philippe Thibaudet, representing the employees, are not included to establish this percentage). Further, the majority of Directors has, or has had, very strong international exposure, managing groups with a significant proportion of their activities, or exercising significant duties, outside of France (see Chapter 5, Section 1.1.1).

In addition, as part of its self-assessment conducted in 2021 (see Chapter 5, Section 1.2.4), the Board of Directors was of the opinion that its composition satisfactorily reflected the necessary diversity in terms of age, gender and experience. The skills and experience of the Directors were considered varied and complementary, both in terms of their knowledge of the industry or the Group's business lines and in terms of innovation/digital technology, management, strategy, financial issues, governance and/or Corporate Social Responsibility (see biographies in Chapter 5, Section 1.1.1).

The Directors believed that it would be desirable, for future recruitment, to continue to reduce the age of the Board of Directors, when Directors who are about to reach the statutory age limit are replaced, and prioritize the following search criteria:

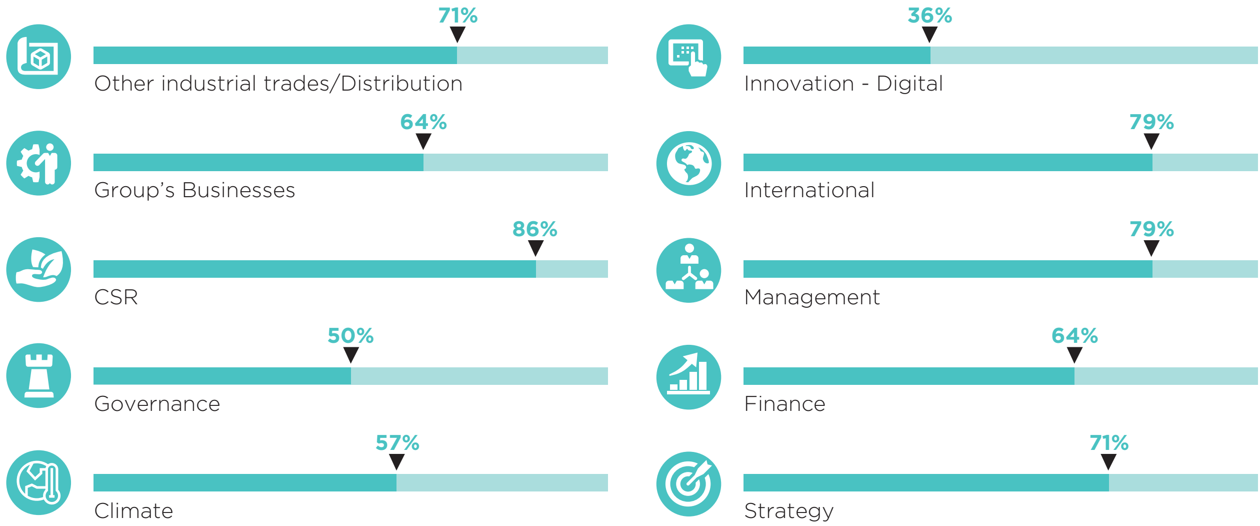
- a Director from the construction, public works or housing value chain or with expertise in social and environmental responsibility or innovation;
- an Executive corporate officer who hold office or who has such experience within other major groups,

including a foreigner, or someone with operational experience in a region with the highest growth for the Group (in particular in North America or Asia);

The co-option of Mrs. Lina Ghotmeh by the Board of Directors on November 25, 2021, on the recommendation of the Nomination and Remuneration Committee, satisfies the first objective above. Mrs. Lina Ghotmeh's commitment to innovation for sustainable architecture and her work on materials and circular economy will be a valuable contribution to the Board of Directors and the implementation of the Group's strategy as a global leader in sustainable construction.

The Directors also considered it desirable to expand the Board of Directors by one additional member in order to allow the appointment of candidates meeting the targeted profiles and to prepare for the future in view of the renewals that must take place in the coming years.

The chart below summarizes the skills of the members of the Board of Directors as of February 1, 2022:



Lastly, the Board intends to maintain balanced numbers of men and women (see the paragraph on "Gender parity" below).

Gender parity

As of February 1, 2022, the Board includes six women out of eleven members (55%), *i.e.* more than 40% women, in accordance with the provisions of Articles L.225-17 *et seq.* of the French Commercial Code concerning the balanced representation of men and women on boards of Directors. In accordance with the law, Mrs. Sibylle Daunis-Opfermann, who represents employee shareholders, and employee representatives Mrs. Lydie Cortes and Mr. Philippe Thibaudet are not counted when calculating this proportion.

Representation of employee shareholders and employees

Mrs. Lydie Cortes and Mr. Philippe Thibaudet were appointed as Employee Directors by the Company's Works Council (*Comité de Groupe*) in accordance with the Company's bylaws. These were amended by the General Shareholders' Meeting of June 7, 2018 to provide for the appointment of two Employee Directors regardless of the size of the Board of Directors, even though, given its size, the law only required the appointment of one Employee Director. This initiative, in anticipation of the PACTE Law published in May 2019, is fully in line with Saint-Gobain's culture of social dialogue.

Mrs. Sibylle Daunis-Opfermann, Director representing employee shareholders, was also appointed in accordance with the law.

The Employee Directors and the Director representing employee shareholders are members of the Board of Directors in the same way as the other Directors and have voting rights. Subject to the laws applying specifically to them, these Directors are subject to all legal and statutory provisions, have the same rights and are subject to the same duties, as fixed, in particular, by the Board's internal rules, as those applicable to the other Directors.

By law, one member of the Economic and Social Committee (Mr. Vincent Cotrel, elected by the members of the Economic and Social Committee and representing employees) holds a seat on the Board of Directors in a consultative capacity.

The Company bylaws and the Board's internal rules provide that each Director must hold a minimum of 800 registered shares, with the law exempting employee Directors, whether shareholders or not, from this type of obligation.

1.1.3 Conflicts of interest and statements regarding members of the Board of Directors

To the best knowledge of Compagnie de Saint-Gobain, as of February 1, 2022, there are no family relationships between the Company's Directors and, within the past five years, no Director has been found guilty of fraud, been associated with a bankruptcy, sequestration, liquidation or placed into court ordered administration, has been accused or received an official public sanction issued by a statutory or regulatory authority and/or been disqualified by a court from holding the office of a member of an administrative, management or supervisory body of an issuer of securities, or from taking part in managing or conducting an issuer's business.

To the best of Compagnie de Saint-Gobain's knowledge, there are no conflicts of interest between Compagnie de Saint-Gobain and the personal and professional activities of the members of its Board of Directors, and there are no service contracts between any members of the Board and either Compagnie de Saint-Gobain or any of its subsidiaries that provide for the conferral of benefits at the term of such contracts. The Lead independent Director reviewed for this purpose the responses provided by each Director to the questionnaire sent to them.

The Board's internal rules address conflicts of interest in the event such a situation arises: the concerned Director has the duty to inform the Chairman of the Board of Directors and the Lead independent Director thereof, and to refrain from participating in the discussions and deliberations on the subject in question (see Chapter 9, Section 1.1.2).

Moreover, in accordance with Article L.22-10-12 of the French Commercial Code, the Board has adopted a procedure for regularly assessing whether agreements relating to current operations and entered into under normal conditions meet these conditions. This procedure specifies in particular:

- the scope of the agreements at issue as well as a typology of the agreements that may be considered current for Compagnie de Saint-Gobain (excluding agreements that may be entered into with Directors); and
- the determination of the persons in charge, within the General Secretariat, the Treasury and Financing Department, the Finance Department and the Corporate Legal Department, of the classification of such agreements depending on the nature of the agreements in question.

In 2021, no agreement was entered into between Compagnie de Saint-Gobain and any of its Directors, and no agreement meeting the criteria for classification as related party agreement was entered into between Compagnie de Saint-Gobain on the one hand, and (i) BNP Paribas or Veolia Environnement, of which Mr. Pierre-André de Chalendar is a Director, or (ii) Vinci, of which Mr. Benoit Bazin is a Director, on the other hand (see Chapter 5, Section 5).

1.1.4 Re-election of the Board of Directors and changes in its composition

The members of the Board of Directors may be re-elected in a staggered and balanced fashion as follows:

Date of expiration of the term of office	Director and date of first election
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2021	Pierre-André de Chalendar (June 2006) Lydie Cortes (May 2018) (1) Anne-Marie Idrac (June 2011) (2) Philippe Thibaudet (May 2018) (1)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2022	Dominique Leroy (November 2017) Lina Ghotmeh (November 2021)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2023	Jean-François Cirelli (June 2020) Iêda Gomes Yell (June 2016) Jean-Dominique Senard (June 2012)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2024	Benoit Bazin (June 2021) Sibylle Daunis-Opfermann (March 2020) Pamela Knapp (June 2013) Agnès Lemarchand (June 2013) Gilles Schnepp (June 2009)

(1) *Mrs. Lydie Cortes and Mr. Philippe Thibaudet were re-appointed as Employee Directors by the Company's Works Council (Comité de Groupe) in accordance with the Company's bylaws. Their new term of office will take effect at the end of the General Shareholders' Meeting of June 2, 2022.*

(2) *As Mrs. Anne-Marie Idrac reaches the age limit of 70 during the 2021 fiscal year, her term of office will end at the end of the General Shareholders' Meeting called to approve the financial statements for the 2021 fiscal year in accordance with the Article 9 paragraph 8 of the Company's bylaws.*

The resolutions concerning the terms of office of Directors to be presented to the General Shareholders' Meeting of June 2, 2022 will be examined by the Board of Directors at its scheduled meeting in March 2022.

In addition, in order to replace Mr. Denis Ranque, who resigned, the Board of Directors, at its meeting of November 25, 2021, on the recommendation of the Nomination and Remuneration Committee, co-opted Mrs. Lina Ghotmeh as independent Director. During all the years of his term, Mr. Denis Ranque's experience and judgment have contributed greatly to the Board's discussions and decisions.

This co-option will be submitted for ratification by the General Shareholders' Meeting of June 2, 2022. In the event of ratification, Mrs. Lina Ghotmeh's term of office will be conferred for the remaining term of office of Mr. Denis

Ranque, *i.e.* until the end of the General Shareholders' Meeting called to approve the financial statements of the 2022 fiscal year.

Lastly, as the terms of office of Directors representing the employees of Mrs. Lydie Cortes and Mr. Philippe Thibaudet expire at the end of the General Shareholders' Meeting of June 2, 2022, the Group Works Council of Compagnie de Saint-Gobain re-appointed them as Directors representing the employees in accordance with the Company's bylaws. The terms of office of these Directors will take effect at the end of the General Shareholders' Meeting of June 2, 2022.

Summary of changes in the composition of the Board of Directors

The following table shows the changes in the composition of the Board of Directors in the 2021 fiscal year:

	General Shareholders' Meeting of June 3, 2021
Cessation of duties	Philippe Varin (June 2013) (1)
Renewal	Pamela Knapp (June 2013) (1) Agnès Lemarchand (June 2013) (1) Gilles Schnepp (June 2009) (2) Sibylle Daunis-Opfermann (June 2020) (3)
Proposed nomination/ratification	Benoit Bazin (4)

(1) Independent Director.
(2) Mr. Gilles Schnepp is no longer considered, in accordance with the AFEP-MEDEF Code, as an independent Director since he has been a Director of the Company for more than 12 years.
(3) Director representing employee shareholders.
(4) Chief executive officer since July 1, 2021.

The following table shows the changes in the composition of the Board with regard to independence, representation of women, and representation of foreign members during the 2021 fiscal year, and on February 1, 2022:

	As from the General Shareholders' Meeting of June 4, 2020	As from the General Shareholders' Meeting of June 3, 2021	As of February 1, 2022
Percentage of independent Directors (1)	82%	64%	73%
Percentage of women (2)	45%	45%	55%
Percentage of foreign nationals (3)	27%	27%	36%

(1) In accordance with the rules set by the AFEP-MEDEF Code.
(2) Excluding Employee Directors and Directors representing employee shareholders.
(3) Excluding Employee Directors appointed under specific mandatory legal provisions.

Summary of changes in the composition of the Committees of the Board of Directors

The tables below show the changes in the composition of the three Committees of the Board of Directors during fiscal year 2021.

Audit and Risk Committee	Since the General Shareholders' Meeting of June 3, 2021
Chairperson	Pamela Knapp (1)
Members	Iêda Gomes Yell (1) Agnès Lemarchand (1) Gilles Schnepp

(1) Independent Director.

Nomination and Remuneration Committee	Since the General Shareholders' Meeting of June 3, 2021
Chairperson	Anne-Marie Idrac (1)
Members	Jean-François Cirelli (1) Lydie Cortes (2) Dominique Leroy (1) Denis Ranque (3)

(1) Independent Director.

(2) Employee Director, not included in the ratio of independent Directors, in accordance with the recommendations of the AFEP-MEDEF Code.

(3) Mr. Denis Ranque resigned from his duties as a Director on November 25, 2021.

Corporate Social Responsibility Committee	Since the General Shareholders' Meeting of June 3, 2021
Chairperson	Agnès Lemarchand (1)
Members	Anne-Marie Idrac (1) Jean-Dominique Senard (2) Philippe Thibaudet (3)

(1) Independent Director.

(2) Lead independent Director.

(3) Employee Director.

1.2 Operation of the Board of Directors

1.2.1 Governance structure: evolution in governance and succession of the Chief executive officer since July 1, 2021

Combination of the Chairman of the Board and CEO roles until June 30, 2021

At its meeting of June 3, 2010, the Board of Directors of Compagnie de Saint-Gobain resolved to recombine the roles of Chairman of the Board of Directors and Chief executive officer by appointing Mr. Pierre-André de Chalendar as Chairman and Chief executive officer.

The combination of the roles of Chairman of the Board of Directors and Chief executive officer, which were separated in June 2007 to ensure a smooth handover of powers from Mr. Jean-Louis Beffa, was decided following the cessation, by application of the age limit set out in the bylaws, of the role of Chairman of the Board of Mr. Jean-Louis Beffa, who subsequently became honorary Chairman of Compagnie de Saint-Gobain, to Mr. Pierre-André de Chalendar.

Having discussed the matter on numerous occasions since the combination of the roles, the Board of Directors had concluded that combining the two roles was in the best interests of the company as it was well suited to Saint-Gobain and to the experience and highly transparent approach of the Chairman and Chief executive officer, and it helped to ensure more responsive and efficient corporate governance and strategy implementation.

The assessment of the Board's work, repeated every year since 2013, showed that almost all the Directors were satisfied with the combination of functions. The Board wanted this to be maintained during this period, including, in 2018, when the term of office of Mr. Pierre-André de Chalendar was renewed.

Evolution in Saint-Gobain governance and succession to the Group's General Management on July 1, 2021

In line with best corporate governance practices, the Board of Directors of Compagnie de Saint-Gobain has been working extensively since 2019 under the responsibility of the Lead independent Director and the Nomination and Remuneration Committee, and with the assistance of an independent recruitment firm, on preparing the succession of Mr. Pierre-André de Chalendar, Chairman and Chief executive officer since 2010.

As a result of this process, the Board of Directors deemed it essential for Saint-Gobain that there is a seamless transition, by separating the roles of Chairman and Chief executive officer. On the recommandation of Mr. Pierre-André de Chalendar, the Board unanimously decided to appoint Mr. Benoit Bazin as Chief executive officer, effective July 1, 2021. From that date, Mr. Pierre-André de Chalendar continues to serve as Chairman of the Board of Directors.

The Board of Directors also decided to propose the appointment of Mr. Benoit Bazin as Director of Saint-Gobain to the General Shareholders' Meeting of June 3, 2021, a proposal that was approved.

This corporate governance formula is recognized as the best practice to enable listed companies to ensure the transition during the necessary period in the context of the succession of the Chairman and Chief executive officer.

The Chief executive officer is vested with the broadest authority to act under all circumstances on behalf of the Company de Saint-Gobain within the scope of its corporate purpose and subject to the limits set by law, the bylaws and/or internal rules of the Board of Directors (see Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1).

It should also be emphasized that the balance of power on the Board, which guarantees compliance with the rules of governance, is ensured by the role played in particular by:

- all Board Directors - especially, but not only, independent Directors, who account for 73% of the Board of Directors, three quarters of members of the Audit and Risk Committee and 100% of the members of the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee and the Committee Chairpersons - all of whom are extremely competent and experienced; as well as
- the Director representing the main shareholder (the Group Savings Plan Funds), and
- the Employee Directors appointed by the Saint-Gobain Group Works Council in accordance with the Company's bylaws and in application of the law.

To this should be added:

- the specific role played in respect of governance matters and management of conflicts of interests by the Lead independent Director, a position held by Mr. Jean-Dominique Senard, an independent Director (see below);
- the ability of the Directors to meet in the absence of the Executive corporate officers during or after a Board meeting (see Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1.2); and
- the limitation of the powers of the Executive corporate officers regarding all capital expenditures, restructuring, disposals, acquisitions and financial investment and divestment projects in individual amounts greater than €150 million, and any material transaction that fall outside the scope of Saint-Gobain's stated strategy, which require the prior approval of the Board of Directors (see Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1.2).

Lead independent Director

The Board of Directors, taking into account the development of the practice within companies in France chaired by a combined Chairman of the Board/CEO and the expectations of certain investors expressed during the Company's dialogue with them, created the role of Lead independent Director, a position held by Mr. Jean-Dominique Senard, Lead independent Director, since June 8, 2017.

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The Lead independent Director oversees in particular the efficient running of the Company's governance bodies. In particular, he is responsible for preventing the occurrence of conflicts of interest, leading the assessment of the organization and functioning of the Board of Directors, at the request of the Chairman of the Board of Directors, being a point of contact for shareholders of the Company on governance issues and, where applicable, meeting with them and, in conjunction with the Chairman of the Board of Directors, ensuring that the Directors receive the relevant information to exercice their duties. A description of his powers and the resources available to him, including the possibility of asking the Chairman of the Board of Directors to convene the Board meeting on a given agenda, including for executive sessions, can be found in Chapter 9, Section 1.1.2.

The Lead independent Director reports to the Board of Directors on the completion of his mission on an annual basis.

Activities during fiscal year 2021

In 2021, the Lead Director attended all meetings of the Board of Directors and three of the four meetings of the Corporate Social Responsibility Committee of which he is a member.

At the meeting of the Board of Directors on February 24, 2022, Jean-Dominique Senard presented a review of his activity as Lead independent Director for fiscal year 2021. His work consisted of:

- working with the Chairwoman of the Nomination and Remuneration Committee to examine the independent status of the Directors in light of the criteria set out in the AFEP-MEDEF Code (including through the review of conflict of interests questionnaires and the analysis of business relationships);
- chairing, or co-chairing with the Chairwoman of the Nomination and Remuneration Committee, depending on the topics discussed, during Board meetings held without the presence of Executive corporate officers (executive sessions); (see Section 1.2.2 below);
- discussing with the Chairwoman of the Nomination and Remuneration Committee and the Chairman and Chief executive officer of succession plans for him and then the Chief executive officer as of July 1, 2021; be in contact with the members of the Board on this matter; then, jointly with the Chairwoman of the Nomination and Remuneration Committee, reporting to the Board and chairing an executive session dedicated to the governance of the Group;
- conducting the assessment of the organization and operation of the Board and its committees, which took place as follows:
  - the Lead independent Director reviewed the draft questionnaire to be submitted to the Directors prepared by the General Secretary as well as the answers provided, all Directors having had the opportunity to discuss them with the Lead independent Director,
  - the Lead independent Director spoke with the Chairman of the Board of Directors and the Chairwoman of the Nomination and Remuneration Committee, and was available to the Directors who wanted to discuss the individual contributions of the Directors to the work of the Board in terms of their skills and their respective participation in deliberations;
  - the Lead independant Director presented the results of this self-assessment to the Directors,
- meeting, in view of the General Shareholders' Meeting of June 3, 2021, at the request of the Chairman of the Board of Directors, and, at the end of 2021, in view of the General Shareholders' Meeting in 2022, at the request and with the participation of the Chairman of the Board Directors, several shareholders groups to discuss the governance of Saint-Gobain;
- reviewing the draft agendas for the meetings of the Board of Directors and the Committees in fiscal year 2022;
- reviewing the Section of this Chapter on the "Composition and operation of the governing bodies".

The Lead independent Director presented a summary of his fourth year in that office to shareholders at the General Shareholders' Meeting held on June 3, 2021.

1.2.2 Operating rules of the Board of Directors – internal rules

In line with the recommendations of the AFEP-MEDEF Corporate Governance Code for French listed companies, the Board of Directors adopted a set of internal rules in 2003, as a supplement to the applicable laws and regulations and the Company's bylaws, aimed at defining the conditions for the operation of the Board and its committees (Nomination and Remuneration Committee, Audit and Risk Committee and Corporate Social Responsibility Committee), as well as the Lead independent Director's responsibilities and powers.

The version of the Board's internal rules in force at February 1, 2022, which incorporates successive revisions of the AFEP-MEDEF Code and the PACTE Law, is reproduced in its entirety in Chapter 9, Section 1.1.2, with the exception of the provisions regarding the Board Committees which are reproduced below.

Deliberations of the Board of Directors

The internal rules provide for Board activities to include the following:

- examination and approval of the Saint-Gobain Group annual report and consolidated and corporate financial statements, both annual and interim;
- examination and approval each year of the Saint-Gobain Group budget;
- examination and approval of the strategic orientations of the Saint-Gobain Group at least once a year and monitoring of their implementation, taking into account the social and environmental challenges of its business;
- prior approval of investment transactions, restructurings, disposals, acquisitions, taking or selling of equity interests in individual amounts greater than €150 million, and any significant transaction not falling within the strategy announced by the Saint-Gobain Group.

Ability to debate without the presence of the Executive corporate officers

The Board's current internal rules afford Directors the authority to meet without the presence of the Executive corporate officers during or after a session, in order to assess the performance of the Executive corporate officers and to reflect on the future of the Saint-Gobain's Group General Management. Thus, each year, the Chairman and Chief executive officer, prior to the dissociation of functions, and the Chief executive officer, since the dissociation of functions, leave the sessions of the Board and the Nomination and Remuneration Committee during such discussions (deliberations and votes) on issues involving the assessment of his performance and the setting of his variable compensation (February sessions), as well as during the Board's assessment, the discussions on the combination of the Chairman of the Board of Directors and CEO roles, on his succession plans and on his long-term compensation scheme (November sessions). In 2020, in June and December, two meetings of the Board of Directors were held exclusively without the presence of Executive corporate officers and in November 2021, one meeting of the Board of Directors was held exclusively without the presence of Executive corporate officers.

The Board intends to continue to meet in 2022 without the presence of the Executive corporate officers to discuss governance issues more generally, beyond the issues of Executive corporate officer compensation and the assessment of the Board. This option applies at the start of every meeting of the Board of Directors.

Prior and permanent information for Directors

At each meeting, the Board is provided with an analysis of the Saint-Gobain Group's operating income and net debt situation, prepared as of the end of the month preceding the meeting, as well as an update on the Saint-Gobain stock price compared to the CAC 40 index and an industry index.

Between meetings, the Directors receive copies of all press releases issued by Compagnie de Saint-Gobain and, as the case may be, any relevant information about events or transactions that are material for the Saint-Gobain Group. They are entitled to request any other documents they consider necessary to make an informed contribution to the Board's discussions; requests are put to the Chairman of the Board of Directors, who may submit the request to the Board for a decision.

The Chairman of the Board of Directors and the Lead Director ensure that the Directors receive the information they need to perform their duties under the best possible conditions.

Directors' duties

The internal rules stipulate the duties of Directors, specifically with regard to stock trading ethics (status of occasional insider, closed periods, reporting of trades involving Saint-Gobain securities and the obligation to hold their Saint-Gobain shares in registered form), with regard to confidentiality and the management of potential conflicts of interest.

Other provisions in the internal rules

Finally, the internal rules provide for the distribution of the annual amount allocated by the General Shareholders' Meeting as compensation for the work of the Directors and the right of Directors to additional training on the specific activities of the Saint-Gobain Group, its businesses, business lines, and social and environmental responsibility challenges.

1.2.3 Principal activities of the Board and its committees during fiscal year 2021

1.2.3.1 Principal activities of the Board during fiscal year 2021

The Board of Directors held eleven meetings during fiscal year 2021 (compared to sixteen in 2020, a year during which the Board's activity was particularly high given the Covid-19 crisis and the implementation of the Transform & Grow plan). The attendance rate of the Directors in office as of February 1, 2022 for all of those sessions was 98%. Eleven of the fourteen Directors attended every meeting of the Board. Three Directors missed only one meeting. No Director missed more than one meeting.

The table below summarizes the attendance of Directors, on an individual basis, at meetings of the Board of Directors and its committees (Audit and Risk Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee) of which they are members as of February 1, 2022.

	Attendance at			
	11	4	4	4
First and last name (function)	Board meetings (1)	meetings of the Audit and Risk Committee	meetings of the Nomination and Remuneration Committee	meetings of the Corporate Social Responsibility Committee
Pierre-André de Chalendar (2) *(Chairman of the Board of Directors)*	100%	_	_	_
Benoit Bazin (3) *(Chief executive officer)*	100% (4)			
Jean-François Cirelli *(independent Director)*	91%	_	100% (7)	_
Lydie Cortes *(Employee Director)*	100%	_	100%	_
Sibylle Daunis-Opfermann *(Director representing employee shareholders)*	100%	_	_	_
Lina Ghotmeh *(independent Director)*	100% (5)			
Iêda Gomes Yell *(independent Director)*	100%	100% (6)		_
Anne-Marie Idrac *(independent Director)*	100%	_	100%	100%
Pamela Knapp *(independent Director)*	100%	100%	_	_
Agnès Lemarchand *(independent Director)*	91%	75% (8)	_	75% (8)
Dominique Leroy *(independent Director)*	91%	_	100%	_
Gilles Schnepp *(Director)*	100%	100%	_	_
Jean-Dominique Senard *(Lead independant Director)*	100%	_	_	75% (8)
Philippe Thibaudet *(Employee Director)*	100%	_	_	100%

(1) The 91% rate corresponds to one missed meeting.
(2) Chairman and Chief executive officer until June 30, 2021.
(3) Chief operating officer until June 30, 2021.
(4) As of June 3, 2021, date of his appointment as a Director by the General Shareholders' Meeting.
(5) As of November 25, 2021, date of her co-option as independent Director to replace Mr. Denis Ranque who resigned.
(6) As of June 3, 2021, date of her appointment as a member of the Audit and Risk Committee.
(7) As of June 3, 2021, date of his appointment as a member of the Nomination and Remuneration Committee.
(8) The 75% rate corresponds to one missed meeting.

The principal topics discussed during Board of Directors meetings are listed below.

Monitoring of the strategic orientations of the Group and its businesses

At each meeting, consistent with its internal rules, the Board analyzed the Group's situation. In addition, during each meetings, including a half-day seminar dedicated to the presentation of the Group's strategy, the Board reviewed and approved the Group's strategic orientations or a specific aspect of the strategy such as comparison with the main competitors and the position of a business or a region after having heard, if necessary, an operational manager from the relevant businesses or regions.

The Board also examined the proposed disposals, in particular the finalization of the disposal of Lapeyre (see Chapter 2, Section 4.4.2.2). It also reviewed proposed acquisitions, including Chryso and GCP Applied Technologies (see Chapter 2, Section 4.4.2.1). These transactions are a decisive step towards establishing Saint-Gobain as a world leader in construction chemicals and reinforce the Group's strategy as a world leader in sustainable construction.

The Board also monitored the progress of the Group's cost reduction and operational excellence measures year on year.

Finally, the Board of Directors approved the Grow & Impact plan, which was presented in detail at the strategic seminar in September, including the financial outlook, capital allocation and value creation objectives, ESG aspects, operational excellence, innovation, digital, and priorities for the Group's various countries and markets. This plan was then presented to the market during the Investor Day on October 6, 2021 (see Chapter 1, Section 3.2).

Financial management

Pursuant to its legal competency, the Board approved the annual and consolidated financial statements, and the interim consolidated financial statements, as well as the various reports relating to them, after hearing the opinions of the Chairwoman of the Audit and Risk Committee and the Statutory Auditors. The Board also approved the draft Resolutions submitted to the General Shareholders' Meeting of June 3, 2021, in particular the proposed dividend distribution, and the reports made available to shareholders, and convened the meetings of shareholders and holders of *Titres Participatifs*. It approved the report on payments made to Governments (extractive industries).

It approved the budget of the Saint-Gobain Group presented by Mr. Benoit Bazin, the various provisional management reports and documents, renewed the annual authorizations granted to the Chairman and Chief executive officer and, as from the separation of duties, to the Chief executive officer, to issue bonds, sureties, and guarantees. It also reviewed the procedure applicable to the current agreements entered into under normal terms and conditions and examined the related-party agreements entered into during previous fiscal years, the execution of which was ongoing during fiscal year 2021.

It implemented the Company's share buyback program. In this respect, it was announced on November 30, 2021 that the Company had already bought back in 2021 more than 8.5 million of its shares (net of employee shareholding transactions) for approximately €500 million, ahead of the share buyback target of €2 billion over five years (2021-2025) presented in early October during the Investor Day as part of the Grow & Impact plan.

Internal control and risk management

The Board of Directors undertook a review of the internal control and risk management processes in force within the Group, following analysis of the mapping of major financial and non-financial risks updated in 2021 by the Audit and Internal Control Department, and after hearing the report of the Chairwoman of the Audit and Risk Committee on these topics.

In particular, the Board of Directors reviewed the continued roll-out of the cyber plan in the context of the follow-up audit conducted by an external service provider regarding the cybersecurity of the Saint-Gobain Group and of the post-audit monitoring plan.

On several occasions, it reviewed the position of the Company and Group with regard to certain risks, procedures, litigation (notably in relation to asbestos, competition, the Grenfell Tower fire in the United Kingdom, and the environment) and the evolving regulatory environment. The General Secretary also provided an update on Saint-Gobain's anti-corruption program (see Chapter 3, Section 1.2.1).

Finally, the Board of Directors reviewed the services assigned to the Statutory Auditors and their network as authorized by the Audit and Risk Committee.

Corporate Social Responsibility/Climate change

Over 5 sessions, one point on the agenda was dedicated to Corporate Social Responsibility matters, more specifically the following topics:

- Grow and Impact strategic plan that places ESG at the heart of Saint-Gobain's development model;
- Solutions for Growth, a program that analyzes all the products and services offered by the Group and quantifies their ability to provide customers with performance and sustainability benefits;
- non-financial information (including quantification of the benefits of Saint-Gobain solutions and performance barometer) and evolution of the dashboard to focus on priority issues (see Chapter 2, Section 1.3.3 and Chapter 4, Section 2.1);
- CO_2 roadmap and environmental strategy in line with the objectives for 2030, validated by the Science-Based Targets Initiative to achieve carbon neutrality by 2050, with many levers including product weight reduction, World Class Manufacturing (WCM), and the use of decarbonized energy (see Chapter 2, Section 3.4.1 and Chapter 3, Section 2.1.5);
- circular economy and recycling of production waste and plastic packaging;
- taxonomy;
- review of the compliance program (competition, embargoes, anti-corruption) (see Chapter 3, Section 1.2);
- human resources policy (see Chapter 3, Section 4.3 and below). In particular:
  - non-discrimination and diversity. With regard to gender diversity, in March 2020 the Board of Directors, on the proposal of General Management, set gender diversity targets within the management bodies of Compagnie de Saint-Gobain and its subsidiaries by 2025, namely 30% women on the Executive Committee of Compagnie de Saint-Gobain, and 30% women on the Executive Committees of the Business Units. To achieve these objectives, it was decided to require that at least 30% of new hires be women and require gender diversity among spokespersons. The monitoring of these objectives was discussed at the Board meeting in November 2021,
  - professional and pay equality,
  - talent management;

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- Health and Safety policy (see Chapter 3, Section 4.2);
- ESG ratings process by rating agencies (in particular the overview of rating agencies, the different evaluation methods, the use of ratings by investors and Saint-Gobain's positioning) (see Chapter 1, Section 1.4.3);
- presentation of the results of the me@Saint-Gobain 2021 survey, a tool for assessing and managing the Group's transformation, with more than 120,000 employees responding to this survey in 76 countries.

In addition, in April 2021, the Directors took part in a half-day seminar organized specifically for them by the Group devoted to biodiversity. On this occasion, external experts, recognized internationally and in complementary fields of expertise, gave presentations to the Directors and discussed the following with them:

- the international approach to biodiversity and changes in governance and public policies;
- how to measure and value biodiversity; and
- the role of companies.

The purpose of this seminar was to give each Director a better understanding of the challenges related to biodiversity for the Saint-Gobain Group and the consequences for its strategy.

Governance

In accordance with the AFEP-MEDEF Code and under the supervision of the Lead independent Director, the Board formally conducted the annual assessment of its operations and discussed the results of this assessment (see Chapter 5, Section 1.2.4).

During two executive sessions in 2020, it discussed, at the proposal of the Lead independent Director, the succession plan for the Chairman and Chief executive officer and during one executive session in 2021, the governance of the Group (see Chapter 5, Section 1.2.2).

It reviewed the situation of Director independence. At the proposal of the Nomination and Remuneration Committee, it also discussed changes in its size and composition due to the expiration of the terms of office of certain Directors. It formulated its proposals and co-opted, on the recommendation of the Nomination and Remuneration Committee, Mrs. Lina Ghotmeh as an independent Director to replace Mr. Denis Ranque, who resigned (see Chapter 5, Section 1.1.4).

Lastly, it ruled on the training program for the Employee Directors.

Compensation of the corporate officers and long-term incentives for Executive corporate officers and employees

The Board approved the general principles of the Compensation policy for Executive corporate officers for 2021 (namely those of the Chairman and Chief executive officer and the Chief operating officer for the period from January 1, 2021 to June 30, 2021 and those of the Chairman of the Board of Directors and the Chief executive officer for the period from July 1, 2021 to December 31, 2021) and, at its meeting of February 24, 2022, the Compensation policy for the Chairman of the Board of Directors and the Chief executive officer for 2022 (see this Chapter 5, Sections 2.2.1 and 2.2.2).

In particular, it reviewed and approved the various components of the compensation of Messrs. Pierre-André de Chalendar and Benoit Bazin (fixed portion, variable portion and long-term compensation instruments) and the respective balance of those various components.

The Board also decided to implement and approve the main characteristics of the 2021 performance share plan and set the performance criteria of that plan that may benefit Executive corporate officers and certain categories of employees (see this Chapter 5, Section 2.4).

As part of the ongoing development of employee shareholders, the Board resolved to again offer its employees and former employees the opportunity to subscribe to, under certain conditions, a share capital increase reserved for them in 2022, up to a maximum of 6.5 million shares, *i.e.* slightly more than 1% of the share capital at most (see Chapter 7, Section 1.6).

1.2.3.2 Principal activities of the Committees during fiscal year 2021

Board Committees

The Board has three Committees designed to improve its functioning and contribute effectively to the preparation of its deliberations: the Audit and Risk Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee.

These Committees do not have their own decision-making authority (barring specific provision otherwise provided for by the internal rules of the Board of Directors as regards the Audit and Risk Committee's approval of services other than the certification of accounts assigned to the Statutory Auditors), and report to the Board regarding their activities, conclusions and proposals.

The Board's internal rules incorporate the rules governing the composition, prerogatives and responsibilities of each Committee, as described below.

The activities of these three Committees during fiscal year 2021 were regularly presented to the Board in the form of activity reports and proposals.

Composition of Committees

The Board's practice is to allow some time for all new Directors to adapt before proposing them to join a committee, since active participation on a committee requires familiarity with the operation of the Board of Directors and the ability to understand the major challenges with which the Company is faced.

At the recommendation of the Nomination and Remuneration Committee, the Board of Directors thus considers, on a case-by-case basis, the opportunity to propose to Directors their participation in one of the three Committees, depending upon the most appropriate schedule. Further, in its examination of the composition of the Committees and appointment of new Directors to these Committees, the Board ensures compliance with the recommendations of the AFEP-MEDEF Code with regard to the proportion of independent Directors on these Committees.

Audit and Risk Committee

Composition	
Chairperson	Pamela Knapp
Members	Iêda Gomes Yell
	Agnès Lemarchand
	Gilles Schnepp

75%
INDEPENDENT DIRECTORS

94%
ATTENDANCE RATE

At February 1, 2022, three of the four members of the Audit and Risk Committee are independent Directors (75%), including its Chairperson, Mrs. Pamela Knapp, in this position since the General Shareholders' Meeting of June 3, 2021 as a replacement for Mr. Philippe Varin. On that date, Mrs. Iêda Gomes Yell, an independent Director, also joined the Committee. No Executive corporate officers sit on the Committee.

By virtue of their current or past positions as finance Directors and/or Chief executive officers, each Committee member has considerable experience and high-level expertise in financial and accounting matters (see biographies in Chapter 5, Section 1.1.1). It should be noted that each newly appointed member consults with the Group's Chief Financial Officer on specific accounting, financial and operational aspects of the Saint-Gobain Group.

Responsibilities (extracts from the Board's internal rules)

In accordance with the internal rules of the Board of Directors effective on February 1, 2022, the Audit and Risk Committee has the following responsibilities:

- without encroaching on the role of the Board of Directors, the Audit and Risk Committee is primarily responsible for overseeing the following matters:
  - the process of preparing financial and non-financial accounting information,
  - the efficiency of the internal control and risk management systems,
  - work performed by the Statutory Auditors on the financial statements of the Company and the Group,
  - Statutory Auditors independence;
- it ensures that any questions relating to the preparation and control of financial and non-financial accounting information are followed up on, that the accounting policies used to prepare the financial statements are both appropriate and applied consistently from one period to the next, and that the internal procedures used to collect and control accounting and financial information provide the necessary assurance in this regard;
- it reviews the annual and consolidated financial statements, and the interim consolidated financial statements, as presented by General Management, prior to their examination by the Board of Directors;
- it reviews the scope of consolidation and, if applicable, the reasons why any companies have been excluded;
- it reviews significant risks, including those of a social and environmental nature, and off-balance sheet commitments, based on an explanatory report prepared by the Chief Financial Officer;
- it receives updates from general management on organization and operation of the risk management system;
- it reviews the Group's internal control action plan and receives updates at least once a year on the plan's results;
- it makes recommendations concerning the organization of the internal audit function and receives a copy of the internal audit program as well as executive summaries of the internal audit reports;
- it reviews the external Statutory Auditors' work plan and conclusions of their checks. It receives a post-audit report prepared by the Statutory Auditors concerning their main observations and the accounting options selected for preparation of the financial statements;
- it conducts the Statutory Auditor selection process, expresses an opinion on the amount of proposed statutory audit fees requested for performing tasks connected with a statutory audit, submits the results of the selection process to the Board and puts forward candidate Statutory Auditors for appointment by the General Shareholders' Meeting;
- it approves, with regard to rules in force and in accordance with the procedures implemented within the Group, under the responsibility of the Board of Directors, the services other than the certification of the accounts they can be assigned to the Statutory Auditors and members of their network to be provided to Compagnie de Saint-Gobain and other Group entities;
- each year it reviews the Statutory Auditors statement of independence, the amount and breakdown of the fees paid to them and to the members of their network by the Group over the past year, by category of service, as well as the percentage of these fees in their turnover, and reports to the Board its opinion concerning the Statutory Auditors' independence.

Activities in 2021

The Audit and Risk Committee met four times in 2021, in February, April, July and September. The attendance rate of its members at all these meetings was 94%.

The following were the major topics of discussion:

- detailed advance review of the annual and consolidated financial statements (February) and the interim consolidated financial statements (July) and discussions with General Management, the Finance Department and the Statutory Auditors. On these occasions, the Committee discussed with the Statutory Auditors the main audit issues raised with the Finance Department during the accounts closing process, particularly the key risk exposures and material off-balance sheet commitments described in the Chief Financial Officer's explanatory note to the Committee. The main points of the results of the statutory audit, as well as the accounting options applied, were also discussed;
- review of the Audit and Internal Control Department's activity report for 2021, its audit plan for 2022 and its report on major fraud incidents;
- review of work related to the 2021 update of the mapping of major financial and non-financial risks by the Audit and Internal Control Department and discussion with General Management, the Finance Department and the Audit and Internal Control Department;
- update on the continued deployment of the cyber plan in the context of the follow-up audit conducted by an external service provider regarding the cybersecurity of the Saint-Gobain Group;
- update on the anti-corruption program under the Sapin II Law;
- in view of the planned change of one of the Statutory Auditors (see Chapter 9, Section 1.4.1), briefing by the Statutory Auditors whose term of office is in progress and the Finance Department concerning the preparation of the transition;
- situation resulting from the evolution of litigation, in particular related to asbestos in the United States. The Committee regularly discusses in detail with the Statutory Auditors the financial and accounting consequences of this litigation for the US subsidiaries involved and for the Group, in order to present a report on this issue to the Board;
- granted authorization for services other than statutory certification assigned to the Statutory Auditors and review of fees received by each Statutory Auditor of the Group's companies during fiscal year 2021 for their auditing assignments, as well as for their other services (see Chapter 9, Section 1.4).

The Committee also conducted, without any other attendance, interview of the Statutory Auditors, and then, individual interview of the Head of Treasury and Financing, the Head of Financial Management and the Chief Financial Officer, in accordance with the recommendations of the AFEP-MEDEF Code for French listed companies.

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of February 25, May 20, July 29 and September 30, 2021.

Nomination and Remuneration Committee

Composition	
Chairperson	Anne-Marie Idrac
Members	Jean-François Cirelli
	Lydie Cortes
	Dominique Leroy

100%
INDEPENDENT DIRECTORS

100%
ATTENDANCE RATE

On February 1, 2022, three out of four members of the Nomination and Remuneration Committee were independent Directors, plus one Employee Director in accordance with the recommendations of the AFEP-MEDEF Code (see this Chapter 5, Section 1.1.4). The Employee Director is not included in the computation of the ratio of independent Directors, in accordance with the recommendations of the AFEP-MEDEF Code and the Committee is therefore composed entirely of independant Directors. Mr. Jean-François Cirelli joined the Committee after the General Shareholders' Meeting of June 3, 2021, replacing Mrs. Iêda Gomes Yell who joined the Audit and Risk Committee on that date. Mr. Denis Ranque left the Committee following his resignation as Director on November 25, 2021. No Executive corporate officers sit on this Committee.

Responsibilities (extracts from the Board's internal rules)

The Committee fulfills the duties of both a Nominations Committee and a Compensation Committee, provided for in the AFEP-MEDEF Code.

According to the Board of Directors' internal rules in force at February 1, 2022, it has the following responsibilities:

- the Nomination and Remuneration Committee is responsible for making proposals to the Board of Directors in all cases where one or more seats on the Board fall vacant or the terms of one or more Directors are due to expire. The Committee organizes the procedure to select candidates for election as independent Directors, based on the criteria set out in the AFEP-MEDEF Code;
- it reviews annually each Director's situation in relation to the independence criteria set out in the AFEP-MEDEF Code, and reports its conclusions to the Board;
- through its Chairwoman, it obtains assurance from the Chief executive officer that a candidate has been identified for succession to his/her position in the event that it falls vacant for an unforeseen reason, and that enough potential successors are available to step in when they might be needed;

- it recommends candidates to the Board in the event that the position of Chairman and Chief executive officer falls vacant for any reason;
- it reviews any proposals by Chief executive officer for the appointment of one or more Chief operating officers, and reports its conclusions to the Board;
- it makes recommendations to the Board concerning the amount and terms and conditions of the compensation of the Chairman of the Board of Directors and concerning the determination of the other aspects of their positions;
- it makes recommendations to the Board of Directors concerning the amount and terms and conditions of the compensation of Executive corporate officers, in particular the criteria for the variable portion of the Chief executive officer, and, where applicable, of the Chief operating officers, and concerning the determination of the other aspects of their positions;
- it discusses the Group's overall stock option and performance share policy and whether options should be exercisable for new or existing shares, and reviews General Management's proposals concerning stock option and performance share plans for the Saint-Gobain Group employees;
- it reviews the Chief executive officer's recommendations concerning his implementation of long-term compensation plans;
- it makes recommendations concerning the granting of stock options, performance shares and long-term compensation to the Chief executive officer and other members of the Saint-Gobain Group General Management.

Activities in 2021

The Nomination and Remuneration Committee met four times in 2021, in February, April, September and November. The attendance rate of its members at all these meetings was 100%.

The following were the major topics of discussion:

- the Committee made recommendations to the Board on the variable portion of Mr. Pierre-André de Chalendar's and Mr. Benoit Bazin's 2020 compensation;
- it also made proposals to the Board regarding the Compensation policy for the Chairman and Chief executive officer and the Chief operating officer for the period from January 1, 2021 to June 30, 2021, and for the Chairman of the Board of Directors and the Chief executive officer for the period from July 1, 2021 to December 31, 2021, pursuant to the say on pay *ex ante* regime (in particular, the amount of the fixed compensation and the cap, the criteria and the targets to use to determine the variable portion for 2021 and the rules on caps to be applied with respect to the allocation of long-term compensation instruments in 2021);
- the Committee decided to propose that the Board of Directors grant only performance shares in 2021, as in 2020, and notably set the service and performance criteria applicable to those plans and stated to the Board its proposals for allocations to the Chief executive officer;
- the Committee debated of the succession process of the Chairman and Chief executive officer in view of formulating its recommendation to the Board of Directors, after having discussed with this latter and the Lead independent Director; in the context of these activities, the Committee was assisted by a recruitment firm (see Chapter 5, Section 1.2.1);
- the Committee recommended to the Board of Directors the co-option of Mrs. Lina Ghotmeh as an independent Director to replace Mr. Denis Ranque, who resigned;
- the Committee examined the Directors' independence status with regard to all independence criteria set forth in the AFEP-MEDEF Code, together with the Lead independent Director with regard to conflicts of interest and business relationships (see Chapter 5, Section 1.1.2);
- it made proposals regarding the training program of the Employee Directors and the Director representing employee shareholders;
- finally, it reviewed the "Corporate Governance" Section of the 2020 Universal Registration Document.

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of February 25, September 10, November 25, 2021 and February 24, 2022

Corporate Social Responsibility Committee

Composition	
Chairperson	Agnès Lemarchand
Members	Anne-Marie Idrac
	Jean-Dominique Senard
	Philippe Thibaudet

88%
ATTENDANCE RATE

Responsibilities (extracts from the Board's internal rules)

According to the Board of Directors' internal rules effective on February 1, 2022, it has the following responsibilities:

- The Corporate Social Responsibility Committee is responsible for reviewing the Corporate Social Responsibility roadmap, its potential for improvement and the related topics proposed by its members;
- It ensures that Corporate Social Responsibility topics are taken into account when defining and implementing the Group's strategy.

Activities in 2021

The Corporate Social Responsibility Committee met four times in 2021, in February, April, June, September and November. The attendance rate of its members at all these meetings was 88%.

Its work focused on:

- review as regards their levels of ambition of the sub-criteria of the performance criterion related to Corporate Social Responsibility to which the long-term compensation plan implemented in November 2021 is in particular subject, namely: the total recordable accident rate – more than 24 hours' lost and non-lost time (TRAR), the reduction rate of CO_2 emissions and the senior executives diversity index (see Chapter 5, Section 2.4);
- the circular economy and the Group's strategy in this area, as well as the actions taken to reduce packaging and the use of plastic, increase recycled content, introduce recycled resins or explore alternatives;
- the review of the CO_2 roadmap and environmental strategy in line with the objectives for 2030, which includes numerous levers including product weight reduction, World Class Manufacturing (WCM) and the use of decarbonized energy;
- Solutions for Growth, a program that analyzes all the products and services offered by the Group and quantifies their ability to provide customers with performance and sustainability benefits: presentation and progress report;
- presentation of the results of the me@Saint-Gobain 2021 survey, a tool for assessing and managing the Group's transformation, with more than 120,000 employees responding to this survey in 76 countries;
- CSR rating agencies (role, strategy, etc.);
- internal training and inclusive growth within the Group;
- inclusion within the Group, particularly in terms of disability and health;
- the taxonomy and in particular the description of the various eligible activities and the implementation schedule; as well as
- the review of Chapters 3 and 4 of the Universal Registration Document for 2020 relating respectively to Corporate Social Responsibility and non-financial performance and the declaration of non-financial performance (DPEF).

The Committee reported to the Board of Directors on its activities in its meetings of February 25, July 29, September 30 and November 25, 2021.

1.2.4 Assessment of the Board's performance

Procedure

Formal assessments of the Board's performance and that of the Committees are carried out each year, in accordance with the Board's internal rules.

These assessments are conducted with the assistance of outside consultants (as in 2019) every three years.

In the intervening years, it is carried out on the basis of a questionnaire sent to each of the Directors.

In accordance with the wishes of the Directors expressed at the end of the assessment conducted in 2018 to obtain, for those who so wish, feedback on their individual contributions, the assessment also includes the following three stages:

- confidential review of each Director's individual contribution by the Chairwoman of the Nomination and Remuneration Committee, the Lead independent Director and the Chief executive officer;
- individual review for each Director with the Chairman of the Board of Directors; and
- the option for every Director who wishes so, to request feedback on his/her individual contribution from the Chairman of the Board or the Lead independent Director.

The Directors who are members of a Board committee also report on the operation of the Committees in which they participate.

The organization of the 2021 assessment was decided by the Board at its meeting of September 30, 2021, on proposal from the Lead independent Director. The fourteen Directors in office as of that date were consulted and participated in the Board's assessment process. The Lead independant Director has conducted the self-assessment and reported on the results of this assessment by making proposals to the Board of Directors meeting of November 25, 2021.

The Lead independent Director, the Chairwoman of the Nomination and Remuneration Committee and the Chief executive officer discussed the effective contributions of each of the Directors to the work of the Board with regard to their skills and their respective participation in that work. The detailed questionnaire to which each Director responds, which concerns the functioning of the Board in particular, allows them, if they wish so, to freely express their assessment of the other Directors' individual contributions. The Directors' individual contributions are also closely examined by the Nomination and Remuneration Committee, and then by the Board, on the occasion of the renewal of the terms of Directors and recomposition of the Committees, as needed.

General observations

The assessment highlighted the satisfaction of the Directors, noting the clear progress made over several years and, in particular, as part of the Transform & Grow plan. Directors unanimously praised the very good implementation of this plan, and the involvement of the Board of Directors. This positive perception is therefore confirmed.

The Directors unanimously believe that the Board's dynamics, characterized by the interaction of the Directors in the decision-making process on all matters within its remit, and with the Executive corporate officers, as well as the performance of the Board, characterized by the quality of the decisions taken, are entirely satisfactory.

The Directors are of the opinion that the Board operates well, that it is independent, competent with a high proportion of Directors with general management experience, is balanced and diverse in its composition, and addresses all topics within its remit. They highlighted the real implication of the Board in the discussion and approval of the strategy which was materialized by the active role into the strategic repositioning appreciated by all the Directors. They are satisfied with the relevance, quality, transparency and clarity of the information made available to them for the performance of their duties, with regard in particular to the implementation of the Saint-Gobain Group's Transform & Grow program, the performance of the share price and the monitoring of the financial performance.

The Directors also praised the seminar devoted to climate change and would like them to continue.

They report on the richness of the dialogue and the freedom of exchanges within the Board and with the Group's management, in particular Mr. Benoit Bazin, on the open mode of operation of the Board, as well as the availability of managers.

Despite the recent appointment of the Chief executive officer and the changes in the management team, the Directors are unanimous in emphasizing the excellent way in which the Chief executive officer has taken ownership of increasing responsibility, and the quality of his contribution to the discussions on the Board of Directors.

Likewise, the Directors are unanimous in highlighting the very good transition ensured by Mr. Pierre-André de Chalendar in the role of Chairman of the Board of Directors, noting that he was able to take the necessary distance to enable the Chief executive officer to take control of operations, and to focus his attention, as Chairman of the Board of Directors, on the functioning of the Board of Directors. All Directors also rated the interaction between the Chief executive officer and the Chairman of the Board of Directors as very good.

They also emphasized the effective contribution of the Employee Directors and the effective operation and quality of the work of the Board Committees.

Composition of the Board of Directors

The Board's size has been progressively reduced, from 18 members in December 2014 due to the incorporation of two Employee Directors whose appointment was required by law, to 17 members after the 2015 General Shareholders' Meeting, 16 members after the 2016 General Shareholders' Meeting, then 14 members since the 2017 General Shareholders' Meeting (see Chapter 5, Section 1.1.4).

As part of the assessment of the Board carried out in 2021, the Directors discussed the possibility of expanding the Board of Directors to an additional member in order to allow the appointment of candidates meeting the targeted profiles (see below) and to prepare for the future in view of the renewals that must take place in the coming years.

During this self-assessment, the Board of Directors also considered that its composition satisfactorily reflected the necessary diversity in terms of age, gender and experience. The skills and experience of the Directors were deemed varied and complementary, both in terms of knowledge of the industry or the Group's Businesses and in terms of innovation/digital, management, strategy, finance, governance and/or Corporate Social Responsibility (see biographies in Chapter 5, Section 1.1.1).

Directors were of the opinion that it would be desirable, for future recruitment, to continue to reduce the age of the Board of Directors, when Directors who are about to reach the statutory age limit are replaced, giving preference to the following:

- a Director with a background in the construction, public works or housing value chain or with expertise in social and environmental responsibility or innovation, or
- an Executive corporate officers who hold office or who has such experience within other major groups,

including a foreigner, or someone with operational experience in a region of higher growth for the Group (in particular in North America or Asia).

The responsabilities of the Lead independant Director are unanimously deemed appropriate, notably in his role of supporting the Board of Directors in monitoring governance. The Directors believe that his work complements the work of the Nomination and Remuneration Committee's very well. The personality of the Lead independent Director and his discreet and efficient mode of operation are appreciated and the quality of his work has been noted, as well as his role with investors.

Results of implementing the 2021 recommendations and paths for 2022

Directors believe that the recommendations formulated upon completion of the 2020 assessment were duly taken into account in 2021. They concerned in particular the increase in the proportion of foreigners or profiles with operational experience in a high-growth region for the Saint-Gobain Group, to which the appointment of Mr. Benoit Bazin responds because, in addition to studies in the United States he spent several years in operational functions, implementing governance within the agreed timeframe, continuing development in the following areas: the climate issue and its strategic impact, value creation, stock market performance (including environmental, social and governance impact), innovation and growth levers – and the regular monitoring of the impacts of the Covid-19 pandemic on the Group and its strategy and regular monitoring of the implementation of the Transform & Grow plan, and of potential or ongoing acquisitions and disposals.

In order to sustain progress, the Board adopted the following conclusions on the proposal of the Lead independent Director, resulting from the assessment:

- for of future recruitment, to continue the rejuvenation of the Board of Directors when Directors set to reach the statutory age limit are replaced, in order to support the next ten to fifteen years, by recruiting:
  - a Director with a background in the value chain of construction (including sustainable construction) or infrastructure or technology or digital experience or expertise in Corporate Social Responsibility or innovation, or
  - a CEO in office or with such experience in other major groups,

including a foreigner, ideally with operational experience in a region with of higher growth for the Group (in particular in North America or Asia);

- expand the Board of Directors by one additional member in order to allow the appointment of candidates meeting the targeted profiles and to prepare for the future in view of the renewals that must take place in the coming years.
- continue to focus on the following topics: the climate change and its strategic impact, value creation, stock market performance, innovation, growth levers;
- regularly monitor the impacts of the Covid-19 pandemic on the Group and its strategy;
- regularly monitor the implementation of the Grow & Impact plan;
- continue the practice of executive sessions;
- continue to organize training sessions on topics of interest to Saint-Gobain's activities;
- organize meetings on the Group's efforts to innovate and develop new products and the results obtained.

1.2.5 Director integration pathway

The Board of Directors meets once a year at one of the Group's plants or research centers. Given the pandemic and travel restrictions in effect in May 2021, a virtual visit to the Silver Grove plasterboard site in the United States was organized for the Board of Directors.

Each new Director may ask for training on the topic of his or her choice and visit the Group's plants, distribution facilities or research centers. In this context, new Directors may also visit various industrial or Building Distribution sites, and any Director may, at his or her request, meet with members of the Executive Committee (see Chapter 1, Section 4.2).

Furthermore, Employee Directors benefit from the law on supplementary training, the content of which is set every year by the Board of Directors, after consultation of such Employee Directors.

1.3 The Group's Senior Management

1.3.1 Separation of functions since July 1, 2021: Chairman of the Board of Directors and Chief executive officer

Since July 1, 2021, the Chief executive officer has been responsible for the General Management of Company de Saint-Gobain. The operational organization of the Saint-Gobain Group's Management is provided by an Executive Committee chaired by the Chief executive officer (see Chapter 1, Section 5.2).

Chief executive officer

Since the separation of the functions of Chief executive officer of Compagnie de Saint-Gobain from the Chairman of the Board of Directors on July 1, 2021, the position of Chief executive officer has been assumed by Mr. Benoit Bazin (see Section 1.2.1 of this Chapter 5). Mr. Benoit Bazin has also been a Director of the Company since June 3, 2021.

The Chief executive officer is vested with the broadest authority to act under all circumstances on behalf of Compagnie de Saint-Gobain within the scope of its corporate purpose and subject to the limits set by law, the bylaws and/or internal rules of the Board of Directors (see this Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1). On the balance of powers within the Board of Directors to ensure proper compliance with the rules of governance, see Chapter 5, Section 1.2.1.

After studying in France and in the United States, and spending four years at the Interministerial Committee on Industrial Restructuring (ICIR) and the Treasury Department within the French Ministry of Finance, Mr. Benoit Bazin joined Saint-Gobain in 1999. He held various positions in France and, starting in 2002, in the United States – in a general management role in the High-Performance Materials Sector, before taking the Chief Financial Officer role of Compagnie de Saint-Gobain in 2005. From 2009 to the end of 2015, Mr. Benoit Bazin heads the Building Distribution Sector. In 2010, he was appointed Senior Vice President of Compagnie de Saint-Gobain. From 2016 to the end of 2018, Mr. Benoit Bazin headed the Construction Products Sector. In 2017, he also served as Chairman and CEO of CertainTeed Corporation in the United States, then as Chief Operating Officer of Compagnie de Saint-Gobain from January 1, 2019 to June 30, 2021.

In addition, Mr. Benoit Bazin has been a Director of Vinci since June 18, 2020 and is, as such, member of the Remuneration Committee and the Appointments and Corporate Governance Committee. He was also a Director and member of the Audit and Risk Committee of Essilor between 2009 and 2017, and Chairman of the Audit and Risk Committee from May 2016 to March 2017.

1.3.2 Executive Committee

As part of the transformation of the Saint-Gobain Group announced on November 26, 2018, the General Management Committee was replaced as of January 1, 2019 by an Executive Committee. This Committee, whose composition reflects the new organizational structure of the Saint-Gobain Group, comprises 16 members as of January 1, 2022 (see Chapter 1, Section 5.2). In addition to the Chief executive officer, the main operational and functional managers of the Saint-Gobain Group are members (see Chapter 1, Section 5.2).

The mission of the Executive Committee is to review operational management, coordinate project management and implement Saint-Gobain Group strategy. It meets every month.

2. Compensation of the management and governing bodies

This section, prepared with the assistance of the Board's Nomination and Remuneration Committee, describes the compensation for the Directors, the Executive corporate officers and members of Group General Management, and sets out the long-term compensation schemes in place within the Group.

2.1 Directors' compensation

2.1.1 Compensation policy for Directors (Say on Pay *ex ante*)

Directors receive compensation, set at an annual total of €1.1 million by the General Shareholders' Meeting of June 5, 2014 with effect from January 1, 2015.

The rules for the distribution of the Directors' compensation, agreed by the Board of Directors at its meeting of September 25, 2014, and applicable since the 2015 fiscal year, are as follows:

- until the separation of functions, the Chairman and Chief executive officer of Compagnie de Saint-Gobain did not receive compensation for their office of Director;
- since the separation of functions, neither the Chairman of the Board of Directors nor the Chief executive officer have received compensation for his office as Director;
- the other members of the Board of Directors each receive a fixed amount of €24,750 per year plus €3,300 for each Board meeting attended during the year;
- the Chairpersons and members of the Committees (currently: the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee) (excluding Executive corporate officers) each receive a fixed amount of €5,500 and €2,750 per year, respectively, plus a variable portion of €2,200 for each Committee meeting;
- the amounts granted in respect of the fixed base amount are pro-rated when terms of office begin or end during the course of a fiscal year;
- the compensation is paid in two half-yearly installments in arrears, with any balance available from the annual amount distributed at the beginning of the next year based on each Director's or Committee member's attendance rate at the prior year's Board or Committee meetings.

The variable fee represents the bulk of their compensation if Directors consistently attend both Board and Committee meetings.

The Lead independent Director did not wish to receive any compensation in respect of this role.

The Compensation policy for Directors for 2021 as described above was approved by the General Shareholders' Meeting of June 3, 2021 (sixteenth Resolution).

It is planned to propose to the General Shareholders' Meeting of June 2, 2022 to renew the Compensation policy for Directors described above for 2022.

2.1.2 Compensation components paid to Directors during the 2021 fiscal year or granted in respect of the same fiscal year, subject to the approval of the General Shareholders' Meeting of June 2, 2022 (Say on Pay ex post)

In accordance with Articles L.22-10-34 I and L.22-10-9 I of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year or granted for the same fiscal year to corporate officers are submitted every year for the approval of the Ordinary Shareholders' Meeting. This vote is binding (as opposed to an advisory vote).

The table below shows the individual compensation received by the members of the Board of Directors (fixed and variable components combined) for their mandate as Directors in respect of fiscal years 2020 and 2021 pursuant to the Compensation policy outlined in Section 2.1.1 above.

Table 3 – Summary of each non-executive corporate officer' compensation (AMF nomenclature)

	Gross amounts received *(in EUR)*	
Non-Executive corporate officers	**for 2021 fiscal year**	**for 2020 fiscal year** [(9)]
Jean-François Cirelli [(1)]	79,934	37,872
Lydie Cortes [(2)]	88,538	79,967
Sibylle Daunis-Opfermann [(3)]	73,878	57,794
Lina Ghotmeh [(4)]	6,907	-
Iêda Gomes Yell	85,560	79,967
Anne-Marie Idrac	105,948	87,963
Pamela Knapp	90,127	80,235
Agnès Lemarchand	95,526	82,990
Frédéric Lemoine [(5)]	-	36,579
Dominique Leroy	84,072	76,933
Jacques Pestre [(6)]	-	7,289
Denis Ranque [(7)]	81,359	76,933
Gilles Schnepp	88,538	80,235
Jean-Dominique Senard	85,560	81,565
Philippe Thibaudet [(2)]	88,538	73,508
Philippe Varin [(8)]	45,515	79,773
TOTAL	**1,100,00**	**1,019,604**

(1) Director as of June 4, 2020.

(2) It should be noted that, at the time they took up their positions and for the entire duration of their terms as Employee Directors, Mrs. Lydie Cortes and Mr. Philippe Thibaudet each decided to donate to the trade unions with which they are each affiliated, i.e. the Confédération Française Démocratique du Travail (for Mrs. Lydie Cortes) and the Confédération Générale du Travail (for Mr. Philippe Thibaudet), respectively, all compensation (net of social charges) paid by the Company for their terms as Directors. The net amount of this compensation is consequently paid directly by Compagnie de Saint-Gobain to these trade unions.

(3) Director representing employee shareholders as from March 26, 2020, when she was co-opted by the Board of Directors to replace Mr. Jacques Pestre, who retired on March 9, 2020.

(4) Director as from November 25, 2021, date of her co-option by the Board of Directors to replace Mr. Denis Ranque, who resigned.

(5) Director until June 4, 2020.

(6) Director representing employee shareholders until March 9, 2020.

(7) Director until November 25, 2021.

(8) Director until June 3, 2021.

(9) The gross amounts received for 2020 by the Directors take into account the reduction of 25% in the amount of their compensation due for as long as the Group's employees were, in 2020, subject to partial employment in the context of the emergency measures taken by the French Government to halt the spread of the Covid-19 pandemic.

With the exception of the Employee Directors and the Director representing employee shareholders, who received compensation for their salaried positions, the non-Executive Directors received no other compensation from the Company or any Saint-Gobain subsidiary for their mandates in respect of the 2020 and 2021 fiscal years.

2.2 Compensation of Executive corporate officers

2.2.1 General principles of the Compensation policy for Executive corporate officers

The Board of Directors and the Nomination and Remuneration Committee are committed to ensuring that the compensation of the Executive corporate officers complies at all times with the recommendations of the AFEP-MEDEF Corporate Governance Code for French listed companies and in particular meets transparency and performance measurement requirements. They also ensure that it evolves taking into account the Group's performance and market practices.

The compensation package of the Executive corporate officers is determined by taking into account all pay components (fixed compensation, annual variable compensation, multi-year variable compensation, compensation for loss of office and pension benefits), with a view to achieving a balanced mix of these components.

When setting the various components of the compensation of the Executive corporate officers, the Board of Directors also takes into consideration the benchmarks of CAC 40 companies comparable to Saint-Gobain in terms of revenue, workforce and international scope of operations.

The Board of Directors also seeks to ensure that the granting of long-term compensation instruments (stock options, performance shares and performance units, as the case may be) to the Executive corporate officers in a given fiscal year does not represent a disproportionate share of their maximum total compensation in respect of that fiscal year and has conditioned these grants to demanding ceiling and holding rules.

2.2.2 Compensation and benefits allocated to the Executive corporate officers

2.2.2.1 Summary of the compensation and benefits paid or granted to the Executive corporate officers for the 2021 fiscal year

In accordance with the principles set out above, the Board of Directors, at its meeting of February 25, 2021, approved, on the proposal of the Nomination and Remuneration Committee, the compensation policies for the Executive corporate officers for the fiscal year 2021, namely:

- the compensation policies for the Chairman and Chief executive officer and the Chief operating officer from January 1 to June 30, 2021, and
- the compensation policies for the Chairman of the Board of Directors and the Chief executive officer from July 1 to December 31, 2021.

These policies were approved by the General Shareholders' Meeting of June 3, 2021 (twelfth, thirteenth, fourteenth and fifteenth Resolutions).

The following tables present a summary of the compensation, performance shares and stock options granted to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer until June 30, 2021 then Chairman of the Board of Directors from July 1, 2021, and to Mr. Benoit Bazin, Chief operating officer until June 30, 2021 then Chief executive officer from July 1, 2021, for the fiscal years ended December 31, 2020 and 2021. No stock options or performance units were granted to them in 2020 and 2021.

Table 1 – Summary of compensation, stock options and performance shares paid or granted to the Executive corporate officers (AMF nomenclature)

(in EUR before social charges and income tax)	2021 fiscal year*	2020 fiscal year***
Until June 30, 2021		
Pierre-André de Chalendar, Chairman and Chief executive officer		
Compensation paid or granted in respect of the fiscal year (*see Table 2 for details*)	1,614,187	2,399,523
Value of multi-year variable compensation allocated during the year	0	0
Value of stock options granted during the year (*see Table 4 for details*)	0	0
Value of performance shares granted during the year (*see Table 6 for details*)	0	2,179,664
TOTAL	**1,614,187**	**4,579,187**
Benoit Bazin, Chief operating officer		
Compensation paid or granted in respect of the fiscal year (*see Table 2 for details*)	934,356	1,263,644
Value of multi-year variable compensation allocated during the year	0	0
Value of stock options granted during the year (*see Table 4 for details*)	0	0
Value of performance shares granted during the year (*see Table 6 for details*)	0	1,392,563
TOTAL	**934,356**	**2,656,207**

(in EUR before social charges and income tax)	2021 fiscal year**	2020 fiscal year
From July 1, 2021		
Pierre-André de Chalendar, Chairman of the Board of Directors		
Compensation paid or granted in respect of the fiscal year**** (*see Table 2 for details*)	225,000	N/A
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year (*see Table 4 for details*)	N/A	N/A
Value of performance shares granted during the year (*see Table 6 for details*)	N/A	N/A
TOTAL	**225,000**	**N/A**
Benoit Bazin, Chief executive officer		N/A
Compensation paid or granted in respect of the fiscal year (*see Table 2 for details*)	1,344,705	N/A
Value of multi-year variable compensation allocated during the year	0	N/A
Value of stock options granted during the year (*see Table 4 for details*)	0	N/A
Value of performance shares granted during the year (*see Table 6 for details*)	2,290,656	N/A
TOTAL	**3,635,361**	**N/A**

* *These figures correspond to the compensation granted or paid to Executive corporate officers (Chairman and Chief executive officer and Chief operating officer) for the six-month period from January 1, 2021 to June 30, 2021.*

** *These figures correspond to the compensation awarded or paid to Executive corporate officers (Chairman of the Board of Directors and Chief executive officer) for the six-month period from July 1, 2021 to December 31, 2021.*

*** *These figures are after taking into account the decision of the Board of Directors of April 23, 2020, on proposal of the Executive corporate officers, to reduce by 25% the compensation to be paid to them in 2020 (fixed compensation 2020 and variable compensation granted in 2019) in the context of the Covid-19 crisis as approved by the General Shareholders' Meeting of June 4, 2020 (eighth, ninth, eleventh and twelfth Resolutions). Pre-reduction, these amounts would have amounted, for Mr. Pierre-André de Chalendar, in respect of 2020, to fixed and variable compensation of €2,483,350 and total compensation (fixed, variable, performance shares and benefits in kind) of €4,666,687. For Mr. Benoit Bazin, his fixed and variable compensation in respect of 2020 would have been €1,457,730 and his total compensation €2,852,441.*

**** *It is specified that Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.*

2.2.2.2 Compensation and benefits paid or granted to Executive corporate officers for the 2021 fiscal year

The tables below show the breakdown of fixed compensation, variable compensation and other benefits granted to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer until June 30, 2021 then Chairman of the Board of Directors from July 1, 2021, and to Mr. Benoit Bazin, Chief operating officer until June 30, 2021 then Chief executive officer from July 1, 2021, for the fiscal years ended December 31, 2020 and 2021.

Table 2 – Summary of the compensation paid or granted (1) to the Executive corporate officers (AMF nomenclature)

	2021*		2020	
(in EUR before social charges and income tax)	Amounts awarded (2)	Amounts paid (3)	Amounts awarded (2)	Amounts paid (3)
Until June 30, 2021				
Pierre-André de Chalendar, Chairman and Chief executive officer				
Fixed compensation	600,000	600,000	1,112,500	1,112,500
Annual variable compensation	1,012,350	1,283,350	1,283,350	1,424,584
Multi-year variable compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Compensation in respect of the Director's term of office (4)	0	0	0	0
Benefits in kind: company car	1,837	1,837	3,673	3,673
TOTAL	**1,614,187**	**1,885,187**	**2,399,523**	**2,540,757**
Benoit Bazin, Chief operating officer				
Fixed compensation	375,000	375,000	695,312	695,312
Annual variable compensation	558,281	566,184 (5)	566,184 (5)	628,493
Multi-year variable compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Compensation in respect of the Director's term of office (4)	N/A	N/A	N/A	N/A
Benefits in kind: company car	1,075	1,075	2,148	2,148
TOTAL	**934,356**	**942,259**	**1,263,644**	**1,325,953**

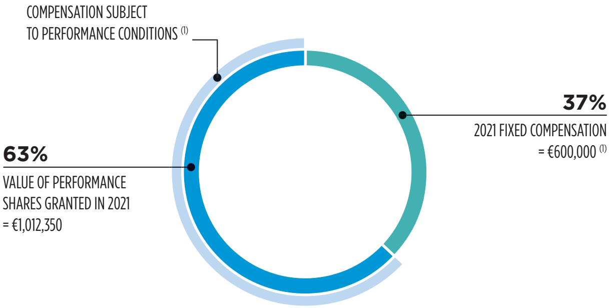
	2021**		2020	
(in EUR before social charges and income tax)	Amounts awarded (2)	Amounts paid (3)	Amounts awarded (2)	Amounts paid (3)
From July 1, 2021				
Pierre-André de Chalendar, Chairman of the Board of Directors				
Fixed compensation ***	225,000	225,000	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Compensation in respect of the Director's term of office (4)	0	0	N/A	N/A
Benefits in kind: company car	1,650	1,650	N/A	N/A
TOTAL	**226,650**	**226,650**	**N/A**	**N/A**
Benoit Bazin, Chief executive officer				
Fixed compensation	500,000	500,000	N/A	N/A
Annual variable compensation	843,625	N/A	N/A	N/A
Multi-year variable compensation	0	0	N/A	N/A
Exceptional compensation	0	0	N/A	N/A
Compensation in respect of the Director's term of office (4)	0	0	N/A	N/A
Benefits in kind: company car	1,080	1,080	N/A	N/A
TOTAL	**1,344,705**	**501,080**	**N/A**	**N/A**

(1) On a gross basis before taxes.
(2) Compensation allocated during the year, regardless of payment date.
(3) Compensation paid during the year.
(4) The Executive corporate officers of Compagnie de Saint-Gobain do not receive any compensation for their duties as Directors in companies outside the Group in which the Group has equity interests.
(5) Mr. Benoit Bazin's decision to waive, in respect of the 2020 fiscal year, the increase of the cap on his annual variable compensation from 120% to 150% of his fixed compensation that the Board had initially decided represented a reduction in his variable part granted for 2020 of €141,000.
* *These figures correspond to the compensation awarded or paid to Executive corporate officers (Chairman and Chief executive officer and Chief operating officer) for the six-month period from January 1, 2021 to June 30, 2021.*
** *These figures correspond to the compensation awarded or paid to Executive corporate officers (Chairman of the Board of Directors and Chief executive officer) for the six-month period from July 1, 2021 to December 31, 2021.*
*** *It is specified that Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.*

The graphs below show the breakdown of the various components of the compensation of Mr. Pierre-André de Chalendar and Mr. Benoit Bazin, paid during the 2021 fiscal year or awarded in respect of the same fiscal year under their respective mandates of Executive corporate officers, namely:

- for Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021; and
- for Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 then Chief executive officer from July 1, 2021 to December 31, 2021.

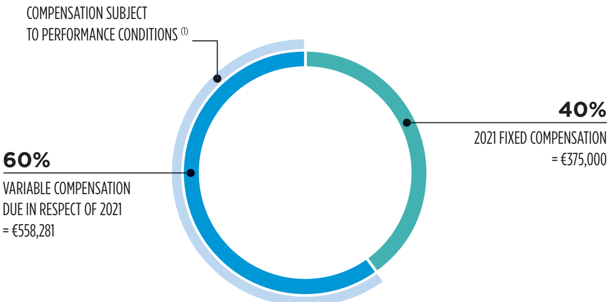
Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, to June 30, 2021



(1) *It is specified that Mr. Pierre-André de Chalendar did not receive any performance shares for 2021.*

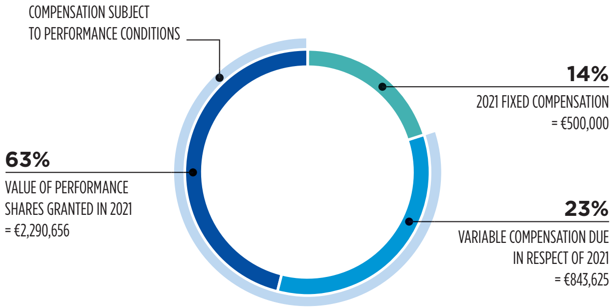
In addition, it should be noted that for the period from July 1 to December 31, 2021, only fixed compensation of €225,000 was granted to Mr. Pierre-André de Chalendar, as Chairman of the Board of Directors.

Benoit Bazin, Chief operating officer from January 1 to June 30, 2021



(1) *Mr. Benoit Bazin did not receive any performance shares in his capacity as Chief operating officer for the period from January 1 to June 30, 2021.*

Benoit Bazin, Chief executive officer from July 1 to December 31, 2021



The various components of compensation paid during the 2021 fiscal year or allocated for the same fiscal year to Mr. Pierre-André de Chalendar and Mr. Benoit Bazin were approved by the Board of Directors at its meetings of November 25, 2021 and February 24 2022 in accordance with the compensation policies of the Chairman and Chief executive officer and the Chief operating officer from January 1 to June 30, 2021 and those of the Chairman of the Board of Directors and the Chief executive officer from July 1 to December 31, 2021 approved by the General Shareholders' Meeting of June 3, 2021 (twelfth, thirteenth, fourteenth and fifteenth Resolutions), as follows:

Fixed compensation

The fixed portion of the compensation of Executive corporate officers reflects their experience and responsibilities, and is comparable to that of equivalent positions in large companies that are similar in terms of net sales, workforce and international scope of operations.

Period from January 1, 2021 to June 30, 2021

Fixed compensation for Mr. Pierre-André de Chalendar, Chairman and Chief executive officer

In line with the Compensation policy approved by the General Shareholders' Meeting of June 7, 2018, the fixed compensation paid to Mr. Pierre-André de Chalendar was set at €1,200,000 for the duration of his term of office of Chairman and Chief executive officer. The Board of Directors and the Nomination and Remuneration Committee noted, upon the renewal of Mr. Pierre-André de Chalendar's term of office and with the assistance of an external firm, that this level of compensation was at the median for industrial CAC 40 companies comparable to Saint-Gobain in terms of size: sales, workforce and international scope of operations.

This amount is for a full year and was paid *pro rata temporis* until June 30, 2021 (*i.e.* €600,000 from January 1, 2021 to June 30, 2021).

Fixed compensation for Mr. Benoit Bazin, Chief operating officer

In line with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021, the fixed compensation paid to Mr. Benoit Bazin was set at €750,000 for the 2021 fiscal year. After the Board of Directors, on the proposal of Mr. Benoit Bazin, at its meeting of April 23, 2020, reduced the fixed compensation of Mr. Benoit Bazin for 2020, the Board of Directors decided, at its meeting of February 25, 2021, to revert to this amount of €750,000 that the Board had retained for 2019 and initially for 2020.

This amount is for a full year and will be paid *pro rata temporis* until June 30, 2021 (*i.e.* €375,000 from January 1, 2021 to June 30, 2021).

Period from July 1, 2021 to December 31, 2021

Fixed compensation of Mr. Pierre-André de Chalendar, Chairman of the Board of Directors

Pursuant to the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021, the compensation of Mr. Pierre-André de Chalendar was set at €450,000 gross *per annum* for the entire duration of his term of office as Chairman of the Board of Directors, to the exclusion of any other compensation in respect of his office [(1)]. The Nomination and Remuneration Committee noted, with the assistance of an external firm, that this level is below the median of compensation paid to non-executive Chairmen of CAC 40 companies who previously held the position of Chairman and Chief executive officer (excluding financial companies).

This amount is set for a full year and was paid *pro rata temporis* as from July 1, 2021 (*i.e.* €225,000 in total from July 1, 2021 to December 31, 2021).

Fixed compensation of Benoit Bazin, Chief executive officer

In line with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021, the fixed compensation paid to Mr. Benoit Bazin was set at €1,000,000 for 2021. The Nomination and Remuneration Committee had noted, with the assistance of an external firm, that this level of compensation was below the median for industrial CAC 40 companies comparable to Saint-Gobain in terms of size: sales, workforce and international scope of operations.

This amount is set for a full year and was paid *pro rata temporis* from July 1, 2021 (*i.e.* €500,000 from July 1, 2021 to December 31, 2021).

Annual variable compensation

This component of compensation rewards the contribution of Executive corporate officers to the Group's results over the past fiscal year. It is expressed as a percentage of the annual fixed compensation.

During its meeting of February 25, 2021, on the proposal of the Nomination and Remuneration Committee, the Board decided, for the 2021 fiscal year, to:

- maintain the cap for the annual variable portion of the compensation of Mr. Pierre-André de Chalendar, as Chairman and Chief executive officer (period from January 1, 2021 to June 30, 2021), at 170% (cap unchanged since 2014) of his fixed compensation;
- to increase the cap of the annual variable portion of the compensation of Mr. Benoit Bazin, as Chief operating officer, from 120% to 150% of his fixed compensation as initially decided by the Board on February 27, 2020 before cancelling this decision, on the proposal of the Chief operating officer, on April 23, 2020 due to the occurrence of the Covid-19 pandemic. As from the beginning of 2020, the Board of Directors noted the successful implementation by the Chief operating officer of the Transform & Grow plan, that the objectives set had been satisfied or exceeded and the efficient and sustainable implementation of the new organization. This level of annual variable compensation is at the median of the benchmark of similar large companies in terms of sales, workforce and international scope of operations; and
- to set the cap for the annual variable portion of the compensation of Mr. Benoit Bazin, as Chief executive officer, at 170% of the fixed portion of his compensation.

At its meeting of February 25, 2021, the Board determined, on the proposal of the Nomination and Remuneration Committee, the components and objectives of the variable compensation of Executive corporate officers for 2021 as follows (structure unchanged for the Chairman and Chief executive officer since 2014 and for the Chief operating officer since 2019):

- a quantitative portion of 2/3, based on the following four objectives, adapted to the Group's strategy by reverting to a weighting of 25% of each of the four quantifiable objectives, depending on the policy prevailing before the start of the Covid-19 crisis:
  - the "FCF" (Free Cash Flow), which is an indicator published and monitored by investors and which replaces the "OFCF" objective (Operating Free Cash Flow), which is an internal indicator,
  - ROCE (Return on Capital Employed),
  - the Group's operating income, and
  - Group recurring net income per share;

The objectives for the above quantifiable criteria are not disclosed for confidentiality reasons.

- a qualitative portion of 1/3, based on the following four objectives:
  - Objective 1: development of a new strategic plan (including a divestment and acquisition component and a digital component), and its presentation to investors,
  - Objective 2: implementation of corporate social responsibility policy,
  - Objective 3: harmonious development of the Group's new governance, and
  - Objective 4: human resources management in the context of a return to normal after the Covid-19 crisis.

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(1) It is specified that Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.

The quantifiable and qualitative variable compensation due for the 2021 fiscal year to the Chairman and Chief executive officer and the Chief operating officer (from January 1, 2021 to June 30, 2021), and to the Chief executive officer (from July 1, 2021 to December 31, 2021) was determined by the Board of Directors at its meeting of February 24, 2022, on the proposal of the Nomination and Remuneration Committee, as follows:

		Weighting	Possible variation under each objective (in EUR) [1]	Amount at target budget (target compensation) (in EUR)	Percentage achieved compared to target compensation	Percentage achieved	Achievement (in EUR)
Period from January 1, 2021 to June 30, 2021 [2]							
Pierre-André de Chalendar, Chairman and Chief executive officer							
Quantifiable objectives (2/3) of which:	FCF	25%	0 to 170,000	119,000	143%	-	170,000
	Group operating income	25%	0 to 170,000	119,000	143%	-	170,000
	ROCE	25%	0 to 170,000	119,000	143 %	-	170,000
	Group recurring net income per share	25%	0 to 170,000	119,000	143%	-	170,000
	Quantifiable total	**100%**	**0 to 680,000**	**476,000**	**143%**	**-**	**680,000**
Qualitative objectives (see above for a detailed description of each objective) (1/3) of which:	Objective 1	25%	0 to 85,000	N/A	N/A	100%	85,000
	Objective 2	25%	0 to 85,000	N/A	N/A	91%	77,350
	Objective 3	25%	0 to 85,000	N/A	N/A	100%	85,000
	Objective 4	25%	0 to 85,000	N/A	N/A	100%	85,000
Qualitative objectives (1/3)	**Qualitative (global)**	**100%**	**0 to 340,000**	**N/A**	**N/A**	**97.8%**	**332,350**
TOTAL VARIABLE SHARE		**100%**	**0 TO 1,020,000**	**N/A**	**N/A**	**99.3%**	**1,012,350**
Benoit Bazin, Chief operating officer							
Quantifiable objectives (2/3) of which:	FCF	25%	0 to 93,750	65,625	143%	-	93,750
	Group operating income	25%	0 to 93,750	65,625	143%	-	93,750
	ROCE	25%	0 to 93,750	65,625	143%	-	93,750
	Group recurring net income per share	25%	0 to 93,750	65,625	143%	-	93,750
	Quantifiable total	**100%**	**0 to 375,000**	**262,500**	**143%**	**-**	**375,000**
Qualitative objectives (see above for a detailed description of each objective) (1/3) of which:	Objective 1	25%	0 to 46,875	N/A	N/A	100%	46,875
	Objective 2	25%	0 to 46,875	N/A	N/A	91%	42,656
	Objective 3	25%	0 to 46,875	N/A	N/A	100%	46,875
	Objective 4	25%	0 to 46,875	N/A	N/A	100%	46,875
Qualitative objectives (1/3)	**Qualitative (global)**	**100%**	**0 to 187,500**	**N/A**	**N/A**	**97.8%**	**183,281**
TOTAL VARIABLE SHARE		**100%**	**0 TO 562,500**	**N/A**	**N/A**	**99.3%**	**558,281**
Period from July 1, 2021 to December 31, 2021 [2]							
Benoit Bazin, Chief executive officer							
Quantifiable objectives* (2/3) of which:	FCF	25%	0 to 141,667	99,167	143%	-	141,667
	Group operating income	25%	0 to 141,667	99,167	143%	-	141,667
	ROCE	25%	0 to 141,667	99,167	143%	-	141,667
	Group recurring net income per share	25%	0 to 141,667	99,167	143%	-	141,667
	Quantifiable total	**100%**	**0 to 566,667**	**396,667**	**143%**	**-**	**566,667**
Qualitative objectives (see above for a detailed description of each objective) (1/3) of which:	Objective 1	25%	0 to 70,833	N/A	N/A	100%	70,833
	Objective 2	25%	0 to 70,833	N/A	N/A	91%	64,458
	Objective 3	25%	0 to 70,833	N/A	N/A	100%	70,833
	Objective 4	25%	0 to 70,833	N/A	N/A	100%	70,833
Qualitative objectives (1/3)	**Qualitative (global)**	**100%**	**0 to 283,333**	**N/A**	**N/A**	**97.8%**	**276,958**
TOTAL VARIABLE SHARE		**100%**	**0 TO 850,000**	**N/A**	**N/A**	**99.3%**	**843,625**

(1) For each quantifiable objective, the corresponding portion of variable compensation becomes payable if (1) 88% to 91% of the target of the considered objective is achieved (on budget basis), depending on the objective concerned, and it reaches its maximum if the objective reaches between 108% to 113%, as the case may be, of the target of the considered objective.

(2) The amounts due in respect of the annual variable compensation for the 2021 fiscal year to the Executive Directors and shown in this table have been calculated on a pro rata temporis basis from January 1, 2021 to June 30, 2021 for the annual variable compensation for 2021 due to the Chairman and Chief executive officer and to the Chief operating officer and from July 1, 2021 to December 31, 2021 for the annual variable compensation for 2021 due to the Chief executive officer.

Qualitative variable compensation of Executive corporate officers

The Board of Directors, at its meeting of February 24, 2022, on the recommendation of the Nomination and Remuneration Committee, set at 97.8% the overall level of achievement of the four qualitative objectives used to determine the variable compensation for 2021 of the Executive corporate officers (namely Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1 to June 30, 2021 and Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 then Chief executive officer from July 1, 2021 to December 31, 2021), as outlined above.

In particular, it took the following main achievements into consideration:

- regarding the development of a new strategic plan (including in particular a divestment and acquisition component and a digital component) and its presentation to investors:
  - the very good preparation of the new Grow & Impact strategic plan both internally and externally, the recognition of the Capital Markets Day on October 6, 2021 as a real success in terms of both form and substance and the remarkable quality of the plan and its presentation to investors;
  - the very active implementation of the divestment and acquisition program, with 20 divestments completed or signed, representing €2 billion in revenues, and 37 acquisitions completed or signed, representing €2 billion in sales. Significant divestments were carried out with Lapeyre, in Distribution in the Netherlands and Spain, in Sanitaryware/Heating in the United Kingdom, in Pipe in China and in various glass solutions (notably in Germany and Denmark). The most significant acquisitions in 2021 were those of Chryso and GCP. These transactions were well received by the financial markets. Finally, the integration of Continental Building Products continued in 2021, with excellent results;
  - the acceleration of digital in 2021 with, in particular, the creation of a single global IT & Digital team (previously divided between applications in the businesses, and infrastructure at Compagnie de Saint-Gobain), the hiring of a new digital manager who joined the Executive Committee, and the roll-out of digital training, the 387 hires of digital experts, representing 14% of total executive hires in 26 countries and with 31 nationalities, the increase in the number of plants using digital applications, the increase in e-commerce sales within the Group's trading companies, and the increase in the Group's interactions on social media.
- regarding the implementation of the corporate social responsibility policy:
  - the definition of a non-financial performance barometer with the presentation of a dashboard of KPIs at the Board's strategic seminar and during the investor day, and the introduction of a new composite environmental indicator;
  - the finalization of the methodology for quantifying the benefits of the Group's solutions and assessing the overall contribution of the Group's sustainable solutions portfolio: launch and finalization of Solutions for Growth, which serves as a pillar for documenting and concretizing the "solutions" approach of the Grow & Impact plan;
  - regarding safety, after an exceptional improvement in the frequency rate of accidents with and without stoppage of more than 24 hours (TF2) in the first half of 2020, the level of TF2 had deteriorated during the 2021 fiscal year. Awareness-raising efforts, both regular and in response to accidents, have been implemented by Mr. Benoit Bazin.
  - good representation of women on the Executive Committee, with 37.5% women on the Saint-Gobain Executive Committee (the target set in 2020 was 30% women on the Group's Executive Committee by 2025), 25% women on the Executive Committees of the business units by the end of 2021, and continued growth in the number of women among senior managers and more generally among managers;
  - with regard to compliance, the very high percentages of training attendance, the development of the anti-corruption program, the regular briefings of the Executive Committee on compliance issues and the commitment of the management body;
  - validation by the independent third party (OTI) of the methodology and update of the calculation of carbon avoidance, the deployment of the Group's CSR strategy on carbon ("Minimize our footprint & Maximize our impact"), the increase in the availability of renewable energy and the implementation of the Carbon Roadmaps by country.
- regarding the harmonious development of the Group's new governance:
  - the transition between Mr. Pierre-André de Chalendar and Mr. Benoit Bazin was remarkably smooth and efficient, and the functioning of the new governance is very harmonious (see Chapter 5, Section 1.2.4).
- human resources management in the context of a return to normal post covid-19 crisis:
  - the implementation of close managerial and social relations, psychological support measures and the flexible working policy in the context of the continuing health crisis;
  - the success of the third me@SG survey, with figures well above the benchmark set by IPSOS;
  - the award for the seventh consecutive year of the "Top Employer Gobal" label, which has only been awarded to 11 companies worldwide.

In total, for the fiscal year 2021:

- Mr. Pierre-André de Chalendar's total compensation as Chairman and Chief executive officer (fixed and variable) from January 1 to June 30, 2021, amounted to €1,612,350. On an annualized basis, this total compensation was up by 34.6% compared to 2020 (after reduction caused by Covid-19). Excluding any reduction, this total compensation would have been up by 29.9%. As a reminder, the annual variable compensation paid in 2021 for fiscal year 2020 to Mr. Pierre-André de Chalendar for his term of office as Chairman and Chief executive officer amounted to €1,283,350, as approved by the Ordinary Shareholders' Meeting of June 3, 2021 (9th Resolution);
- pursuant to the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021, the compensation of Mr. Pierre-André de Chalendar was set at €450,000 gross *per annum* for the entire duration of his term of office as Chairman of the Board of Directors. The Nomination and Remuneration Committee had noted in 2021, with the assistance of an independent recruitment firm, that this level was below the median of compensation paid to non-executive Chairmen of CAC 40 companies who previously held the position of Chairman and Chief executive officer (excluding financial companies). This amount is set for a full year and was paid *pro rata temporis* as from July 1, 2021 (*i.e.* €225,000 in total from July 1, 2021 to December 31, 2021);
- Mr. Benoit Bazin's total compensation (fixed and variable) as Chief operating officer from January 1 to June 30, 2021, amounted to €933,281. On an annualized basis, this total compensation was up by 48% compared to 2020 (after reduction caused by Covid-19). Excluding any reduction, this total compensation would have been up by 28%. As a reminder, the annual variable compensation paid in 2021 for fiscal year 2020 to Mr. Benoit Bazin for his term of office as Chief operating officer amounted to €566,184 as approved by the Ordinary Shareholders' Meeting of June 3, 2021 (10th Resolution);
- Mr. Benoit Bazin's total compensation (fixed and variable) as Chief executive officer (period from July 1 to December 31, 2021) amounted to €1,343,625.

Long-term compensation policy

Cap on the Chief executive officer's grants relative to his total compensation

In addition to the restrictions set out below, the Board of Directors resolved, in accordance with the AFEP-MEDEF Code, that the long-term compensation instruments that would be allocated in 2021 to Mr. Benoit Bazin could not represent, at the time of their allocation, a valuation (according to IFRS standards) greater than 85% of the Chief executive officer's annualized maximum gross total compensation for the 2021 fiscal year (fixed plus maximum annualized variable for the 2021 fiscal year).

In 2021, the performance shares allocated to Mr. Benoit Bazin amounted to a total value (according to IFRS), at the time of their grant, of €2,290,656, corresponding to 84.8% of his annualized maximum gross total compensation for the 2021 fiscal year.

It should be noted that since the allocation of long-term compensation instruments took place in November 2021, after the separation of roles, Mr. Pierre-André de Chalendar did not receive any long-term compensation instrument during the 2021 fiscal year.

No stock option or performance unit plan was implemented in 2021.

Cap on the Chief executive officer's grants relative to the overall allocation envelope

The Board of Directors decided, during its meeting of February 25, 2021, as in previous years, that the Chief executive officer could not receive more than 10% of the overall grants of performance shares under the long-term compensation plan to be set up in 2021.

Hedging rules

The Chief executive officer formally committed not to hedge his risk either on stock options or on shares resulting from the exercise of stock options, on performance shares or on performance units he has been or will be granted during his term of office as Executive corporate officer, until the cessation of his duties. To the Company's knowledge, the Chief executive officer has not hedged his risk.

Closed periods

In their capacity as Executive corporate officers and by virtue of the applicable regulations as reminded in the Board's internal rules (see Chapter 9, Section 1.1.2), Messrs. Pierre-André de Chalendar and Benoit Bazin must refrain from carrying out any transactions on Saint-Gobain securities for thirty days prior to Board meetings during which the annual consolidated financial statements and the half-year consolidated financial statements are examined, for fifteen days prior to the release of quarterly consolidated sales and on the day following the release of the full and half-year results. Outside of these periods, they are also required, as are the other Directors, to abide by the provisions on the prevention of insider trading.

Stock options

The tables below present the stock options exercised by the Executive corporate officers during the 2021 fiscal year.

No stock option plan was implemented in 2021.

Table 4 – Stock options granted in 2021 to the Executive corporate officers (AMF nomenclature)

Name of the Executive corporate officer	Plan date	Type of options (subscription or purchase)	Value (based on method used to prepare the consolidated financial statements)	Number of options granted during the fiscal year	Exercise price	Exercise period
Pierre-André de Chalendar, Chairman and Chief executive officer until 06/30/2021	-	-	-	-	-	-
Pierre-André de Chalendar, Chairman of the Board of Directors since 07/01/2021	N/A	N/A	N/A	N/A	N/A	N/A
Benoit Bazin, Chief operating officer until 06/30/2021	-	-	-	-	-	-
Benoit Bazin, CEO since 07/01/2021	-	-	-	-	-	-

Table 5 – Stock options granted in respect of the term of office and exercised in 2021 by the Executive corporate officers (AMF nomenclature)

Name of the Executive corporate officer	Plan date	Type of options (subscription or purchase)	Number of options exercised during the year	Exercise price
Pierre-André de Chalendar, Chairman and Chief executive officer until 06/30/2021	11/22/2012	Subscription	8,235	27.71
	11/21/2013	Purchase	16,000	38.80
Pierre-André de Chalendar, Chairman of the Board of Directors since 07/01/2021	11/21/2013	Purchase	13,465	38.80
Benoit Bazin, Chief operating officer until 06/30/2021	N/A	N/A	N/A	N/A
Benoit Bazin, CEO since 07/01/2021	N/A	N/A	N/A	N/A

Performance shares

The following tables show the performance shares granted or delivered to the Executive corporate officers during the 2021 fiscal year.

Table 6 – Performance shares granted in 2021 to the Executive corporate officers (AMF nomenclature)

Name of the Executive corporate officer	Plan date	Number of options granted during the fiscal year	Value of shares (based on method used to prepare the consolidated financial statements)	Vesting date	Availability date	Performance conditions
Pierre-André de Chalendar, Chairman and Chief executive officer until 06/30/2021	N/A	N/A	N/A	N/A	N/A	N/A
Pierre-André de Chalendar, Chairman of the Board of Directors since 07/01/2021	N/A	N/A	N/A	N/A	N/A	N/A
Benoit Bazin, Chief operating officer until 06/30/2021	N/A	N/A	N/A	N/A	N/A	N/A
Benoit Bazin, CEO since 07/01/2021	11/25/2021	64,000	2,290,656	11/25/2025	11/28/2025	See Chapter 5, Section 2.4.2

Grant to Mr. Benoit Bazin, Chief executive officer, during the 2021 fiscal year

At the Board meeting of November 25, 2021, on the proposal of the Nomination and Remuneration Committee, Mr. Benoit Bazin was granted 64,000 performance shares, representing approximately 0.012% of the share capital, less than the sub-cap set by the General Shareholders' Meeting of June 6, 2019 and less than the 10% cap on the overall grant for performance shares and performance units decided by the Board.

The features of the performance shares, specifically the service and performance conditions to which the allocation is subject and which apply to the Chief executive officer, are explained in this Chapter 5, Section 2.4.

Table 7 – Performance shares granted in respect of the term of office and delivered to the Executive corporate officers during the 2021 fiscal year (AMF nomenclature)

Name of the Executive corporate officer	Plan date	Number of shares delivered during the year	Availability date
Pierre-André de Chalendar, Chairman and Chief executive officer until 06/30/2021	11/23/2017	50,250	11/23/2021
Pierre-André de Chalendar, Chairman of the Board of Directors since 07/01/2021	N/A	N/A	N/A
Benoit Bazin, Chief operating officer until 06/30/2021	N/A	N/A	N/A
Benoit Bazin, CEO since 07/01/2021	N/A	N/A	N/A

Rules for holding shares

The Chief executive officer is required to retain 50% of the performance shares awarded in 2021 until the end of his duties. However, this holding obligation will cease to apply if and when the total number of Saint-Gobain shares that the Chief executive officer personally holds in registered form – at the date of delivery of the performance shares – represents the equivalent of three years of gross fixed compensation (based on the average opening prices quoted for Saint-Gobain shares in the twenty trading days preceding the delivery date of the performance shares and the amount of the gross fixed compensation applicable at that time).

Performance units

No performance unit plans were set up during fiscal year 2021 and there are no longer any performance unit plans being vested (see this Chapter 5, Section 2.4.4). No performance units therefore became exercisable during fiscal year 2021.

2.2.2.3 Employment contract, retirement benefits and termination benefits for Executive corporate officers

For the Chairman of the Board of Directors

Table 11 – Employment contract, retirement benefits and termination benefits for the Chairman of the Board of Directors (AMF nomenclature)

Executive corporate officer	Employment contract		Supplementary pension arrangements		Indemnities or benefits due or likely to be due as a result of termination or a change of role		Indemnities in relation to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre-André de Chalendar, Chairman of the Board of Directors since 07/01/2021		X		X [(1)]		X		X

(1) *It is specified that Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.*

Mr. Pierre-André de Chalendar benefits from the commitments made by the Group to him, as described below.

Health and personal risk insurance

See the heading "Health and personal risk insurance" in this Chapter 5, Section 2.2.4.1.

For the Chief executive officer

Table 11 – Employment contract, retirement benefits and termination benefits for the Chief executive officer (AMF nomenclature)

Executive corporate officer	Employment contract		Supplementary pension arrangements		Indemnities or benefits due or likely to be due as a result of termination or a change of role		Indemnities in relation to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Benoit Bazin, CEO since July 1, 2021		X [(1)]	X		X		X	

(1) *Mr. Benoit Bazin whose employment contract entered into when he joined the Saint-Gobain Group on September 1, 1999 had been suspended since January 1, 2019 and for the entire duration of his term of office as Chief operating officer, committed to renounce his employment contract as from July 1, 2021, the date on which he became Chief executive officer.*

Mr. Benoit Bazin benefits from the commitments made by the Group to him, as described below.

Compensation for loss of office of Chief executive officer

See the heading "Compensation for loss of office" in this Chapter 5, Section 2.2.4.2.

Non-compete indemnity

See the heading "Non-compete indemnity" in this Chapter 5, Section 2.2.4.2.

Supplementary pension arrangements

See the heading "Supplementary pension arrangements" in this Chapter 5, Section 2.2.4.2.

Health and personal risk insurance

See the heading "Health and personal risk insurance" in this Chapter 5, Section 2.2.4.2.

2.2.3 Compensation components paid to the Executive corporate officers during the 2021 fiscal year or granted in respect of that fiscal year, subject to approval of the General Shareholders' Meeting of June 2, 2022 (Say on Pay *ex post*)

Article L.22-10-34 II of the French Commercial Code requires that the fixed, variable and exceptional components of the total compensation and benefits of any kind, paid during the past fiscal year or allocated for the same fiscal year to Executive corporate officers, be submitted to the Ordinary Shareholders' Meeting for approval each year. This vote is binding (as opposed to an advisory vote).

The compensation components paid in 2021 or granted in respect of that fiscal year to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021 then Chairman of the Board of Directors on July 1, 2021 to December 31, 2021, and to Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 then Chief executive officer from July 1, 2021 to December 31, 2021, were decided by the Board of Directors at its meetings of February 25, 2021, November 25, 2021 and February 24, 2022, on the proposal of the Nomination and Remuneration Committee, pursuant to the compensation policies for the Chairman and Chief executive officer and the Chief operating officer from January 1, 2021 to June 30, 2021, and those for the Chairman of the Board of Directors and the Chief executive officer from July 1, 2021 to December 31, 2021, approved by the General Shareholders' Meeting of June 3, 2021 (twelfth, thirteenth, fourteenth and fifteenth Resolutions) and in accordance with the principles outlined in Chapter 5, Section 2.2.1 above.

2.2.3.1 Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021 (Say on Pay *ex post*)

The following table shows the compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021, in the 2021 fiscal year or granted in respect of that fiscal year subject to shareholders' approval at the General Shareholders' Meeting of June 2, 2022, in accordance with Article L.22-10-34 II of the French Commercial Code.

Compensation components paid during the 2021 fiscal year or granted in respect of that year to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021 (Article L.22-10-34 of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Fixed compensation	**Amount paid: €600,000** [1] (Board of Directors meeting of February 25, 2021)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021 (12th Resolution).

Compensation components paid during the 2021 fiscal year or granted in respect of that year to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021 (Article L.22-10-34 of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Annual variable compensation	**Amount due:** **€1,012,350** (1) (Board of Directors meeting of February 24, 2022)	On February 25, 2021, on the proposal of the Nomination and Remuneration Committee, the Board of Directors decided to maintain the cap on the amount of the variable portion of the compensation of Mr. Pierre-André de Chalendar as Chairman and Chief executive officer unchanged for the 2021 fiscal year at 170% of the fixed portion of his compensation, and set the quantifiable and qualitative objectives detailed below determining, up to a limit of 2/3 and 1/3 respectively, the variable portion of his compensation (cap and structure unchanged since 2014). Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its February 24, 2022 meeting, determined Mr. Pierre-André de Chalendar's variable compensation as Chairman and Chief executive officer as follows, taking into account the extent to which the objectives outlined below have been achieved: ■ the portion of the variable compensation based on the fulfillment of the four quantifiable objectives (return on capital employed (ROCE), Group operating income, Group recurring earnings per share and free cash flow) amounted to €680,000, which corresponds to an achievement rate against the Target of 143% (the completion rate of the various quantifiable objectives is presented in Chapter 5, Section 2.2.2.2); ■ the portion of the variable compensation based on the fulfillment of the four qualitative objectives (development of a new strategic plan (including a divestment and acquisition component and a digital component), as well as its presentation to investors, implementation of the corporate social responsibility policy, harmonious development of the Group's new governance and human resources management in the context of a return to normal after the Covid-19 crisis) amounted to €332,350 corresponding to a percentage of completion of the qualitative objectives of 97.8% (see Chapter 5, Section 2.2.2.2). Variable portion of the compensation of Mr. Pierre-André de Chalendar as Chairman and Chief executive officer totaled €1,012,350 for 2021, which corresponds to an achievement rate of 99.3%. The targets for the variable portion of compensation are demanding, as evidenced by the achievment rates for the last three fiscal years: 75.3% in 2019, 62.9% in 2020 and 99.3% in 2021. In all, Mr. Pierre-André de Chalendar's total compensation for fiscal year 2021 (fixed and variable) as Chairman and Chief executive officer (period from January 1 to June 30, 2021) amounted to €1,612,350. On an annualized basis, this total compensation was up by 34.6% compared to 2020 (after reduction caused by Covid-19). Excluding any reduction, this total compensation would have been up by 29.9%. *Pursuant to the law, payment of the annual variable compensation is subject to the approval of the Ordinary Shareholders' Meeting of June 2, 2022.* *As a reminder, the annual variable compensation paid in 2021 in respect of the 2020 fiscal year to Mr. Pierre-André de Chalendar for his term of office as Chairman and Chief executive officer amounted to €1,283,350, as approved by the Ordinary Shareholders' Meeting of June 3, 2021 (9th Resolution).*
Deferred variable compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any deferred variable compensation.
Multi-year variable compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any multi-year variable compensation.
Exceptional compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any exceptional compensation.
Long-term compensation	**None**	No long term compensation was awarded to M. Pierre-André de Chalendar in 2021.
Compensation in respect of the Director's term of office	**None**	Mr. Pierre-André de Chalendar does not receive any compensation for his term of office as Director of Compagnie de Saint-Gobain.
In-kind benefits	**€1,837** **(book value)**	Mr. Pierre-André de Chalendar has use of a company car.
Compensation for loss of office	**None**	See the heading "Compensation for loss of office" in Chapter 5, Section 2.2.4.1, p. 185 of the Company's 2020 universal registration document. No severance payment was paid to Mr. Pierre-André de Chalendar, who decided to exercise his pension rights under the "SGPM" defined-benefit supplementary pension plan of which he was a beneficiary in his capacity as Chairman and Chief executive officer, as of July 1, 2021.
Non-compete indemnity	**None**	See the heading "Non-compete indemnity" in Chapter 5, Section 2.2.4.1, p. 186 of the Company's 2020 universal registration document. No non-compete indemnity was paid to Mr. Pierre-André de Chalendar, who decided to exercise his pension rights under the "SGPM" defined-benefit supplementary pension plan, of which he was a beneficiary in his position as Chairman and Chief executive officer, as of July 1, 2021.

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Compensation components paid during the 2021 fiscal year or granted in respect of that year to Mr. Pierre-André de Chalendar, Chairman and Chief executive officer from January 1, 2021 to June 30, 2021 (Article L.22-10-34 of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Supplementary pension arrangements	None	See the heading "Supplementary pension arrangements" in Chapter 5, Section 2.2.4.1, p. 187 of the Company's 2020 universal registration document. Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.

(1) The amounts paid or allocated to Mr. Pierre-André de Chalendar as Chairman and Chief executive officer for the 2021 fiscal year were calculated on a prorata basis from January 1, 2021 to June 30, 2021.

2.2.3.2 Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 (Say on Pay *ex post*)

The following table shows the compensation components paid in the 2021 fiscal year, or granted in respect of that fiscal year, to Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021, subject to shareholders' approval at the General Shareholders' Meeting of June 2, 2022, in accordance with Article L.22-10-34 II of the French Commercial Code.

Compensation components paid in 2021 or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote (in *EUR*)	Description
Fixed compensation	**Amount paid: €375,000** [(1)] (Board of Directors meeting of February 25, 2021)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021 (13th Resolution).

Compensation components paid in 2021 or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief operating officer from January 1, 2021 to June 30, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote (in *EUR)*	Description
Annual variable compensation	**Amount due:** **€558,281** (1) (Board of Directors' meeting of February 24, 2022)	On February 25, 2021, on the proposal of the Nomination and Remuneration Committee, the Board of Directors decided to increase the cap of the annual variable portion of the Chief operating officer's compensation from 120% to 150% of the fixed portion of his compensation (as initially decided by the Board on February 27, 2020 before cancelling this decision, on the proposal of the Chief operating officer, on April 23, 2020 due to the occurrence of the Covid-19 pandemic: indeed, as from the beginning of 2020, the Board of Directors noted the successful implementation by the Chief operating officer of the Transform & Grow plan, that the targets set had been satisfied or exceeded, and the efficient and sustainable implementation of the new organization). This level of annual variable compensation is at the median of the benchmark of similar large companies in terms of sales, workforce and international scope of operations. Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its February 24, 2022 meeting, determined Mr. Benoit Bazin's variable compensation as follows, taking into account the extent to which the objectives outlined below have been attained: ■ the portion of the variable compensation based on the fulfillment of the four quantifiable objectives (return on capital employed (ROCE), Group operating income, Group recurring earnings per share and free cash flow) amounted to €375,000, which corresponds to an achievement rate against the Target of 143% (the completion rate of the various quantifiable objectives is presented in Chapter 5, Section 2.2.2.2); ■ the portion of the variable compensation based on the fulfillment of the four qualitative objectives (development of a new strategic plan (including a disposal and acquisition component and a digital component), as well as its presentation to investors, implementation of the corporate social responsibility policy, harmonious development of the Group's new governance and human resources management in the context of a return to normal after the Covid-19 crisis) amounted to €183,281 which corresponds to an achievement rate of the qualitative objectives of 97.8% (see Chapter 5, Section 2.2.2.2). Variable portion of the compensation of Mr. Benoit Bazin as Chief operating officer (period from January 1, to June 30, 2021) totaled €558,281 for 2021, which corresponds to an achievement rate of 99.3%. The targets for the variable portion of compensation are demanding, as evidenced by the achievement rates for the last three fiscal years: 75.3% in 2019, 62.9% in 2020 and 99.3% in 2021. In all, Mr. Benoit Bazin's total compensation for fiscal year 2021 (fixed and variable) as Chief operating officer (period from January 1 to June 30, 2021) amounted to €933,281. On an annualized basis, this total compensation was up by 48% compared to 2020 (after reduction caused by Covid-19). Excluding any reduction, this total compensation would have been up by 28%. *Pursuant to the law, payment of the annual variable compensation is subject to the approval of the Ordinary Shareholders' Meeting of June 2, 2022.* *As a reminder, the annual variable compensation paid in 2021 for the 2020 fiscal year to Mr. Benoit Bazin as Chief operating officer amounted to €566,184, as approved by the Ordinary Shareholders' Meeting of June 3, 2021 (10th Resolution).*
Deferred variable compensation	**None**	Mr. Benoit Bazin has not been granted any deferred variable compensation.
Multi-year variable compensation	**None**	Mr. Benoit Bazin has not been granted any multi-year variable compensation.
Exceptional compensation	**None**	Mr. Benoit Bazin has not been granted any exceptional compensation.
Long-term compensation	**None**	No long-term compensation was awarded to Mr. Benoit Bazin as Chief operating officer in 2021.
Compensation in respect of the Director's term of office	**None**	Mr. Benoit Bazin does not receive any compensation in respect of the fiscal year for serving as a Director of Compagnie de Saint-Gobain.
In-kind benefits	**€1,075 (accounting valuation)**	Mr. Benoit Bazin has use of a company car.
Severance indemnity	**None**	See the heading "Severance indemnity" in Chapter 5, Section 2.2.4.2, p. 191 of the Company's 2020 universal registration document.
Non-compete indemnity	**None**	See the heading "Non-compete indemnity" in Chapter 5, Section 2.2.4.2, p. 192 of the Company's 2020 universal registration document.
Supplementary pension arrangements	**None**	See the heading "Supplementary pension arrangements" in Chapter 5, Section 2.2.4.2, p. 193 of the Company's 2020 universal registration document.

(1) The amounts paid or allocated to Mr. Benoit Bazin as Chief operating officer for the 2021 fiscal year were calculated on a pro rata basis from January 1, 2021 to June 30, 2021.

2.2.3.3 Components of compensation paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Pierre-André de Chalendar, Chairman of the Board of Directors from July 1, 2021 to December 31, 2021 (Say on Pay *ex post*)

The following table shows the compensation components paid in the 2021 fiscal year or granted in respect of that fiscal year to Mr. Pierre-André de Chalendar, Chairman of the Board of Directors from July 1, 2021 to December 31, 2021, subject to shareholders' approval at the General Shareholders' Meeting of June 2, 2022, in accordance with Article L.22-10-34 II of the French Commercial Code.

Components of compensation paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Pierre-André de Chalendar, Chairman of the Board of Directors from July 1, 2021 to December 31, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Fixed compensation	**Amount paid: €225,000** [(1)] (Board of Directors meeting of February 25, 2021)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021 (15th Resolution).
Annual variable compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any annual variable compensation.
Deferred variable compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any deferred variable compensation.
Multi-year variable compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any multi-year variable compensation.
Exceptional compensation	**None**	Mr. Pierre-André de Chalendar has not been granted any exceptional compensation.
Long-term compensation	**None**	No long term compensation was awarded to Mr. Pierre-André de Chalendar in 2021.
Compensation in respect of the Director's term of office	**None**	Mr. Pierre-André de Chalendar does not receive any compensation for his term of office as Director of Compagnie de Saint-Gobain.
In-kind benefits	**€1,650** **(book value)**	Mr. Pierre-André de Chalendar has use of a company car.
Compensation for loss of office	**None**	The Board of Directors has not granted any compensation for loss of office to Mr. Pierre-André de Chalendar.
Non-compete indemnity	**None**	The Board of Directors has not granted any non-compete indemnity to Mr. Pierre-André de Chalendar.

(1) The amounts paid or allocated to Mr. Pierre-André de Chalendar as Chairman of the Board of Directors for the 2021 fiscal year were calculated on a pro rata basis from July 1, 2021 to December 31, 2021.

2.2.3.4 Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief executive officer from July 1, 2021 to December 31, 2021 (Say on Pay ex post)

The following table shows the compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief executive officer from July 1, 2021 to December 31, 2021, subject approval at the General Shareholders' Meeting of June 2, 2022, in accordance with Article L.22-10-34 II of the French Commercial Code.

Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief executive officer from July 1, 2021 to December 31, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Fixed compensation	**Amount paid: €500,000** (1) (Board of Directors meeting of February 25, 2021)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 3, 2021 (14th Resolution).
Annual variable compensation	**Amount due: €843,625** (1) (Board of Directors meeting of February 24, 2022)	The Board decided on February 25, 2021, on the proposal of the Nomination and Remuneration Committee, to set the annual variable compensation cap of the Chief executive officer at 170% of the fixed portion of his compensation (it should be noted that the annual variable compensation cap as Chief operating officer, which the Board had initially set for 2020 before the Covid-19 pandemic, was 150%). Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its February 24, 2022 meeting, determined Mr. Benoit Bazin's variable compensation as Chief executive officer as follows, taking into account the extent to which the objectives outlined below have been attained: ■ the portion of the variable compensation based on the fulfillment of the four quantifiable objectives (return on capital employed (ROCE), Group operating income, Group recurring earnings per share and free cash flow) amounted to €566,667, which corresponds to an achievement rate against the Target of 143% (the completion rate of the various quantifiable objectives is presented in Chapter 5, Section 2.2.2.2); ■ the portion of the variable compensation based on the fulfillment of the four qualitative objectives (development of a new strategic plan (including a divestment and acquisition component and a digital component), as well as its presentation to investors, implementation of the corporate social responsibility policy, harmonious development of the Group's new governance and human resources management in the context of a return to normal after the Covid-19 crisis) amounted to €276,958, which corresponds to an achievement rate of 97.8% (see Chapter 5, Section 2.2.2.2). Variable portion of the compensation of Mr. Benoit Bazin as Chief executive officer (period from July 1 to December 31, 2021) totaled €843,625 for 2021, which corresponds to an achievement rate compared to the target of 99.3%. In all, Mr. Benoit Bazin's total compensation for fiscal year 2021 (fixed and variable) as Chief executive officer (period from July 1, 2021 to December 31, 2021) amounted to €1,343,625. *Pursuant to the law, payment of the annual variable compensation is subject to the approval of the Ordinary Shareholders' Meeting of June 2, 2022.*
Deferred variable compensation	**None**	Mr. Benoit Bazin has not been granted any deferred variable compensation.
Multi-year variable compensation	**None**	Mr. Benoit Bazin has not been granted any multi-year variable compensation.
Exceptional compensation	**None**	Mr. Benoit Bazin has not been granted any exceptional compensation.

Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief executive officer from July 1, 2021 to December 31, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Performance shares	**Amount granted: €2,290,656** **(value based on the method used to prepare the consolidated financial statements)**	On the recommendation of the Nomination and Remuneration Committee, the Board of Directors' meeting of November 25, 2021 decided to grant Mr. Benoit Bazin the maximum number of performance shares allowed by the Compensation policy, *i.e.*, on the grant date, 64,000 performance shares (as a reminder, 57,500 performance shares were awarded in 2020 to Mr. Benoit Bazin as Chief operating officer). This allocation represents less than the sub-cap set by the General Shareholders' Meeting of June 6, 2019 and is less than the cap of 10% of the overall allocation envelope of performance shares decided by the Board. This allocation also represents a total value (in accordance with IFRS) at the time it was granted of €2,290,656, corresponding to 84.8% of the annualized maximum total gross compensation of the Chief executive officer for the 2021 fiscal year, so that it does not represent a disproportionate share and is in line with the decision of the Board of Directors of February 25, 2021, which decided that the long-term compensation instruments that would be awarded to the Chief executive officer could not represent in 2021, at the time of their allocation, a value (according to IFRS standards) greater than 85% of their annualized maximum total gross compensation as Chief executive officer for the 2021 fiscal year (fixed compensation plus maximum variable compensation for the 2021 fiscal year). Refer to Chapter 5, Section 2.4.2 for a description of the service and performance conditions applying to the vesting of performance shares. The performance targets set for each criterion are final. However, in accordance with the allocation plan rules, the Board of Directors will have the possibility, after consulting the Nomination and Remuneration Committee, to adjust them in the event of exceptional circumstances justifying this, in particular in the event of a change in the scope of consolidation or a change in accounting method, in order to neutralize, as far as possible, the consequences of these circumstances on the objectives set at the grant date. The performance conditions for performance shares allocated by the Group are demanding, as evidenced by the achievement rates for the latest three performance share plans for which the performance condition has been determined (75% for the 2017 plan, 57.1% for the 2016 plan, 66.4% for the 2015 plan). Percentage of share capital represented by the allocation of performance shares to the Executive corporate officer: approximately 0.012%. Date of authorization by the General Shareholders' Meeting: June 6, 2019 (24th Resolution). Date of the Board's grant decision: November 25, 2021.
Stock options	**None**	No stock options were granted to Mr. Benoit Bazin in 2021.
Performance units	**None**	No performance units were granted to Mr. Benoit Bazin in 2021.
Compensation in respect of the Director's term of office	**None**	Mr. Benoit Bazin does not receive any compensation in respect of the fiscal year for serving as a Director of Compagnie de Saint-Gobain.
In-kind benefits	**€1,080** **(book value)**	Mr. Benoit Bazin has use of a company car.
Compensation for loss of office	**None**	See the heading "Compensation for loss of office" in this Chapter 5, Section 2.2.4.2, on page 206 below.
Non-compete indemnity	**None**	See the heading "Non-compete indemnity" in this Chapter 5, Section 2.2.4.2, on page 206 below.

Compensation components paid during the 2021 fiscal year or granted in respect of that fiscal year to Mr. Benoit Bazin, Chief executive officer from July 1, 2021 to December 31, 2021 (Article L.22-10-34 II of the French Commercial Code) (Say on Pay *ex post*)

Compensation components submitted to vote	Amounts paid or granted or book value submitted to vote *(in EUR)*	Description
Supplementary pension arrangements	**None**	Following the freezing of the defined-benefit supplementary pension plan with conditional rights, set up in 2012, pursuant to Article L. 137-11 of the French Social Security Code (the "2012 Plan"), a defined-benefit supplementary pension plan with certain rights, meeting the conditions set out in Article L. 137-11-2 of the French Social Security Code (the "2012/2 Plan"), could be set up following the publication of the instruction of the Social Security Department on December 23, 2020. This 2012/2 Plan provides continuity to the 2012 Plan due to consistency in terms of population and benefits. Therefore, the 2012/2 Plan is not an addition to the 2012 Plan but a gradual replacement of it. Indeed, the pension rights acquired annually in the 2012/2 Plan reduce the frozen rights in the 2012 Plan by the same proportion and are capped so that, when combined as the case may be with the frozen rights of the 2012 Plan, they do not allow the receipt of a benefit greater than that which could have resulted from the 2012 Plan if its closure had not been imposed by the Order of July 3, 2019. The characteristics of the 2012 and 2012/2 Plans are specified in the Chief executive officer's compensation policy for 2022 submitted for approval to the Ordinary Shareholders' Meeting (see Chapter 5, Section 2.2.4.2). The extension of the 2012/2 Plan to Mr. Benoit Bazin as from 2021 results from the Chief executive officer's compensation policy for 2021, approved by the Ordinary Shareholders' Meeting held on June 3, 2021 (fourteenth resolution). The vesting of annual rights under the 2012/2 Plan is subject to the fulfillment of conditions related to the professional performance of Mr. Benoit Bazin assessed annually by the Board of Directors. The performance condition is defined as follows: the achievement, for the year in question, of at least 50% of the individual part of the quantifiable and qualitative objectives relating to the variable part of the compensation. In February 2022, the Board of Directors noted that the performance condition determining the vesting of Mr. Benoit Bazin's rights in respect of 2021 had been met. As a result, under the 2012/2 plan, the pension vested in 2021 amounts to a gross amount of approximately 34,000 euros per year. In addition, as of December 31, 2021, the total estimated amount of the pension that will be received by Mr. Benoit Bazin under the 2012/2 Plan amounts to a gross amount of approximately 34,000 euros per year. This indicative amount is calculated in accordance with the procedures set forth in Article D. 22-10-16 of the French Commercial Code. As indicated, this amount reduces the amount that could be paid under the 2012 Plan. In fact, the estimated amount of the pension paid under the 2012/2 Plan, together with that which could be paid under the 2012 Plan, remains in any event lower than the cap provided for in the "2012" pension plan (eight times the annual social security cap, i.e., 329,088 euros in 2021) and the cap of 45% of fixed and variable compensation provided for in the AFEP-MEDEF Code.

(1) *The amounts paid or allocated to Mr. Benoit Bazin as Chief executive officer for the 2021 fiscal year were calculated on a pro rata basis from July 1, 2021 to December 31, 2021.*

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2.2.4 Compensation policies for Executive corporate officers subject to the approval of the General Shareholders' Meeting of June 2, 2022 (Say on Pay ex ante)

Article L.22-10-8 II of the French Commercial Code requires that the Compensation policy for Executive corporate officers be submitted to the Ordinary Shareholders' Meeting for approval each year. This vote is binding (as opposed to an advisory vote).

At its meeting of February 24, 2022, the Board of Directors, on the proposal of the Nomination and Remuneration Committee, determined the compensation policies for the Chairman of the Board of Directors and the Chief executive officer presented below.

The general principles of the Compensation policy for the Executive corporate officers described in Chapter 5, Section 2.2.1 were reviewed by the Board of Directors and were confirmed for the 2022 fiscal year.

2.2.4.1 Compensation policy for the Chairman of the Board of Directors subject to the approval of the General Shareholders' Meeting of June 2, 2022 (Say on Pay *ex ante*)

The table below shows the Compensation policy for the Chairman of the Board of Directors, submitted for approval to the General Shareholders' Meeting of June 2, 2022 pursuant to Article L.22-10-8 II of the French Commercial Code.

Compensation policy for the Chairman of the Board of Directors, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)

Components of compensation attributable to the Chairman of the Board of Directors	Cap	Description
Fixed compensation	-	The compensation of the Chairman was set by the Board of Directors, at its meeting of February 25, 2021, on the proposal of the Nomination and Remuneration Committee, at €450,000 gross per year for the entire duration of his term of office with no other compensation in respect of his office. *The Committee had noted in February 2021, with the assistance of an independent recruitment firm, that this level is below the median of compensation paid to non-executive Chairmen of CAC 40 companies who previously held the position of Chairman and Chief executive officer (excluding financial companies).*
Annual variable compensation	None	The Board of Directors does not intend to grant any annual variable compensation to the Chairman in 2022.
Deferred variable compensation	None	The Board of Directors does not intend to grant any deferred variable compensation to the Chairman in 2022.
Multi-year variable compensation	None	The Board of Directors does not intend to grant any multi-year variable compensation to the Chairman
Exceptional compensation	None	The Board of Directors does not intend to grant any exceptional compensation to the Chairman in 2022.
Indemnity for taking up office	None	The Board of Directors has not granted the current Chairman any severance package and does not plan to do so if a new Chairman would be recruited externally.
Long-term compensation	None	The Board of Directors does not intend to grant any long-term compensation to the Chairman during his term of office.
Compensation in respect of the Director's term of office	None	The Chairman does not receive any compensation for serving as a Director of Compagnie de Saint-Gobain.
In-kind benefits	-	The Chairman has use of a company car.
Compensation for loss of office	None	The Board of Directors does not intend to grant any severance indemnity to the Chairman.
Non-compete indemnity	None	The Board of Directors does not intend to grant any non-compete indemnity to the Chairman.
Health and personal risk insurance	-	Mr. Pierre-André de Chalendar continues to fully benefit from the Group's health and personal risk insurance policies entered into with GAN and Mutuelle Malakoff Médéric respectively during his term of office.

It is specified that Mr. Pierre-André de Chalendar decided to retire and benefit from his rights under the supplementary defined-benefit pension scheme "SGPM" of which he was a beneficiary as Chairman and Chief executive officer, as of July 1, 2021. As of this date, he receives a supplementary retirement pension, the gross annual amount of which is approximately €385,800.

2.2.4.2 Compensation policy for the Chief executive officer subject to the approval of the General Shareholders' Meeting of June 2, 2022 (Say on Pay *ex ante*)

The table below details the Compensation policy for the Chief executive officer, subject to the approval of the General Shareholders' Meeting of June 2, 2022 pursuant to Article L.22-10-8 II of the French Commercial Code, including the commitments made in his favor on matters such as compensation components and indemnities or benefits due or likely to be due in the event of termination of his duties.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)

Components of compensation attributable to the office of Chief executive officer	Cap	Description
Fixed compensation	-	The fixed compensation of the Chief executive officer is commensurate with his experience and responsibilities as Chief executive officer and shall be compared with fixed compensation offered by similar large companies in terms of sales, workforce and international scope of operations. In applying these principles, the Board of Directors decided, at its meeting of February 24, 2022, on the proposal of the Nomination and Remuneration Committee, to set this fixed compensation at €1,000,000 for 2022 (unchanged compared to 2021). *The Nomination and Remuneration Committee noted again in 2022, with the assistance of an independent recruitment firm that this level is lower than the median of CAC 40 industrial companies which are similar to Saint-Gobain in terms of size: net sales, workforce and international scope of operations.*
Annual variable compensation	**170% of the fixed compensation at maximum**	The Board of Directors decided to maintain the annual variable compensations' cap of the Chief executive officer unchanged at 170% of the fixed portion of his compensation (as in 2021). The amount of the variable compensation for the 2022 fiscal year will be decided by the Board of Directors in 2023 based on the achievement of quantifiable and qualitative objectives that it established, respectively at 2/3 and 1/3 of the variable portion of his compensation (structure unchanged since the appointment of Mr. Benoit Bazin as Chief executive officer). As regards the quantifiable objectives, the Board decided to adopt the following four quantifiable objectives for the 2022 fiscal year, each counting for 25%, deemed relevant for assessing the operational and financial performance of the Saint-Gobain Group and its strategy (as in 2021): the rate of return on capital employed (ROCE), the operating income of theGroup, the recurring net income of the Group per share and the Free Cash Flow. Given the volatility of the environment in which the Group operates, which makes it difficult to forecast each indicator, the Board of Directors, after consulting the Nomination and Remuneration Committee, reserves the right to apply an "outperformance" mechanism that would make it possible to partially compensate for the non-achievement of objectives on certain criteria by an exceptional outperformance on others. In the event of overperformance on one or more of the four criteria beyond the maximum, it is possible to reach up to +20% of the bonus share relating to the outperforming criterion(s), in the event of achievement above the maximum and up to 120% of the maximum, with linearity between 0 and 120% (which leads, for example, to +10% of the bonus share relating to a criterion in the event of achievement of up to 110% of the maximum), it being specified that the sum of the four components may not exceed 113% [(1)] of the fixed portion. Thus, in the extreme case of outperformance of more than 20% of the maximum on three criteria and performance equal to zero on the fourth, the quantifiable portion of the annual variable will be equal to 102% of the fixed portion (which responds to the concern that the maximum of 113% of the fixed portion cannot be reached when one criterion is at zero). The Board also retained the following qualitative objectives, which were deemed relevant insofar as they reflect the implementation of strategic orientations for the 2022 fiscal year: ■ Deployment of the Grow & Impact strategic plan in its 6 action priorities (1 - Position ourselves in high-growth markets, 2 - Be solutions-oriented, combining performance and sustainability, 3 - Drive growth through customer innovation and the power of data, 4 - Embed corporate social responsibility in our decisions and actions, 5 - Strengthen our "tec" culture, 6 - Have the best teams in a diverse and inclusive work environment) ■ Successful integration of Chryso and GCP and continued optimization of the Group's scope (acquisitions and disposals) ■ Implementation of the Corporate Social Responsibility policy (including safety, social, environmental and compliance) *In accordance with the law, the payment of the annual variable compensation will be conditioned to the approval of the 2023 Ordinary Shareholders' Meeting.*
Deferred variable compensation	**None**	The Board of Directors does not intend to grant deferred variable compensation to the Chief executive officer in 2022.
Multi-year variable compensation	**None**	The Board of Directors does not intend to grant any multi-year variable compensation to the Chief executive officer in 2022.

(1) The quantifiable portion of the variable portion represents 2/3 of the variable portion, which may reach a maximum of 170% of the fixed portion, so that its maximum amount is 113.33% of the fixed portion.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**
Exceptional compensation	**None**	The Board of Directors does not intend to grant any exceptional compensation to the Chief executive officer in 2022. *In accordance with the law, the payment of any exceptional compensation would be conditioned to the approval of the 2023 Ordinary Shareholders' Meeting.*
Indemnity for taking up office	**-**	The Board of Directors reserves the option, if a new Chief executive officer were to be recruited outside the Group, to grant him/her an indemnity for taking up office to compensate for the loss of benefits, in compliance with current practices, such as the annual variable compensation and/or long-term compensation components which he/she was entitled to as part of his/her previous duties. This indemnity for taking up office could take the form of payments in cash and/or allocation of securities subject to performance conditions.
Long-term compensation	**Cap for the allocation of long-term compensation instruments to the CEO (valuation according to IFRS) set at 100% of his total maximum gross compensation for 2022** **and** **Cap for the allocation to the CEO set at 10% of the overall grant of performance shares in 2022 (no performance unit)** **and** **Caps for the allocation to the CEO to be provided for by the Resolutions relating to the allocation of stock options and free shares of the General Shareholders' Meeting of June 2, 2022 (similar to those planned by the General Shareholders' Meeting of June 6, 2019)**	The Board of Directors has decided that the allocation of long-term compensation instruments from which the Chief executive officer may benefit, at the time of their allocation during the 2022 fiscal year, may not represent a valuation (according to IFRS standards) greater than 100% of his total maximum gross compensation for fiscal year 2022 (fixed plus maximum annual variable for 2022 fiscal year, i.e. an amount of €2,700,000). This cap, which defines the latitude available to the Board at the time of granting long-term compensation instruments, does not necessarily prejudge the decision that will be taken in November 2022. The cap was set at 85% of the maximum gross compensation in 2021, and its upward revision is explained by the upward movement in the Company's share price. In such a context, if the cap were not raised, the Board of Directors would necessarily have to reduce the number of shares allocated to the Chief executive officer, whose interests would not be aligned with those of the company and its shareholders. In addition, the Board of Directors decided that the Chief executive officer could not be allocated more than 10% of the overall grant of performance shares under the plan to be implemented in 2022 (no performance unit plan). The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, intends to propose to the General Shareholders' Meeting of June 2, 2022 to maintain the sub-cap for the allocation of stock options to Executive corporate officers set by the General Shareholders' Meeting of June 6, 2019 at 10% of the cap set by the 23rd Resolution (sub-cap common to the 24th Resolution of the same Meeting relating to the allocation of performance shares which itself provides for a sub-cap for allocation to Executive corporate officers of 10%, which must also be maintained), and to keep the caps for issuance of stock options and performance shares unchanged. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, will indicate to the General Shareholders' Meeting of June 2, 2022, its intention to submit the delivery of performance shares (the only long-term compensation instruments planned to be granted in 2022) subject to a presence condition and performance conditions that will be based at least on the following criteria historically applied to the Group's long-term compensation plans: 1. an internal performance criterion (the Group's ROCE); 2. a relative performance criterion (the stock market performance of the Saint-Gobain share compared to the CAC 40 stock market index); 3. a criterion relating to Corporate Social Responsibility. These criteria were deemed relevant by the Board of Directors as they reflect the operational, financial and non-financial performance of the Saint-Gobain Group and ensure that the beneficiaries are aligned with the interests of Saint-Gobain shareholders. If these criteria cease to be relevant, the Board would set criteria of a comparable requirement in order to continue to put in place consistent compensation instruments over the long term. The performance objectives relating to each of the above criteria will be set by the Board of Directors when the performance shares are allocated and will be final. However, the Board of Directors will have the possibility, after consulting the Nomination and Remuneration Committee, to adjust them in the event of exceptional circumstances justifying this, in particular in the event of a change in the Group's scope of consolidation or a change in accounting method, in order to neutralize, to the extent possible, the consequences of these circumstances on the objectives set on the grant date. The assessment period for the performance conditions of long-term compensation instruments may not be less than three years. As in the past, the Board will set for the Chief executive officer, for any allocation in 2022 as part of a long-term compensation plan in the form of performance shares, a strict obligation to retain shares or to reinvest in shares that the Chief executive officer must hold in registered form until the end of his term of office.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**

Consequences of the termination of his duties as a corporate officer on his stock options, performance shares performance units and other long-term compensation instruments	-	a) In the event **of termination of his office as corporate officer**, the Chief executive officer (or his heirs in the event of death) **shall be deprived of his right to exercise stock options or receive performance shares**, **performance units and other long-term compensation instruments** granted to him during his term as Chief operating officer for which the minimum exercise period, or the acquisition period, will not have expired as of the date of termination of his office as corporate officer (with the exception of events of death, disability or retirement, in which case the long-term compensation instruments will be maintained as stated in the related rules for the long-term compensation plans).
		b) The **Board of Directors shall nevertheless have the option**, on the proposal of the Nomination and Remuneration Committee, **to maintain, exclusively on a *pro rata temporis* basis,** the benefit of stock options, performance shares, performance units or other long-term compensation instruments granted to him during his office as Chief operating officer for which the minimum exercise period, or the acquisition period, as the case may be, will not have expired as of the date of termination of his office as corporate officer.
		Such decision by the Board of Directors shall occur no later than the day of the termination of office. Any such decision by the Board of Directors must be justified in accordance with the AFEP-MEDEF Code.
		The exercise of stock options and performance units, and the vesting of performance shares and other long-term compensation instruments would nonetheless remain subject in this case to the fulfillment of the performance conditions stipulated in the rules of the relevant plans.
		c) By exception, the Board of Directors **shall not have the option to maintain this benefit** in the following cases:
		■ dismissal for gross or serious misconduct, or serious misconduct not related to his duties; and
		■ **resignation** from the duties of company Director which does not constitute a case of "**Forced Resignation**". "Forced Resignation" means a resignation from the duties of Executive corporate officer that occurs within the twelve months following:
		  ▪ the date of approval by the General Shareholders' Meeting of a merger or a demerger affecting Compagnie de Saint-Gobain, or
		  ▪ the effective date on which a third party or group of investors acting in concert acquires control of Compagnie de Saint-Gobain (in accordance with Article L.233-3 of the French Commercial Code), or
		  ▪ the announcement by the Company's management bodies of a significant shift in the Group's strategy leading to a major change in its business.

Compensation in respect of the Director's term of office	None	The Chief executive officer does not receive any compensation for serving as a Director of Compagnie de Saint-Gobain.
In-kind benefits	-	The Chief executive officer has use of a company car.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**
Compensation for loss of office	**Cap set at twice the gross annual total compensation, including the non-compete indemnity**	Mr. Benoit Bazin has renounced his employment contract, which he entered into with the Saint-Gobain Group more than 20 years ago, as fromJuly 1, 2021. He has not been granted any indemnity payment on this occasion. In the event of Forced Departure, whatever form this departure takes, in the following circumstances: a) early dismissal or non-renewal of the term of office of the Chief executive officer at the end of the term, except at his initiative or in the event of serious or gross misconduct or misconduct not related to the duties of Chief executive officer, or b) Forced resignation, Mr. Benoit Bazin would receive an indemnity equal to a maximum of twice the total gross annual compensation defined as the sum of the fixed portion of his annual compensation as Chief executive officer received at the date of termination of office, and the average of the variable portion of his annual compensation received or to be received in respect of the last three full fiscal years available during which he held the position of Chief executive officer and ended prior to the date of termination of his office. In any event, no amount would be due in respect of the severance indemnity in the event that Mr. Benoit Bazin would leave Compagnie de Saint-Gobain at his own initiative, other than in the circumstances described above, or if, leaving the Company at his own initiative in one of the circumstances described above, he had the opportunity, within twelve months following the date of termination of his duties as Chief executive officer, to retire and be eligible to benefit from his retirement rights under the "2012" defined-benefit pension plan or any other supplementary pension plan then applicable (see "Supplementary pension arrangements" Section below). In any event, the combination of this severance indemnity and the non-compete indemnity may not exceed twice the amount of the total gross annual compensation of Mr. Benoit Bazin. Eligibility for severance indemnity will be subject to the fulfillment of a performance condition defined as the granting by the Board of Directors, on average for the last three full fiscal years available during which he held the position of Chief executive officer and closed prior to the date of termination of his duties, of a variable portion of compensation at least equal to half of the maximum amount set for this variable portion. This performance condition, identical to the one applicable to Mr. Benoit Bazin as Chief operating officer, is demanding, as evidenced by his variable compensation received in respect of the last two fiscal years, which was, for 2021 (in respect of his position as Chief executive officer on an annualized basis) 99.3%, and, in respect of 2020 (as Chief operating officer), 62.91% of the maximum amount set for this variable portion. The payment of this severance indemnity shall be subject to the prior verification by the Board of Directors, under the conditions prescribed by the applicable law, of the fulfillment of said performance condition, assessed on the date of termination of his duties.
Non-compete indemnity	**Cap set at one year of total gross annual compensation** **and** **Combined non-compete indemnity and severance indemnity capped at two years of total annual gross compensation**	Mr. Benoit Bazin has signed a firm and binding non-compete undertaking in favor of Compagnie de Saint-Gobain [1] with a term of one year as from the date of his loss of office as Chief executive officer. In consideration of this undertaking, in the event of termination of office as Chief executive officer for any reason whatsoever, Mr. Benoit Bazin would receive an **indemnity equal to one year's total gross annual compensation**. The total gross annual compensation would consist of the same fixed and variable components as those used to determine the severance indemnity mentioned above. In any event, **the combination of this non-compete indemnity and the severance indemnity may not exceed twice the amount of the total gross annual compensation** of Mr. Benoit Bazin. It should be noted that this non-compete undertaking is **a protection mechanism of the Saint-Gobain Group**, the non-compete indemnity being the imperative financial consideration for the restrictions imposed. However, the Board of Directors has reserved the right to unilaterally waive the benefit of this non-compete undertaking no later than the date of termination of the office of the Chief executive officer, in which case the Chief executive officer would be released from any commitment and no sum would be due to him in this respect. In addition, the payment of the non-compete indemnity would be excluded as soon as Mr. Benoit Bazin would retire. In any event, no compensation would be paid beyond the age of 65.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**
Supplementary pension arrangements	-	**2012 Plan:** Mr. Benoit Bazin benefits from the 2012 Plan, under the same conditions as those applicable to all beneficiaries of this pension plan. The 2012 Plan benefits all Compagnie de Saint-Gobain employees who meet the following five conditions: (i) have at least ten years' seniority within the Saint-Gobain Group as of July 4, 2019, (ii) have received annual compensation exceeding eight annual social security caps for at least three of the last ten years of employment prior to July 4, 2019, (iii) have completed their career as an employee of Compagnie de Saint-Gobain, (iv) have liquidated all of their retirement pensions, (v) have not been dismissed for gross misconduct. The methods used to determine the reference compensation set by the 2012 Plan and used to calculate the rights of beneficiaries are as follows: (i) base compensation consists exclusively of the following elements: fixed, variable and benefits in kind, and (ii) the base compensation taken into account for the calculation is an average of three consecutive years, including the highest over the last ten years of activity. The 2012 Plan's benefit entitlement is calculated as follows: 1.8% of the portion of base compensation between 8 and 20 times the annual social security cap, plus 0.4% of the portion of base compensation exceeding 20 times the annual social security cap. The amount of the supplemental pension provided by the 2012 Plan is capped twice: ■ by the number of years of seniority taken into account in the calculation, which cannot exceed 20. Only the years of presence of the potential beneficiary until December 31, 2019 are taken into account. Thus, to determine the annual pension amount, the above-mentioned benefit entitlements are multiplied by the number of years of service, and ■ by an absolute cap: the pension may never exceed 8 times the annual social security cap (i.e. 329,088 euros in 2021). In addition, the annual amount of the supplementary pension provided for under the 2012 Plan is reduced by the amount of other defined-benefit supplementary pensions received. Thus, the annual pension acquired by beneficiaries of the 2012 Plan under another defined-benefit plan, such as the 2012/2 Plan, reduces the annual pension that would be paid under the 2012 Plan by the same amount. Since Mr. Benoit Bazin joined the Saint-Gobain Group on September 1, 1999, he had reached the 20 years' service cap provided under the 2012 Plan in September 2019, and therefore, he would be unable to acquire any conditional rights under this plan as from that date. In the event of departure with the maximum years of service (acquired in September 2019) under the 2012 Plan, Mr. Benoit Bazin would be entitled to an annual pension supplement equivalent to 30% of his last fixed compensation. Mr. Benoit Bazin's maximum supplementary theoretical retirement payout is lower than the AFEP-MEDEF Code's recommended cap, which is set at 45% of the sum of the fixed and annual variable compensations. This annuity is financed by premiums paid to an insurance company which are deductible from the corporate income tax base. With respect to the social security charges associated with the payment of the annuity, the Company would be subject to the payment of a contribution based on the premiums paid to the insurer, the rate of which is set by the French Social Security Code at 24%. At December 31, 2021, Mr. Benoit Bazin's estimated pension under the 2012 Plan would amount to around €229,000 euros per year, below the cap for the 2012 Plan (eight times the annual social security cap, i.e. 329,088 euros in 2021). This indicative amount is calculated in accordance with Article D. 22-10-16 of the French Commercial Code, according to which the pension must be estimated on an annual basis, take into account the accumulated years of service of the corporate officer in his/her duties on the fiscal year-end date, be based on the compensation during the last fiscal year(s) and be calculated disregarding the effective satisfaction of the conditions to which the commitment is subject, as if the corporate officer could benefit from it starting the day after fiscal year-end. The commitments made by the company to Mr. Benoit Bazin under the 2012 Plan may be terminated by decision of the Board of Directors. The 2012 Plan has been frozen as of December 31, 2019 such that no conditional rights can be acquired after that date in accordance with Order No. 2019-697 of July 3, 2019 relating to additional workplace pension plans.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**
		2012/2 Plan: Following this freeze, a defined-benefit supplementary pension plan with certain rights, meeting the conditions set out in Article L. 137-11-2 of the French Social Security Code, the "2012/2 Plan", could be set up following the publication of the instruction of the Social Security Department on December 23, 2020. This 2012/2 Plan provides continuity to the 2012 Plan due to consistency in terms of population and benefits. Therefore, the 2012/2 Plan concerns only those employees who are in the workforce on its effective date and who benefit from the 2012 Plan. Moreover, the 2012/2 Plan is not an addition to the 2012 Plan but a gradual replacement of it. Indeed, the pension rights acquired annually in the 2012/2 Plan reduce the frozen rights in the 2012 Plan by the same proportion and are capped so that, when combined as the case may be with the frozen rights of the 2012 Plan, they do not allow the receipt of a benefit greater than that which could have resulted from the 2012 Plan if its closure had not been imposed by the Order of July 3, 2019. The 2012/2 Plan provides for the payment of a life annuity to the beneficiary, with the possibility of reversion, starting at the earliest from the date of liquidation of his pension in a compulsory old age insurance scheme to which he has contributed or from the legal retirement age mentioned in Article L. 161-17-2 of the French Social Security Code. After the life annuity has been settled, no new pension rights may be granted. In the event of death before the liquidation of the acquired rights, the latter will be converted into capital and paid to the previously designated beneficiaries. The reference compensation used to calculate the rights consists of the fixed and variable portions of the compensation as well as benefits in kind, taken into account for the calculation of social security contributions (pursuant to Article L. 242-1 of the French Social Security Code). For the calculation of the reference compensation, the variable portion paid for the year in question is capped at 60% of the fixed portion of the previous year's compensation. The annual vested rights correspond to 5.4% of the reference compensation between 8 and 20 times the annual social security cap in force for the year in question, plus 1.2% of the reference compensation exceeding 20 times the annual social security cap in force for the year in question. The acquisition of annual rights is subject to compliance with conditions related to the beneficiary's professional performance, assessed annually by the employer. Annual vested rights may not exceed 3% of the reference salary. In addition, the cumulative number of percentage points applied to the same beneficiary under a scheme covered by Article L. 137-11-2 of the French Social Security Code is capped at 30 points over the beneficiary's entire career and for all employers combined. Finally, in addition to these legal limits, the 2012/2 Plan has its own limit to ensure that it does not allow the beneficiary to receive a higher benefit than that which would have resulted from the 2012 Plan had its closure not been imposed by the Order of July 3, 2019. Thus, it is verified each year that the estimated annual pension earned under the 2012/2 Plan does not exceed the estimated amount of a "maximum" annual pension corresponding to the pension that could have resulted from the 2012 Plan if its closure had not been imposed by the July 3, 2019 Order. If this cap is not observed, the grant of rights for the following year is null and void. In accordance with the Chief executive officer's compensation policy for 2021, approved by the Ordinary Shareholders' Meeting held on June 3, 2021 (fourteenth resolution), the application of the 2012/2 Plan has been extended to Mr. Benoit Bazin as of 2021. Mr. Benoit Bazin's vesting of annual rights is subject to compliance with conditions related to his professional performance, verified and validated annually by the Board of Directors at the beginning of the year following the year concerned. The performance condition is defined as follows: the achievement, for the year in question, of at least 50% of the individual part of the quantifiable and qualitative objectives relating to the variable part of the compensation. Vesting may be zero (0%) in the year in which performance is below the threshold thus determined. The vested rights are revalued annually by a coefficient equal to the change in the social security cap. In the event of Mr. Benoit Bazin's departure from the Company, the rights will be revalued annually according to the technical and financial results of the insurer. This annuity is financed exclusively by premiums paid by the Company to an insurer, which are deductible from the corporate tax base. As regards the social security charges associated with the payment of the annuity, the Company is subject to the payment of a contribution based on the premiums paid to the insurer, the rate of which is set by the Social Security Code at 29.7%. The commitments made by the Company to Mr. Benoit Bazin under the 2012/2 Plan may be terminated by decision of the Board of Directors. However, the rights prior to this termination would remain vested, in accordance with the applicable legal provisions.

Compensation policy for the Chief executive officer subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 II of the French Commercial Code)		
Components of compensation attributable to the office of Chief executive officer	**Cap**	**Description**
		On February 24, 2022, the Board of Directors noted that the performance condition determining the vesting of Mr. Benoit Bazin's rights in respect of 2021 had been met. As a result, under the 2012/2 plan, the pension vested in 2021 amounts to a gross amount of approximately 34,000 euros per year. In addition, as of December 31, 2021, the total estimated amount of the pension that will be received by Mr. Benoit Bazin under the 2012/2 Plan amounts to a gross amount of approximately 34,000 euros per year. This indicative amount is calculated in accordance with the procedures set forth in Article D. 22-10-16 of the French Commercial Code. As indicated, this amount reduces the amount that could be paid under the 2012 Plan. In fact, the estimated amount of the pension paid under the 2012/2 Plan, together with that which could be paid under the 2012 Plan, In fact, the estimated amount of the pension paid under the 2012/2 Plan, together with that which could be paid under the 2012 Plan, remains in any event lower than the cap provided for in the 2012 Plan (eight times the annual social security cap, i.e., 329,088 euros in 2021) and the cap of 45% of fixed and variable compensation provided for in the AFEP-MEDEF Code.
Health and personal risk insurance	-	By decision of the Board of Directors, Mr. Benoit Bazin continues to fully benefit from the Group's health and personal risk insurance policies entered into with GAN and Mutuelle Malakoff Médéric respectively during his term of office.

(1) *Activity concerned: any company whose main activity is the trading of building materials or the production of building materials similar to those produced by the Saint-Gobain Group. Territory: European Union, EFTA and Switzerland.*

2.2.5 Compensation ratios

Comparative evolution (in %) of the compensation paid to Executive corporate officers, to employees of Compagnie de Saint-Gobain and its consolidated subsidiaries in France, and the Saint-Gobain Group's performance

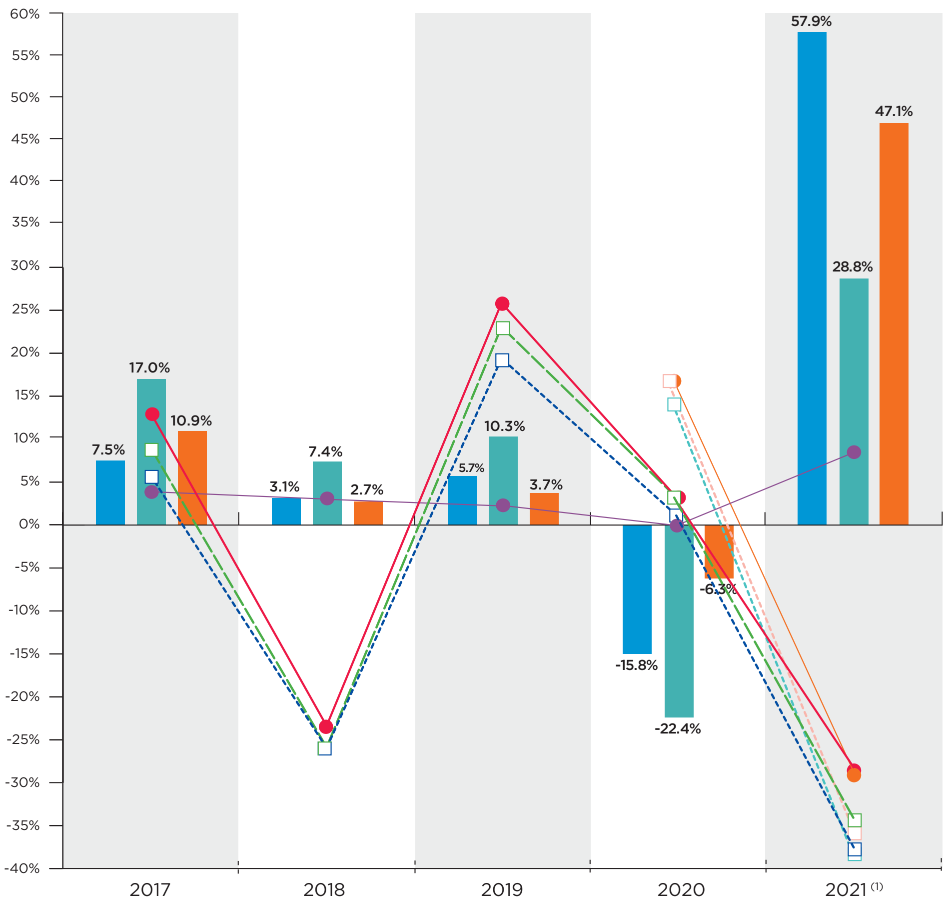
The graph below shows the comparative change (in %), over the last five years, of:

- compensation of the Executive corporate officers;
- the ratios between the compensation of the Executive corporate officers and the median compensation of Compagnie de Saint-Gobain's employees; and
- the performance of the Saint-Gobain Group (operating income, return on capital employed (ROCE) and recurring earnings per share),

and, on a voluntary basis, over the last five fiscal years, of:

- the average compensation of the employees of the consolidated subsidiaries of the Saint-Gobain Group in France; and
- the ratios between the compensation of the Executive corporate officers and the average compensation of these employees in France.

The employees of Saint-Gobain Group's consolidated subsidiaries incorporated in France represent 37,621 employees, i.e. almost 23% of the Group's workforce at December 31, 2021.



Evolution *(in percentage)* of the following indicators:

OI[2] REPS[3] ROCE[4]

Compensation of Pierre-André de Chalendar, Chairman and CEO, since 2016

Compensation of Benoit Bazin, COO[5], since 2019

Average compensation of employees – France, since 2017

Ratio between the compensation of Pierre-André de Chalendar and the median compensation of employees – Compagnie de Saint-Gobain

Ratio between the compensation of Pierre-André de Chalendar and the average compensation of employees – France

Ratio between the compensation of Benoit Bazin and the median compensation of employees – Compagnie de Saint-Gobain

Ratio between the compensation of Benoit Bazin and the average compensation of employees – France

(1) Given the changes in corporate governance during the 2021 fiscal year, the compensation of Executive corporate officers for the 2021 fiscal year has been annualized. It is specified that, in fiscal year 2021, Mr. Pierre-André de Chalendar did not receive any performance shares and Mr. Benoit Bazin did not receive any performance shares in his capacity as Chief operating officer. In addition, as Mr. Pierre-André de Chalendar was appointed Chairman of the Board of Directors and Mr. Benoit Bazin Chief executive officer on July 1, 2021, the evolution of their compensation for their respective functions as Chairman of the Board of Directors and Chief executive officer cannot be presented for the year 2021.
(2) Operating income.
(3) Recurring earnings per share.
(4) Return on capital employed.
(5) Benoit Bazin was appointed Chief operating officer with effect from January 1, 2019.

Evolution of compensation

In accordance with Article L.22-10-9 7° of the French Commercial Code, the table below shows, over the last five fiscal years on a full-time equivalent basis, the evolution of compensation of the Executive corporate officers of Compagnie de Saint-Gobain, the average and median compensation of its employees as well as the change in the average and median compensation of employees in France[1].

Table 1 – Evolution of compensation of Executive corporate officers, the average and median compensation of Compagnie de Saint-Gobain employees in France over the last five fiscal years

	2021 (5)	2020 (1)	2019 (1)	2018	2017
Pierre-André de Chalendar, Chairman and Chief executive officer *Until July 1, 2021*	-29.5%	3.3% (2)	26.1%	-23.5%	13.0%
Pierre-André de Chalendar, Chairman of the Board of Directors *Since July 1, 2021*	N/A	N/A	N/A	N/A	N/A
Benoit Bazin, Chief operating officer *From January 1, 2019 to June 30, 2021*	-29.9%	16.9% (3)	N/A	N/A	N/A
Benoit Bazin, Chief executive officer *Since July 1, 2021*	N/A	N/A	N/A	N/A	N/A
Average compensation of employees (Compagnie de Saint-Gobain)	8.6%	6.1%	5.1%	-6.3%	13.7%
Median compensation of employees (Compagnie de Saint-Gobain)	13.4%	2.1%	5.4%	3.4%	6.9%
Average compensation of employees (France)	8.1%	0.0%	2.3%	3.3%	3.8%
Median compensation of employees (France)	8.6%	- (4)	- (4)	- (4)	- (4)

(1) *The compensation of Executive corporate officers for the 2019 and 2020 fiscal years taken into account are those post-reductions due to Covid-19 (see Chapter 5, Section 2.2.2 of the Company's 2020 universal registration document and, in particular, Section 2.2.2.1 for explanations of the increase – despite the reductions due to Covid-19 – in the overall compensation of Executive corporate officers in 2020 compared to 2019 mainly due to the increase in the Saint-Gobain share price, which resulted in an increase in the IFRS value of performance shares granted to Executive corporate officers).*

(2) *Without the reduction in variable compensation awarded for 2019 decided by the Board of Directors as a result of Covid-19, the change in the compensation of the Chairman and Chief executive officer between 2019 and 2020 would have been of 0.8%.*

(3) *Without the reduction in the variable compensation awarded for 2019 decided by the Board of Directors as a result of Covid-19, the change in the compensation of the Chief operating officer between 2019 and 2020 would have been of 13.9%, excluding the cancellation of the increase in the variable compensation cap from 120% to 150% initially decided by the Board of Directors in February 2020.*

(4) *Information not available.*

(5) *Given the changes in corporate governance during the 2021 fiscal year, the compensation of Executive Directors for the 2021 fiscal year has been annualized. It is specified that Mr. Pierre-André de Chalendar did not receive any performance shares for 2021. Mr. Benoit Bazin did not receive any performance shares in his capacity as Chief operating officer for the period from January 1 to June 30, 2021. He was granted 64,000 performance shares on November 25, 2021 in his capacity as Chief executive officer, representing a total value (according to IFRS) of €2,290,656 at the date of allocation.*

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(1) *Data on the median compensation of employees in France are only available for 2020 and 2021 (see the "France scope" below).*

Compensation ratios

Legal scope – Compagnie de Saint-Gobain

Pursuant to Articles L.22-10-9 6° and 7° of the French Commercial Code, the table below shows the ratios between the compensation level of the Executive corporate officers of Compagnie de Saint-Gobain and the average and the median compensation of its employees over the last five fiscal years, based on full-time equivalent and any changes thereto.

Table 2 – Change in the ratios for average and median compensation over the last five fiscal years – Compagnie de Saint-Gobain

			2021 (5)	2020 (1)	2019(1)	2018	2017
Ratio on average compensation	**Pierre-André de Chalendar**, Chairman and Chief executive officer	Until July 1, 2021.	15	22 (2)	23 (2)	19	24
	Change in ratio		*-35.1%*	*- 2.6% (2)*	*20.0% (2)*	*- 18.4%*	*- 0.6%*
	Pierre-André de Chalendar, Chairman of the Board of Directors	Since July 1, 2021.	2	-	-	-	-
	Change in ratio		-	-	-	-	-
	Benoit Bazin, Chief operating officer	From January 1, 2019 to June 30, 2021.	8	13	12	N/A	N/A
	Change in ratio		*-35.5%*	*10.2%*	*N/A*	*N/A*	*N/A*
	Benoit Bazin, Chief executive officer	Since July 1, 2021.	23	-	-	-	-
	Change in ratio		-	-	-	-	-
Ratio on median compensation	**Pierre-André de Chalendar**, Chairman and Chief executive officer	Until July 1, 2021.	26	42 (3)	42 (3)	35	47
	Change in ratio		*-37.8%*	*1.2% (3)*	*19.6 % (3)*	*- 26.1%*	*5.7%*
	Pierre-André de Chalendar, Chairman of the Board of Directors	Since July 1, 2021.	4	-	-	-	-
	Change in ratio		-	-	-	-	-
	Benoit Bazin, Chief operating officer	From January 1, 2019 to June 30, 2021.	15	25	21 (4)	N/A	N/A
	Change in ratio		*-38.2%*	*14.5%*	*N/A*	*N/A*	*N/A*
	Benoit Bazin, Chief executive officer	Since July 1, 2021.	40	-	-	-	-
	Change in ratio		-	-	-	-	-

(1) The compensation of Executive corporate officers for the 2019 and 2020 fiscal years taken into account are those post-reductions due to Covid-19 (see Chapter 5, Section 2.2.2 of the Company's 2020 universal registration document).

(2) Without the reductions in fixed remuneration for 2020 and variable remuneration for 2019 paid in 2020 decided by the Board of Directors as a result of Covid-19, the 2019 and 2020 ratios would have been 24 and 23 respectively and the change in these ratios between 2018 and 2019 and between 2019 and 2020 would have been 23.0% and -3.2% respectively.

(3) Without the reductions in fixed remuneration for 2020 and variable remuneration for 2019 paid in 2020 decided by the Board of Directors as a result of Covid-19, the 2019 and 2020 ratios would each have been 43 and the change in these ratios between 2018 and 2019 and between 2019 and 2020 would have been 22.6% and 0.6% respectively.

(4) Without the reduction in variable remuneration for the 2019 financial year decided by the Board of Directors as a result of Covid-19, the 2019 ratio would have been 22, excluding the cancellation of the increase in the variable remuneration cap from 120% to 150% initially decided by the Board of Directors in February 2020.

(5) Given the changes in corporate governance during the 2021 fiscal year, the compensation of Executive Directors for the 2021 fiscal year has been annualized. It is specified that Mr. Pierre-André de Chalendar did not receive any performance shares for 2021. Mr. Benoit Bazin did not receive any performance shares in his capacity as Chief operating officer for the period from January 1 to June 30, 2021. He was granted 64,000 performance shares on November 25, 2021 in his capacity as Chief executive officer, representing a total value (according to IFRS) of €2,290,656 at the date of allocation.

France scope

In a proactive approach to ensure that Saint-Gobain Group stakeholders receive relevant and transparent information, the table below presents the ratio between the compensation of the Executive corporate officers of Compagnie de Saint-Gobain and the average and median compensation of the employees of the consolidated subsidiaries of the Saint-Gobain Group in France based on full-time equivalent, and any changes thereto. Data on the median compensation of employees in France are available for 2020 and 2021. The median compensation ratio for France is therefore presented from 2020 onwards.

The France scope is homogeneous in terms of salary structure and the type of contracts taken into account, and is not subject to exchange rate fluctuations, which allows a better comparability over time. The workforce in France represented nearly 23% of the Group's workforce at December 31, 2021.

Table 3 – Change in the ratio on average compensation over the last five fiscal years and on median compensation over the last two years – France

			2021 (5)	2020 (1)	2019(1)	2018	2017
Ratio on average compensation France	**Pierre-André de Chalendar**, Chairman and Chief executive officer	Until July 1, 2021.	69	106 (2)	103 (2)	84	113
	Change in ratio		*-34.8%*	*3.3% (2)*	*23.3% (2)*	*- 26.0%*	*8.9%*
	Pierre-André de Chalendar, Chairman of the Board of Directors	Since July 1, 2021.	10	-	-	-	-
	Change in ratio		-	-	-	-	-
	Benoit Bazin, Chief operating officer	From January 1, 2019 to June 30, 2021.	40	62 (3)	53 (3)	N/A	N/A
	Change in ratio		*-35.2%*	*16.9% (3)*	*N/A*	*N/A*	*N/A*
	Benoit Bazin, Chief executive officer	Since July 1, 2021.	107	-	-	-	-
	Change in ratio		-	-	-	-	-
Ratio on median compensation France	**Pierre-André de Chalendar**, Chairman and Chief executive officer	Until July 1, 2021.	84	130	-	-	-
	Change in ratio		*-35.1%*	-	-(4)	-(4)	-(4)
	Pierre-André de Chalendar, Chairman of the Board of Directors	Since July 1, 2021.	12	-	-	-	-
	Change in ratio		-	-	-(4)	-(4)	-(4)
	Benoit Bazin, Chief operating officer	From January 1, 2019 to June 30, 2021.	49	76	-	-	-
	Change in ratio		*-35.5%*	-	-(4)	-(4)	-(4)
	Benoit Bazin, Chief executive officer	Since July 1, 2021.	130	-	-	-	-
	Change in ratio		-	-	-	-	-

(1) The compensation of Executive corporate officers for the 2019 and 2020 fiscal years taken into account are those post-reductions due to Covid-19 (see Chapter 5, Section 2.2.2 of the Company's 2020 universal registration document).

(2) Without the reduction in remuneration due to Covid-19 for the 2019 and 2020 fiscal years, the 2019 and 2020 ratios would have been 106 and 108 respectively and the change in these ratios between 2018 and 2019 and between 2019 and 2020 would have been 26.2% and 2.7% respectively.

(3) Without the reduction in variable compensation for the 2019 fiscal year decided by the Board of Directors due to Covid-19, the 2019 and 2020 ratios would have been 54 and 63 respectively and the change in these ratios between 2019 and 2020 would have been 16.7%, excluding the cancellation of the increase in the variable compensation cap from 120% to 150% initially decided by the Board of Directors in February 2020.

(4) Information not available.

(5) Given the changes in corporate governance during the 2021 fiscal year, the compensation of Executive Directors for the 2021 fiscal year has been annualized. It is specified that Mr. Pierre-André de Chalendar did not receive any performance shares for 2021. Mr. Benoit Bazin did not receive any performance shares in his capacity as Chief operating officer for the period from January 1 to June 30, 2021. He was granted 64,000 performance shares on November 25, 2021 in his capacity as Chief executive officer, representing a total value (according to IFRS) of €2,290,656 at the date of allocation.

The difference between the ratios on Compagnie de Saint-Gobain's average compensation and on average compensation in France is mainly due to the distribution structure of the employees in the scopes concerned: thus, while in 2021, Compagnie de Saint-Gobain comprised 82% of managers (including all members of the Executive Committee of the Saint-Gobain Group except those based in a foreign country) and 18% of administrative employees, the French scope comprised 23% of managers, 53% of administrative employees and 24% of blue-collar workers.

Method used to calculate compensation ratios

To calculate the compensation ratios presented above, Compagnie de Saint-Gobain referred to the guidelines on compensation multiples published by the AFEP on January 28, 2020, updated in February 2021. The compensation components and the methodology selected are shown below.

Compensation components selected

For Executive corporate officers: all compensation paid or awarded during or for the fiscal year in question, submitted to the vote of the General Shareholders' Meeting (Say on Pay *ex post*) [(1)], namely:

- the fixed compensation paid during the given fiscal year;
- the annual variable compensation granted in respect of the same fiscal year;
- any exceptional compensation paid during the same fiscal year;
- long-term compensation instruments granted during the same fiscal year (stock options, performance shares and/or performance units) at IFRS value on the grant date;
- benefits in kind (company car) granted during the same fiscal year (book value);
- it being specified that Executive corporate officers are not granted any compensation in respect of their Directors' term of office within the Saint-Gobain Group.

For employees:

- the fixed gross compensation paid during the given fiscal year;
- for reasons of information availability on the publication date of the Universal Registration Document, the annual gross variable (annual bonus, profit-sharing, incentive schemes, payments into the Group Savings Plan, as applicable) and exceptional (premiums) compensation paid during the same fiscal year;
- long-term compensation instruments granted during the same fiscal year (stock options, performance shares and/or performance units) at IFRS value on the grant date;
- benefits in kind granted during the same fiscal year (book value);
- to ensure consistency with the compensation components paid to the Executive corporate officers, termination of office indemnities are not included.

Gouvernance changes in 2021

In view of the changes in governance in 2021:

- the Executive corporate officers compensation for the 2021 fiscal year has been annualized;
- the compensation ratios of all Executive corporate officers over the last five years are presented.

Employees taken into account

Only the employees who have entered into an indefinite or fixed-term employment contract with Compagnie de Saint-Gobain or a consolidated subsidiary of the Saint-Gobain Group registered in France and who have been continuously employed in these companies from January 1 to December 31 of the fiscal year in question were taken into account when calculating the ratios. The employees who have entered into a part-time employment contract with Compagnie de Saint-Gobain or a consolidated subsidiary of the Saint-Gobain Group registered in France were not taken into account when calculating the ratios but represent less than 3% of the workforce on the considered perimeter.

Concept of full time equivalent

To determine the average and median compensation paid to employees of Compagnie de Saint-Gobain and the consolidated subsidiaries of the Saint-Gobain Group registered in France on a full-time equivalent basis, the methodologies already in use within the Group for the employee data reporting reviewed by the independent third party in charge of reviewing extrafinancial information were used (see Chapter 9, Section 2.1).

Changes in scope

Within the French perimeter, the consolidated companies sold during a given fiscal year are excluded from the ratios calculations of that fiscal year. The acquired companies which were in the process of being consolidated on December 31, 2020 are excluded from the ratios calculations, but represent less than 1% of the total number of employees of the consolidated subsidiaries of the Saint-Gobain Group registered in France.

Covid-19 effect on the calculation of compensation ratios in 2019 and 2020

The compensation of Executive corporate officers for fiscal years 2019 and 2020 taken into account for the calculation of the compensation ratios for 2019 and 2020 were impacted by the reductions of 25% of their fixed compensation for 2020 and 25% of their variable compensation for 2019 (see Chapter 5, Section 2.2.2 of the Company's 2020 universal registration document) decided by the Board of Directors for as long as the Group's employees were subject to partial employment in the context of the emergency measures taken by the French Government to halt the spread of the Covid-19 pandemic.

Compensation paid by the French State in 2020 to employees of Saint-Gobain Group entities subject to partial employment in the context of the emergency measures taken by the French Government to halt the spread of the Covid-19 pandemic are taken into account for the purposes of calculating compensation ratios for 2020 as if that compensation had been paid by the Saint-Gobain Group.

(1) See this Chapter 5, Sections 2.2.3.1 and 2.2.3.4 for further details concerning the gross amount paid or granted during the 2021 fiscal year to the Chairman and Chief executive officer and the Chief operating officer for the period from January 1, 2021 to June 30, 2021 and to the Chief executive officer and Chairman of the Board of Directors for the period from July 1, 2021 to December 31, 2021.

2.3 Compensation of members of the Group's Senior Management

Compensation paid to members of the Group's Senior Management is set at a level consistent with compensation packages offered by comparable groups. It is determined and reviewed, among other things, based on the results of specific surveys from specialized consultants commissioned by Group's Senior Management.

In addition to a fixed portion, it consists of a variable compensation set at a reasonable proportion of total compensation, the purpose of which is to reflect the manager's personal contribution to the Group's growth and results.

This principle has now been extended to all managerial staff. The performance objectives used are based on financial indicators such as Return On Investment (ROI) and Return On Capital Employed (ROCE), as well as personal objectives such as developing a certain type of business or entering a new geographic market. Most often, a safety indicator is also applied.

In this way, management compensation is clearly linked to performance and to the achievement of objectives that promotes a high level of personal commitment. Each manager's compensation can fluctuate significantly from one year to the next, based on the results achieved.

Total gross compensation received in 2021 from the Group's French and foreign companies by members of the Executive Committee as composed at December 31, 2021 (excluding the Executive corporate officers and excluding long-term compensation components), amounted to €10.8 million (versus €9.5 million in 2020), including €3.7 million (versus €3.2 million in 2020) gross variable compensation in respect of 2020, an increase compared to the gross variable compensation in respect of 2019. No severance payments were made to members of the Executive Committee as composed on December 31, 2021 (same as in 2020).

Pensions and other post-employment benefits (Defined-Benefit Obligations in respect of length-of-service awards and pensions) accruing to the members of the Executive Committee as composed at December 31, 2021 (including the Chief executive officer) totaled €31.0 million at December 31, 2021 (versus €46.3 million at December 31, 2020) (see Note 6.2 of the consolidated financial statements, Chapter 8, Section 1).

Compensation allocated to Directors representing the Group (particularly members of Group's Senior Management) in Group companies other than Compagnie de Saint-Gobain are either reverted to their employer company, or paid directly to that company.

2.4 Long-term compensation plans (performance shares, stock options and performance units)

2.4.1 Attribution policy

The objective of the Group's 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.

At the recommendation of the Nomination and Remuneration Committee, the Board of Directors authorizes the features of the performance share and stock option plans, as well as the identity of the beneficiaries. These plans are subject to a service condition and to the strict internal and/or relative performance criteria set by the Board (see below for details of each allocation).

In 2021, it was decided, as in 2020, to only implement a performance share plan. This plan applied to 2,512 of the Group's managers and officers, in France and overseas: managers with outstanding performance and high-potential managers (2,429), the main functional and operational heads of the Entities and Regions (68), Executive Committee (15, excluding the Chief executive officer). Grants to the Chief executive officer are detailed in the paragraph "Long-term Compensation policy" in this Chapter 5, Section 2.2.2.2.

The beneficiaries of this plan are of 59 different nationalities and work in 66 countries.

The performance share plan entitles beneficiaries to existing shares and therefore has no impact in terms of dilution. No stock option or performance unit plan was set up during fiscal year 2021.

The other instruments designed to associate employees with business results are presented in Chapter 7, Section 2.3 and Chapter 4, Section 2.2.

2.4.2 Performance Share Plans

Performance share plans have been set up by the Board of Directors every year since 2009.

Under the authorization granted by the twenty-fourth Resolution of the General Shareholders' Meeting of June 6, 2019, at its meeting of November 25, 2021 the Board of Directors resolved to implement a performance share plan, following analysis and the recommendation of the Nomination and Remuneration Committee.

This plan covers 2,513 managers and officers of the Group in France and abroad, who were granted a total of 1,184,475 performance shares (including the grant to the Chief executive officer).

It should be noted that, as in 2020, no stock option plans or performance units were put in place in 2021, as all beneficiaries received performance shares.

The duration of the vesting period was set at four years, with delivery of the shares to occur on the fourth day after the close of this period.

The performance criteria applicable to the performance share plan implemented on November 25, 2021, applicable for both the Chief executive officer and the Group's managers and officers, include, as has been the case since 2015, an internal performance condition linked to Saint-Gobain Group's Return on Capital Employed, including goodwill, and a performance condition linked to the performance of the Saint-Gobain stock price compared to the performance of the CAC 40 stock market index. Furthermore, following dialog with investors, the long term compensation plans put in place since 2017 by the Board of Directors, on the proposal of the Nomination and Remuneration Committee, now include a criterion relating to Corporate Social Responsibility. These criteria have been considered relevant by the Board of Directors as they reflect the operational, financial and non-financial performance of the Saint-Gobain Group and ensure an alignment of the beneficiaries with the interest of Saint-Gobain shareholders.

The vesting of performance shares under the plan set up in November 2021 is therefore subject to the following conditions cumulatively:

- *service condition*: to be an employee or a company Director of a Saint-Gobain Group company throughout the entire duration of the vesting period, without interruption, except in a number of specific cases such as death, disability (as defined in paragraphs (2) and (3) of Article L.341-4 of the French Social Security Code), no-fault termination, negotiated departure, retirement, transfer to another position within the Group, or change of control of the grantee's host company to outside the Group;
- *performance condition* linked to the following three criteria:
  - 60% of the shares initially allocated are subject to the criteria of Return on Capital Employed, including goodwill, of the Saint-Gobain Group (ROCE);
  - 20% of the shares initially allocated are subject to a criterion linked to the performance of the Saint-Gobain stock price versus the performance of the CAC 40 stock market index, and
  - 20% of the shares initially allocated are subject to a criterion linked to Corporate Social Responsibility. This criterion, resulting from dialogue with investors, comprises the following three indicators, all quantifiable and published each year as key CSR indicators: the rate of reduction of CO_2 emissions (10% of the shares initially allocated), the total recordable accident rate – more than 24 hours' lost and non-lost time (TRAR), and the senior executives diversity index (5% of the shares initially allocated to each of them).

However, the first 100 shares granted to each beneficiary other than Executive Committee members will be exempt from the performance conditions.

ROCE performance will be calculated as follows:

Arithmetic average of ROCE for the years 2022, 2023 and 2024	Percentage of shares initially granted, contingent upon the ROCE (*i.e.* 60% of grant), vested
Greater than 13.5%	All
Between 12% and 13.5%	50% +50%*[(Arithmetic average of ROCE for 2022, 2023 and 2024 -12%)/ (13.5%-12%)]
Equal to 12%	50%
Between 11% and 12%	50%*[(Arithmetic average of 2022, 2023 and 2024 ROCE – 11%)/ [12%-11%)]
11% or less	None

The reasoning behind the criteria used to calculate performance is based, for ROCE, on the objective announced at the Capital Markets Day on October 6, 2021, of an average annual ROCE of between 12% and 15% for the period 2021-2025. Even though the objective is reached from 12%, an ambitious criterion has been set - i.e. 13.5% - for 100% of the shares initially allocated to vest. Despite the history of ROCE rates, which only reached 11% in 2019 (excluding the 2021 situation), it was decided to grant 0% if the arithmetic average of ROCE for 2022, 2023 and 2024 is less than or equal to 11%. Finally, if the arithmetical average of ROCE for 2022, 2023 and 2024 is equal to 12%, i.e., if the objective is reached within the range of 12% to 15% announced at the Capital Markets Day, it was decided to allocate only 50% at this level, with a linear progression between 11% and 12% and then between 12% and 13.5%. These criteria reflect the Group's performance conditions, which will only definitively allocate 50% of the shares with an ROCE of 12% - and therefore if the target is reached.

Stock price performance will be calculated by comparing the average opening listing price of the Saint-Gobain stock price and the CAC 40 index over the six months prior to November 25, 2021 to the average over the six months prior to November 25, 2025, as follows:

Performance of the Saint-Gobain stock price compared to the CAC 40 index	Percentage of shares initially granted, contingent upon the stock market performance (*i.e.* 20% of grant), vested
At least 10% greater	All
Between 0% and +10%	2/3 +1/3*[(Performance of the Saint-Gobain share price/CAC 40 index) (1) -100%]/[110% -100%]
Lower than the CAC 40 index	None

(1) Saint-Gobain stock price performance/CAC 40 index performance (performance of the Saint-Gobain stock price versus performance of the CAC 40 index) is equal to: 100% + the difference between the performance of the Saint-Gobain stock price and that of the CAC 40 index, in both cases expressed as a percentage.

Performance in respect of the Corporate Social Responsibility criterion is calculated as follows:

Reduction of the Group CO_2 emissions between 2020 and 2024 (1) (2)	Percentage of shares initially granted, contingent on the percentage reduction in CO_2 emissions (*i.e.* 10% of the grant), vested
Greater than 6.2%	All
Between 4.7% and 6.2%	Linear interpolation
Below 4.7%	None

(1) The results will be assessed based on iso-production.

(2) The Group set the objective of reducing Group CO_2 emissions by at least 20% by 2025 compared with the level measured for the year 2010 (see Chapter 4, Section 2.1).

Arithmetic average TRAR of the Group for the years 2022, 2023 and 2024 (1) (2)	Percentage of shares initially granted, contingent upon the TRAR (*i.e.* 5% of grant), vested
Below 2.0	All
Between 2.0 and 2.4	Linear interpolation
Greater than 2.4	None

(1) Total recordable accident rate – more than 24 hours' lost time and non lost time – for a million hours worked by the permanent and temporary employees and by permanent subcontractors of Saint-Gobain Group.

(2) In light of the excellent 2020 results, in which the TRAR decreased from 2.2 in 2019 to 1.8 in 2020, the Group set, when setting up the plan, the target of consolidating the performance achieved at a TRAR level of 2.1 (see Chapter 4, Section 2.1).

Arithmetical average of the diversity index for the years 2021, 2022 and 2023 (1) (2)	Percentage of shares initially awarded, subject to the diversity index (*i.e.* 5% of the award), vested
Greater than 90%	All
Between 85% and 90%	Linear interpolation
Below 85%	None

(1) Index corresponding to the proportion of the Group's senior executives satisfying at least one of the three following diversity characteristics: being non-French, having diverse professional experiences (having worked at Saint-Gobain in two countries different from the country of origin or at least in three different sectors, or having an experience of more than 12 years outside the Saint-Gobain Group), being a woman (see Chapter 4, Section 2.1).

(2) The Group set a general objective of maintaining a minimum of 90% of senior executives meeting one of the three above-mentioned criteria and a target for 2025 of 25% of its senior executives being female (see Chapter 4, Section 2.1).

The following table shows the history of the performance share plans outstanding at December 31, 2021 as well as the features of the 2017 plan, delivered in November 2021.

The performance conditions for performance shares allocated by the Group are demanding, as evidenced by the achievement rates for the latest three performance share plans for which the performance condition has been determined (75% for the 2017 plan [1], 57.1% for the 2016 plan, and 66.4% for the 2015 plan). The performance condition for the 2018 plan will be determined in November 2022, since it includes, in addition to the ROCE criterion, a relative external criterion that is assessed over a 4-year period ending in November 2022.

The ten Group employees and non-executive officers who were granted the highest number of shares in 2021 were allocated 198,800 performance shares (global information), valued at €60.04 per share based on the opening stock price on the day of the grant decided by the Board of Directors' meeting of November 25, 2021. These 198,800 performance shares had a total value (according to IFRS standards) at the time of grant of approximately €7,115,000 in 2021.

Table 10 - Historical information about performance shares (AMF nomenclature)

Fiscal year	2021	2020	2019 (6)	2018 (6)	2017 (6)
Date of General Shareholders' Meeting	06/06/2019	06/06/2019	06/06/2019	06/02/2016	06/02/2016
Date of Board of Directors' meeting	11/25/2021	11/26/2020	11/21/2019	11/22/2018	11/23/2017
Type of shares	existing	existing	existing	existing	existing
Total number of performance share rights initially granted (4+0)	1,184,475 (1)	1,268,295 (1)	1,251,770 (1)	1,219,619 (1)	1,226,680 (1)
of which shares granted to Executive corporate officers:					
Pierre-André de Chalendar, Chairman of the Board of Directors *	N/A	90,000	90,000	67,000	67,000
Benoit Bazin, Chief executive officer **	64,000	57,500	45,000	N/A	N/A
Total number of shares delivered	0	0	0	2,500 (3)	901,842 (2)
Number of rights forfeited	0	0	0	0	324,838 (4)
TOTAL OUTSTANDING PERFORMANCE SHARE RIGHTS	**1,184,475 (5)**	**1,268,295 (5)**	**1,251,770 (5)**	**1,218,819 (5)**	**0**

* *Chairman and Chief executive officer until June 30, 2021.*

** *Chief executive officer since July 1, 2021, previously Chief operating officer from January 1, 2019 to June 30, 2021.*

(1) *Before application of the performance conditions related to the ROCE of the Saint-Gobain Group, the Saint-Gobain share price performance and the Group's Corporate Social Responsibility (see 2017 and 2018 reference documents and 2019 and 2020 Universal Registration Documents and above).*

(2) *After taking into account service and performance conditions.*

(3) *By anticipation, as part of the exceptions defined in the service condition (including death, disability – see Chapter 5, Section 2.4.2).*

(4) *237,758 rights under the 2017 plan forfeited following partial achievement of the performance condition and 87,000 rights under the 2017 plan forfeited after consideration of the service condition.*

(5) *Subject to cumulative fulfillment of the service and performance conditions (see the Registration Document/Universal Registration Document relating to the year in which the plan in question was implemented).*

(6) *The performance condition related to ROCE for the year 2020 was adjusted for the 2017, 2018 and 2019 plans by decision of the Board of Directors on September 24, 2020 in order to take into account the impact of the Covid-19 pandemic crisis (see Chapter 5, Section 2.4.2 of the Company's 2020 universal registration document).*

(1) *The achievement rate for the 2017 performance shares plan would have been 53.33% if the mechanism taking into account the impact of the Covid-19 crises had not been applied (see chapter 5 section 2.4.2 of the Company's 2020 Universal Registration Document).*

2.4.3 Stock option plans

The Board of Directors approved stock option plans every year between 1987 and 2018. No stock option plan was implemented in 2021.

Under these plans, each beneficiary has a conditional right to exercise a certain number of options at a set price, each option carrying entitlement to the subscription or purchase of a Saint-Gobain share.

The lifetime of the options is 10 years.

The performance criteria applicable to the stock option plans implemented since 2017 are strictly identical to those applicable to the performance share plans for the same year.

The performance conditions for performance shares allocated by the Group are demanding, as evidenced by the achievement rates for the latest three performance share plans for which the performance condition has been determined (53.33% for the 2017 plan [1], 24.5% for the 2016 plan, and 28.44% for the 2015 plan). The performance condition for the 2018 plan will be determined in November 2022, since it includes, in addition to the ROCE criterion, a relative external criterion that is assessed over a four-year period ending in November 2022.

Stock option plans are subject to fulfillment of a service condition that applies during the entire duration of the exercise period in a manner similar to that stipulated for performance shares (see Section 2.4.2 above).

The following table shows stock options granted to the ten highest-paid non-executive employees, and options exercised by them in 2021 (global information).

Table 9 – Stock options granted to the ten highest-paid non-executive employees and options exercised by them (AMF nomenclature)

	Total options granted or subscribed or purchased shares	Weighted average price	Plans
Options granted during the year by the issuer and any company included within the scope of the options allocation, to the ten employees of the issuer or of any company within this scope with the highest number of options granted (global information)	N/A	N/A	N/A
Options on the issuer and the companies referenced above, exercised during the year by the ten employees of the issuer or of these companies with the highest number of options thus purchased or subscribed (global information)	93,340	37.69	2012 2013 2015 2017

(1) Vesting of the stock options granted in November 2017 was subject to a service condition and a performance condition, the latter being linked to the following three criteria: (i) 65% of the shares initially granted were subject to a ROCE criterion, (ii) 20% of the shares initially granted were subject to a stock market performance criterion of the Saint-Gobain share compared with the CAC 40 and (iii) 15% of the shares granted were subject to a Corporate Social Responsibility criterion (see Chapter 5 of the 2017 Registration Document, Section 2.4.2). As the achievement rate of these criteria (as verified by the Statutory Auditors) was respectively 66.7%, 0% and 66.7%, the overall achievement rate of the performance condition of the 2017 plan was 53.33%.

The following table shows the history of the stock option allocation plans in place at December 31, 2021. There are no other stock option plans in place or other option instruments involving the shares, whether listed or non-listed, of Group companies within or outside France.

Table 8 – Historical information about stock option plans (AMF nomenclature)

Fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Date of General Meeting	06/06/2019	06/06/2019	06/06/2019	06/02/2016	06/02/2016	06/02/2016	06/05/2014	06/05/2014	06/07/2012	06/07/2012
Date of Board of Directors' meeting	N/A	N/A	N/A	11/22/2018	11/23/2017	11/24/2016 (2)	11/26/2015	11/20/2014	11/21/2013	11/22/2012
Type*	N/A	N/A	N/A	purchase or subscription	purchase	purchase	purchase	purchase	purchase	subscription
Total number of exercisable options at the start of the Plan	N/A	N/A	N/A	290,500	284,500	280,000	224,950	234,550	247,250	253,000
Cumulative number of canceled or forfeited options	N/A	N/A	N/A	0	141,862 (6)	212,998 (5)	162,408 (4)	234,550 (3)	98,047 (2)	202,994 (1)
Total number of exercisable options after adjustments and forfeitures	N/A	N/A	N/A	290,500 (7)	142,638	67,002	62,542	0	149,203	50,006
of which executive corporate officers:										
Pierre-André de Chalendar, Chairman and Chief executive officer**	N/A	N/A	N/A	58,000 (7)	30,931 (8)	14,210 (8)	14,220 (8)	0 (8)	29,465 (8)	8,235 (8)
Benoit Bazin, Chief operating officer***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Starting date of exercise period	N/A	N/A	N/A	11/22/2022	11/23/2021	11/24/2020	11/26/2019	11/20/2018	11/21/2017	11/22/2016
Expiration date	N/A	N/A	N/A	11/21/2028	11/22/2027	11/23/2026	11/25/2025	11/19/2024	11/20/2023	11/21/2022
Subscription or purchase price	N/A	N/A	N/A	€32.24	€49.38	€40.43	€39.47	€34.13	€38.80	€27.71
Number of options exercised at 12/31/2021	N/A	N/A	N/A	0	7,050	21,758	24,524	0	112,496	44,574
Exercisable options outstanding at 12/31/2021	N/A	N/A	N/A	290,500	135,588	45,244	38,018	0	36,707	5,432

* *Of the plans in place at December 31, 2021, the 2010 to 2012 plans are for the subscription of new shares and the 2013 to 2017 plans are purchase plans. For the 2018 plan, the Board of Directors decided that it would determine the type of option (subscription or purchase) at the latest on the day before the start of the exercise period, with any options exercised prior to this decision considered as subscription options.*

** *Chairman and Chief executive officer until June 30, 2021.*

*** *Chief executive officer since July 1, 2021, previously Chief operating officer from January 1, 2019 to June 30, 2021.*

(1) *Options which cannot be exercised (i) following the partial fulfillment of performance conditions related to the relative performance of the Saint-Gobain share price to which all options granted in November 2012 were subject and (ii) due to the service condition not being met.*

(2) *Options which cannot be exercised (i) following the partial fulfillment of performance conditions related to the relative performance of the Saint-Gobain share price to which all options granted in November 2013 were subject and (ii) due to the service condition not being met.*

(3) *Options which cannot be exercised (i) due to the performance condition related to the relative performance of the Saint-Gobain share price to which all options granted in November 2014 were subject not being met and (ii) due to the service condition not being met.*

(4) *Options which cannot be exercised (i) due to the performance condition related to the relative performance of the Saint-Gobain share price not being met and the performance condition on the relative performance of the Saint-Gobain Group's ROCE being only partially met, to which all options granted in November 2015 were subject, and (ii) due to the service condition not being met.*

(5) *Options which cannot be exercised (i) due to the performance condition related to the relative performance of the Saint-Gobain share price not being met and the performance condition on the relative performance of the Saint-Gobain Group's ROCE being only partially met, to which all options granted in November 2016 were subject, and (ii) due to the service condition not being met.*

(6) *Options which cannot be exercised (i) due to the performance condition related to the relative performance of the Saint-Gobain share price not being met, the performance condition on the relative performance of the Saint-Gobain Group's ROCE being only partially met and the performance condition related to the Group's CSR being only partially met, to which all options granted in November 2017 were subject, and (ii) due to the service condition not being met.*

(7) *Before application of the performance conditions related to the ROCE of the Saint-Gobain Group, the Saint-Gobain share price performance and the Group's Corporate Social Responsibility (see 2017 and 2018 Registration Documents).*

(8) *After deducting the options granted that are not exercisable because the performance conditions were not, or only partly, met.*

2.4.4 Performance unit plans

The Company set up performance unit plans annually between 2012 and 2015.

No performance unit plan was set up in 2021 and at December 31, 2021, there are no longer any performance unit plans in the process of being vested.

3. Company stock traded by corporate officers

Transactions by corporate officers involving Compagnie de Saint-Gobain shares exceeding an aggregate amount of €20,000 reported to the French Financial Markets Authority (*Autorité des marchés financiers*) in 2021 pursuant to Article L.621-18-2 of the French Financial and Monetary Code were the following:

	Securities	Type	Transaction date	Unit price	Total amount
Pierre-André de Chalendar *Chairman of the Board of Directors*	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Disposal	March 16, 2021	€48.33	256,170
	Exercise of stock options	Subscription	March 16, 2021	€27.71	228,192
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	March 17, 2021	€48.01	€6,514
	Exercise of stock options	Subscription	May 4, 2021	€38.80	€620,800
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Disposal	May 5, 2021	€53.27	€715,166
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	May 6, 2021	€55.08	€29,140
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	May 11, 2021	€35.81	€353,544
	Exercise of stock options	Subscription	August 2, 2021	€38.80	€522,442
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Disposal	August 4, 2021	€61.50	€590,660
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	August 5, 2021	€63.42	€24,722
Sibylle Daunis-Opfermann *Director representing employee shareholders*	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Disposal	March 30, 2021	€50.45	€20,407
	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Disposal	August 4, 2021	€61.50	€123,320

4. Report of the Board of Directors on corporate governance (Articles L.225- 37 *et seq.* and L.22-10-10 *et seq.* of the French Commercial Code)

Report of the Board of Directors on corporate governance

This report on corporate governance was prepared in accordance with Articles L.225-37 *et seq.* and L.22-10-10 *et seq.* of the French Commercial Code under the responsibility of the Board of Directors and based on information provided by the relevant departments of Compagnie de Saint-Gobain and was approved by the Board of Directors at its meeting of February 24, 2022.

The law stipulates that this report should include a number of corporate governance items.

Management and Directors compensation (Articles L.22-10-8 and L.22-10-9)

As regards compensation, the report must present the draft Resolutions of the Board of Directors relating to the Compensation policy for the corporate officers; this policy must comply with the Company's corporate interest, contribute to its longevity and be part of its business strategy.

Furthermore, the report must include the total compensation and benefits of any kind paid or granted by Compagnie de Saint-Gobain to the Company's corporate officers during or in respect of the fiscal year, as well as commitments of any kind made by Compagnie de Saint-Gobain in favor of the Executive corporate officers, such as compensation components, indemnities or benefits due or to be due as a result of taking, losing or changing office or subsequent to the performance thereof, including retirement commitments and other annuity benefits.

The report must also present changes, over the last five fiscal years, in the compensation of the Executive corporate officers, the average compensation of Compagnie de Saint-Gobain's employees, the performance of the Saint-Gobain Group and the ratios between the compensation levels of the Executive corporate officers of Compagnie de Saint-Gobain and the average and median compensation of its employees, on a full-time equivalent basis.

Finally, the report must contain an explanation of how total compensation complies with the Compensation policy adopted, including how it contributes to the company's long-term performance, and how the performance criteria have been applied.

This information, set out in Chapter 5, Section 2, and prepared on the basis of details provided by the Corporate Legal, Human Resources and Finance Departments, was reviewed by the Nomination and Remuneration Committee and is included by reference in this report.

Composition and operation of the Board of Directors (Article L.22-10-10)

The report must include the composition of the Board of Directors and the conditions for preparing and organizing its work, as well as any limitations on the powers of the Chief executive officer (see Chapter 5, Section 1 and Chapter 9, Section 1.1).

The report must also include a list of all offices and duties held in all companies by every Compagnie de Saint-Gobain Board member during the year (see Chapter 5, Section 1.1), the method for exercising General Management (see Chapter 5, Section 1.2.1), and adherence to a corporate governance code and application of its recommendations (see Chapter 5, Section 1).

The report must include a description of the diversity policy applied to the members of the Board of Directors, as well as a description of the objectives of that policy, its methods of implementation and the results achieved during the previous fiscal year (see Chapter 5, Section 1).

This information, prepared on the basis of details provided by the Legal corporate department, was reviewed by the Nomination and Remuneration Committee and the Lead independent Director, and is included by reference in this report.

Other information (Articles L.22-10-10 and L.22-10-11)

Finally, the report must present information likely to have an impact in the event of a takeover bid (see Chapter 7, Section 1.9), related-party agreements and undertakings (see Chapter 5, Section 5), a description of the procedure to properly assess whether the agreements on current transactions concluded under normal conditions meet these conditions and information on its implementation (Chapter 5, Section 1.1), specific procedures for shareholders participation in the General Shareholders' Meeting (Chapter 9, Section 1.1) and must contain a summary table of current valid delegations of authority granted by the General Shareholders' Meeting regarding capital increases showing how these delegations of authority were used during the fiscal year (see Chapter 7, Section 1.2).

This information is prepared on the basis of details provided by the Legal Corporate and Financial Departments and is included by reference in this report.

The report must also include a description of how a balanced representation of women and men on the Executive Committee is sought and the gender diversity results in the 10% of the positions with the most responsibility in Compagnie de Saint-Gobain.

This information, which is listed in Chapter 3, Section 4.3.4, Chapter 4, Section 2.2 and Chapter 9, Section 3.3 and based on information submitted by the Human Resources Department, has been reviewed by the Board of Directors and is incorporated by reference into this report.

5. Statutory Auditors' special report on related-party agreements

(Annual General Meeting for the approval of the financial statements for the year ended December 31, 2021)

This is a free translation into English of the Statutory Auditors' special report on related party agreements issued in French and 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 auditing standards applicable in France.

Compagnie de Saint-Gobain S.A.

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie Cedex

France

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie de Saint-Gobain, we hereby report to you on related party agreements.

It is our responsibility to report to you, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code *(Code de commerce)*, it is your responsibility to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide you with the information required by article R.225-31 of the French Commercial Code *(Code de commerce)* in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements to be submitted for the approval of the annual general meeting

We were not informed of any agreements authorized and concluded during the year to be submitted for the approval of the Annual General Meeting in accordance with article L.225-38 of the French Commercial Code *(Code de commerce)*.

Agreements previously approved by an annual general meeting

Agreements approved during the year

We were informed that the following agreements, already approved by the Annual General Meeting in previous years, were not implemented during the year.

Insertion in Benoit Bazin's employment contract of a severance indemnity and a non-compete clause

Mr. Benoit Bazin's employment contract has been suspended since 1 January 2019 and for the duration of his term as Chief Operating Officer. Mr. Benoit Bazin then renounced his employment contract from 1 July 2021, the date on which he assumed the position of Chief Executive Officer.

Nature and conditions

Severance Indemnity

On the recommendation of the Nomination and Remuneration Committee, at its meeting of November 22, 2018, your Board of Directors authorized the insertion in Benoit Bazin's employment contract, which is suspended as of January 1, 2019 during the term of his office, of a severance indemnity ("Severance Indemnity"). This Severance Indemnity shall be due in the event of termination of his employment contract (i) under conditions giving rise to payment of the Indemnity related to the Employment Contract (as defined below under "Non-compete Indemnity") or (ii) in the event of resignation from his employment contract following a Forced Resignation[1], provided that termination of the employment contract is notified within 12 months following the termination of his duties as Chief Operating Officer.

No Severance Indemnity will be due if the termination of the office or employment contract occurs because of a gross or serious misconduct or serious misconduct not related to his duties, or a resignation that is not a Forced Resignation. Similarly, no Severance Indemnity will be due if he has the possibility to claim retirement benefits.

In the event of a Forced Resignation from his duties as Chief Operating Officer, Benoit Bazin may notify the company that this Forced Resignation also constitutes a notice of resignation from his salaried functions; in this case, there will be no grounds for payment by the company of an Indemnity related to the Employment Contract (as defined below under "Non-compete Indemnity"). However, a Forced Resignation shall trigger the payment of the Severance Indemnity within the limits and conditions set out in this section.

A Severance Indemnity constitutes a contractual indemnity. It shall be made in addition to the Indemnity related to the Employment Contract, which relates to the seniority acquired as an employee and is not subject to performance conditions. The Severance Indemnity is subject to the performance conditions described below.

Amount of the Severance Indemnity

Its gross amount must be such that the sum of the Indemnity related to the Employment Contract, the Non-compete Indemnity (if applicable) and the Severance Indemnity does not, under any circumstances, exceed twice the Reference Compensation (as defined below under "Non-compete Indemnity") (the "Overall Cap").

The gross amount of the Severance Indemnity shall be equal to the difference between twice the amount of the Reference Compensation and the sum of the Indemnity related to the Employment Contract and (if applicable) the Non-compete Indemnity.

Performance condition

The payment of the Severance Indemnity shall be subject to the fulfillment of a performance condition defined as the grant by the Board of Directors, on average for all previous three full fiscal years during which he held the position of Chief Operating Officer that ended prior to the date of termination of his duties, of a variable compensation portion at least equal to half of the maximum amount set for that variable portion.

The payment of the Severance Indemnity shall be subject to the prior recognition by the Board of Directors, after consultation with the Nomination and Remuneration Committee, of the fulfillment of said performance condition assessed on the date of termination of his duties as Chief Operating Officer, and the waiver of all proceedings and actions by Benoit Bazin.

(1) *"Forced Resignation" means a resignation from the duties of executive corporate officer that occurs within the twelve months following (i) the date of approval by the General Shareholders' Meeting of a merger or a demerger affecting Compagnie de Saint-Gobain, or (ii) the effective date on which a third party or group of investors acting in*

Non-compete clause

On the recommendation of the Nomination and Remuneration Committee, at its meeting of November 22, 2018, your Board of Directors has authorized the insertion of a non-compete clause in Benoit Bazin's employment contract, which was suspended as of January 1, 2019 during the term of office. This clause stipulates a firm and irrevocable non-compete commitment from Benoit Bazin to the benefit of Compagnie de Saint-Gobain, for a period of one year following the termination of his employment contract, for any reason whatsoever, provided that such termination occurs within 12 months following the termination of his duties as Chief Operating Officer.

Amount of the Non-compete Indemnity

In consideration of this undertaking, Benoit Bazin shall receive a Non-compete Indemnity, including any paid leave indemnity, of an amount equal to, unless it is reduced under the circumstances specified in the following paragraph, Benoit Bazin's gross total annual compensation as Chief Operating Officer, defined as the sum of the fixed portion of his compensation, on an annual basis, as Chief Operating Officer received on the date of termination of his duties, and of the average of the variable portion of his annual compensation as Chief Operating Officer paid or to be paid for the three latest consecutive full fiscal years available during which he held the position of Chief Operating Officer that ended prior to the date of termination of his duties (this gross total annual compensation is defined as the "Reference Compensation").

Without prejudice to the Overall Cap defined in the description of the Severance Indemnity above, the combination of this Non-compete Indemnity, the statutory indemnity or the indemnity related to the collective bargaining agreement that would be paid to Benoit Bazin in the event of dismissal, and any other indemnity related to the termination of the employment contract (the statutory indemnity and any other indemnity are jointly defined, with the exception of the Severance Indemnity, as the "Indemnity related to the Employment Contract") may not be greater than twice the amount of the Reference Compensation. For this purpose, in the event of a termination of his employment contract resulting in the payment of an Indemnity related to the Employment Contract, the gross amount of the Non-compete Indemnity due to Benoit Bazin shall, if necessary, be reduced proportionally in light of the surplus amount.

Payment

This Non-compete Indemnity shall be paid monthly starting from the departure of Benoit Bazin. The payment of the Non-compete Indemnity would be excluded if Benoit Bazin claimed his retirement benefits. In any event, no indemnity will be paid beyond the age of 65.

Waiver option

The Board of Directors reserves its right to unilaterally waive application of the non-compete commitment no later than two months following the termination of the office of the Chief Operating Officer. In this case, the Chief Operating Officer would be released from any commitment and no sum would be due to him in this respect.

Approved by the Annual General Meeting of: June 6, 2019

(Statutory Auditors' special report of March 14, 2019)

Person concerned

Benoit Bazin – Chief Operating Officer (until June 30, 2021)

Neuilly-sur-Seine and Paris La Défense, March 17, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit Department of KPMG S.A.
Edouard Sattler	Pierre-Antoine Duffaud Bertrand Pruvost

6

Risks and control

1. Risk factors

The Saint-Gobain Group conducts its affairs in a constantly evolving environment. It is therefore exposed to risks, the occurrence of which could have a material adverse effect on its businesses, financial position, results and outlook. This chapter presents the main risks to which the Group believes it is exposed, as of the date of this Universal Registration Document.

Due to the Group's multiple geographic locations, the diversity of its markets and product ranges, as well as its development, the Saint-Gobain Group is exposed to different categories of risks. Pursuant to the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the most important risk factors (identified with an asterisk), at the date of this Universal Registration Document, are mentioned in the first place within each of the risk categories mentioned below, in line with an evaluation based on their impact and likelihood. Saint-Gobain's evaluation of the impact of the risks may be modified at any time, particularly if new internal or external events occur.

It should be noted that there are other risks which may exist or arise, of which the Group is not aware as of the date of this Universal Registration Document, or the occurrence of which has not been considered as of that date as being likely to have a material adverse effect on the Group, its businesses, financial position, results and outlook.

1.1 Risks specific to the Group and its business sector

1.1.1 Risks related to economic cycles*

Most of the Group's markets are cyclical in nature. A significant portion of the Group's activities are linked to investment in the construction sector, namely the renovation (46 % [(1)] of 2021 sales), new residential construction (22 % [(1)] of 2021 sales) and non-residential construction (12 % [(1)] of 2021 sales) markets, which generally follow the cyclical nature of the economic climate. Consequently, the Group's results are sensitive to the macroeconomic conditions of the geographic zones, both at regional and local levels, where the Group is active. Since the Group is established in 75 countries around the world (particularly in Northern Europe, Southern Europe, the Middle East, Sub-Saharan Africa, North America, Latin America and Asia-Pacific), a deterioration in the global economic environment due, for example, to a severe economic downturn or a major recession in any of these geographic regions is likely to have a negative impact on the consumption of the Group's products in the regions concerned, which could have a material adverse effect on the Group's sales, results, free cash-flow generation and outlook.

1.1.2 Risks related to the Group's international activities*

The Group is active worldwide, including outside Western Europe and North America. It is present in particular in Eastern Europe, the Middle East, Africa, Asia-Pacific, and Latin America, particularly in Brazil. About 21 % of the Group's consolidated sales were generated in these areas in 2021. Generally speaking, the Group's activities in these regions carry higher risks than in Western European countries and North America, due to the existence of greater economic and political instability, as well as greater exposure to social and infrastructure disruptions than in more mature markets.

Thus, the direct and indirect consequences of political instability or of an unstable economic or regulatory environment in which the Group operates, in a country in which the Group is active or markets its products, could have a material adverse impact on investment levels in that country's construction sector, and consequently on the Group's businesses, financial position, results or outlook.

In this respect, the conflict between Russia and Ukraine, which is a factor of economic uncertainty likely to affect economic activity and world trade, may have an adverse effect on the Group's activities even though the Group's economic exposure to Russia is not significant (approximately 0.5% of the Group's consolidated sales in 2021 and approximately 1,850 employees, including approximately 1,000 in the Group's eight plants).

In addition, whilst the consequences of the current Covid-19 pandemic on the Group's results were strongly mitigated from the second half of 2020 (see press release of February 25, 2021), with the operating income reaching a record level of €2,376 million in the first half of 2021, the implementation, in the context of new waves of the pandemic, of new restrictive measures, could lead to further economic slowdowns in the markets in which the Group operates, or affect global production chains, local supply or transport, or more generally could affect the global economy again. This could have an adverse impact on the Group's financial position, results or outlook (see Chapter 4, Section 1.5). However, most of the Group's activities are local, with products manufactured and sold locally, and largely local sourcing.

Moreover, legal or regulatory changes applicable to the Group's activities (involving, among other things, taxation, restrictions on capital transfers, customs duties, intellectual property and import and export licenses, the employment system or health, safety or the environment) could significantly increase the Group's costs in the various countries in which it is active, or limit its ability to freely transfer its capital, and consequently have a material adverse impact on its businesses, financial position, results and outlook.

(1) Saint-Gobain end-market estimate.

Lastly, the Group operates in an uncertain geopolitical climate where trade tensions such as those that may arise from the conflict between Russia and Ukraine or those between China and the United States, are becoming increasingly prominent. The Group mainly operates in local markets (see Chapter 2, Section 1.2.1), although some of its manufacturing activities have global value chains (see Chapter 2, Section 1.2.2) and could be subject to political and trade tensions, such as the automotive industry. Further deterioration of global trade relations could therefore have an adverse effect on the Group's results and outlook in these business sectors. As of the date of this Universal Registration Document, the conflict between Russia and Ukraine has no significant negative impact on the value chains of the Group's activities.

1.1.3 Risks related to innovation and digital revolution

The Group has placed innovation at the heart of its strategy (see Chapter 2, Section 3.3) in order to remain competitive and maintain a high level of operational excellence and financial and non-financial performance.

Certain markets in which the Group operates have undergone rapid change with the introduction of new practices, products and solutions (for instance, off-site manufacturing, 3D printing and digital construction), new technologies and communication and distribution channels using digital tools and content (see Chapter 2, Section 3.3.2). The success of the Group depends on its capacity to keep pace with these changes at all times and integrate these new technologies into its product offerings, in order to respond effectively to customers' needs.

After the success, one year in advance, of the Transform & Grow program set up in November 2018, one of the challenges of which, in terms of innovation and digital transformation, was to optimally reconcile, on the one hand, initiatives and coordination of marketing policies and strategic innovations on a global scale, and, on the other hand, necessary local adaptations or initiatives to meet the needs of local markets and customers in the most relevant and efficient way possible (in particular sales channels, logistics offer, etc.), the new strategic plan Grow & Impact, announced to investors on October 6, 2021, continues this digital transformation objective. The Group may not be in a position to respond fully to these challenges, which could adversely affect its sales, results or outlook.

The Group's innovation policy notably also comprises an ambitious marketing approach which seeks to better understand, anticipate and respond to customer requirements, working where applicable directly with Research and Development to supply customized solutions. This policy of marketing innovation and operational excellence, which is based in particular on a specific strategic watch, requires significant investments in research and development (€447 million at December 31, 2021, *i.e.* 28% of the Group's total investments as well as an appropriate recruitment and training policy, particularly in the new professions resulting from the digital boom (digital marketing, professions linked to the use of data, the development of digital platforms, and Industry 4.0 for example, see Chapter 2, Section 3.3.2.5), whose expected benefits cannot be guaranteed.

The Group's sales, operating margins and results could be affected if it fails to invest or invests insufficiently in appropriate technologies related to digital transformation, or its incapacity to rapidly bring new products to market, if the Group's new products do not adequately address customer needs or if competing products are quickly introduced.

1.1.4 Intellectual property risks

The growth in the Group's activities relies on the protection of its manufacturing secrets, patents (more than 450 patents registered in 2021, brands and models, and other intellectual property rights (for a description of the Group's portfolio of patents and brands, see Chapter 1, Sections 1.4 and 4). If the Group was unable to obtain, protect and preserve its intellectual property rights, or its freedom to operate, this could result in the loss of its exclusive rights to use technologies and processes, which could have a material adverse effect on its results.

The Group has an active policy for the protection of its intellectual property rights but cannot rule out the risk of its products being counterfeited, the appropriation or illicit use of its intellectual property rights or an unfavorable ruling by the courts.

The Group may be forced to take legal action against third parties suspected of breaching its rights. Any such proceedings may give rise to significant costs and hamper growth in sales of the products manufactured using the rights concerned or force the Group to incur additional expenses to develop other technologies that do not use the disputed technology.

1.1.5 Risks related to the supply of energy and raw materials and changes in the cost of energy and raw materials

The Group's industrial activities, some of which consume high levels of energy, such as Building and Automobile Glass, Insulation or Gypsum (see Chapter 1, Section 4 for a description of these activities), or are dependent on certain raw materials, could be impacted by a significant increase in prices resulting from difficulties in sourcing raw materials and/or energy (*e.g.* natural gas or electricity), or by the occurrence of natural disasters, extreme weather conditions, or geopolitical circumstances such as the conflict between Russia and Ukraine. By way of illustration, as of December 31, 2021, the Group's irrevocable purchase commitments relating to raw materials and energy represented €1.6 billion (see Note 5.5.1 to the consolidated financial statements, Chapter 8, Section 1). In the current context of accelerating energy cost inflation, Saint-Gobain has stated that it expects its energy and raw material costs to increase by around €1.5 billion in 2021 compared to 2020 (compared to a previous annual estimate made at the end of July 2021 of €1.1 billion), of which €1.1 billion for the second half of 2021 alone. This increase in inflation mainly concerns the cost of energy in Europe, where the Group has hedges for natural gas and electricity, up to 50% in the fourth quarter of 2021, 65% in 2022 and 25% in 2023, at prices slightly higher than in 2020.

Its ability to pass on these cost increases to its customers depends to a large extent on market conditions and commercial practices. Even in the event of repercussions for the Group, it may only pass these on to its customers in part and/or gradually over time. The Group's inability to immediately and/or fully pass on increases in the cost of raw materials and/or energy in the short term could have a material adverse effect on its operations, financial position or results

The Group has set up hedging arrangements for some of the risks associated with the cost of energy and/or raw materials (see Chapter 8, Section 1, note 10.1 Financial Risks to the consolidated financial statements). Nevertheless, it cannot guarantee that these hedges, which themselves represent a cost for the Group, will fully cover any additional costs incurred as a result of future price increases in the cost of energy and/or raw materials; they will depend on the underlying cost assumptions applied by the Group.

1.1.6 Industrial and environmental risks

The Group could incur significant expenses and be exposed to environmental liabilities as a result of its operation of past, present or future industrial sites (see Note 9 to the consolidated financial statements, Chapter 8, Section 1).

The industrial and environmental risks arising from the operation of some sites primarily relate to the storage of certain hazardous substances.

As at December 31, 2021, seven sites were classified under Directive No. 2012/18/EU on the control of major-accident hazards involving dangerous substances, known as "Seveso III". These industrial sites are subject to specific regulations and close supervision by the competent authorities and the Group's Environment, Health and Safety Department.

These sites include Balsta (Gypsum) in Sweden, storing liquid natural gas, Etolikon (Gypsum) in Greece and Stjordal (Insulation) in Norway, storing liquefied petroleum gas, and Sully-sur-Loire (Sekurit-Transport) in France, storing combustive liquids, which fall under the "low threshold" defined by the "Seveso III" Directive. Three other facilities are classified as "upper threshold": the Bagneaux-sur-Loing site (Flat Glass) in France, which stores arsenic (AS2O3), the Carrascal del Rio site (Flat Glass) in Spain, which stores hydrofluoric acid (HF), and the site in Boston, Lincolnshire (Building Distribution) in the United Kingdom, which stores petroleum products.

After identifying accident risks and their potential impact on the environment, preventive measures were implemented at these facilities, covering the design and construction of storage areas, as well as the manner in which they are used and maintained. Internal contingency plans have been developed to respond to incidents. The financial consequences of personal injury and damage to property that may arise by accident from plant operations are covered by the current Group civil liability and environment impairment liability insurance programs (for a description of these programs, see Chapter 6, Section 1.5.2), with the exception of the Bagneaux-sur-Loing plant, which is insured under a specific policy subscribed by the joint venture operating the facility. In the event of an industrial accident, compensation payments to victims would be organized jointly by the company, the insurance broker and the insurer.

The Saint-Gobain Group also has to deal with risks relating to chronic pollution, and could therefore be required to incur expenses to restore active or closed industrial sites, whether in operation or closed, or clean up the environment. At December 31, 2021, 72 European Group sites are classified as "IED" installations as defined by Directive 2010/75/EU on industrial emissions, and are subject to integrated pollution prevention and control regulations.

A breach of these regulations could result in fines or other civil, administrative or criminal penalties, specifically the withdrawal of permits and licenses needed for the activities in question to continue operation, which could have a material adverse effect on the Group's sales, results, free cash flow generation and its outlook.

Lastly, changes in environmental regulations, including their interpretation, and consideration of climate change risks (see Chapter 3, Section 2.1) could cause the Group to incur significant expenses and/or investments.

1.1.7 Risks related to external growth

The Group's strategy is based, in part, on external growth, in particular by acquiring businesses or assets, taking equity interests or establishing joint ventures in the Group's business lines and in geographic regions where the Group seeks to establish or strengthen itself (see Chapter 2, Section 4). Accordingly, on May 20, 2021, the Group announced that it had entered into an agreement to acquire 100% of the share capital of Chryso, a leading global player in the construction chemicals market, a transaction completed on September 29, 2021. It also announced on December 6, 2021 that it had entered into an agreement to acquire all the shares of GCP Applied Technologies, which is a decisive step in establishing Saint-Gobain as a world leader in construction chemicals and reinforces the Group's strategy as a world leader in sustainable construction. The completion of this transaction is subject to the approval of shareholders of GCP Applied Technologies, the authorization of the competition authorities and the satisfaction of other usual conditions; it should take place by the end of 2022 (see Chapter 2, Section 4.2).

However, the Group may not be in a position to identify attractive targets or to enter into transactions at the optimal time and/or under satisfactory conditions (see Chapter 2, Section 4.2 for a description of the business portfolio management strategy). The expected benefits of these external growth operations depend, in part, on the realization of expected synergies and integration of the activities of the acquired companies, and on relationships with other participants in the joint ventures. The Group gives no guarantees as to these objectives, which, if not fulfilled within the expected timeframes and at the expected levels, could affect the Group's financial position, results and outlook (see Chapter 1, Section 3).

1.1.8 Risks related to information systems

Daily management of the Group's activities, specifically the conduct of its commercial, industrial, logistics and accounting processes, particularly in its Distribution activities, requires the proper functioning of all technical infrastructure and computer applications. The risk of system malfunction or interruption, which may be external or internal in origin (computer viruses or hacking, service providers' defaults, blackouts or network shutdowns, natural disasters, human error, etc.), cannot be underestimated. In particular, a cyber attack could affect not only operations, but also the protection of confidential information or lead to the theft, loss or exposure of personal data.

It should be recalled that, in June 2017, the Group, as per numerous other companies and organizations in France and abroad, was affected by the NotPetya cyber-attack, which required IT systems to be disconnected in order to prevent the spread of the virus, as well as the introduction of alternative processes in all of the Saint-Gobain businesses. The impact of the cyber-attack on operating income for the 2017 fiscal year was calculated to be €80 million. All of the information systems were back up and running within ten days, without any data being lost or compromised.

With a view to learning from NotPetya and minimizing the impact of this type of malfunction, the Information Systems Department, as part of a cyber-defense plan, introduced strict rules relating to the governance and security of information systems, both in terms of infrastructure and applications, data protection and business continuity plans. This plan is deployed at Group level, controlled by the Audit and Internal Control Department and by external audits (see Chapter 5, Section 1.2.3: work of the Audit and Risk Committee). Furthermore, a new insurance program covering the Group's cyber risks has been set up end of 2017.

The occurrence of such malfunctions may adversely affect the Group's operations, the protection of its know-how and its financial results.

1.1.9 Risks related to climate change and energy transition

The fight against climate change involves both risk management and the development of the Group's markets (see Chapter 3, Section 2.1.2).

The Group has placed the fight against climate change at the heart of its strategy and aims to contribute to a fair and sustainable transition to a low-carbon economy with the adoption of a 2030 roadmap to achieve its goal of carbon neutrality by 2050 and the implementation of the Sustainable Solutions for Growth programme.

Achieving carbon neutrality requires, among other things, that the Group has access to sufficient renewable energy sources to meet its needs at satisfactory pricing conditions. The Group's failure to access such energy sources could have an adverse effect on its ability to implement its strategy and meet the expectations of its customers and investors.

In addition, the need for decarbonisation of the Group's industrial customers requires an acceleration of innovation in decarbonisation technologies for the construction industry, green mobility and in speciality materials for the decarbonisation of industrial processes. The implementation of new industrial processes and procedures as part of the Group's sustainability roadmap represents a major technical and technological challenge. The Group's failure to deploy these new processes or procedures, or a delay in deploying them, could adversely affect its ability to implement its strategy and meet the expectations of its customers and investors.

1.2 Group structural risks

1.2.1 Risks related to the Group's pension and similar commitments*

The Group recognizes significant pension and similar obligations mainly in Western Europe (in particular in France, Germany and the United Kingdom) and in North America (United States and Canada), which for the most part are no longer open to new employees. At December 31, 2021, the total amount of pension plan commitments was to €12.4 billion (see Note 6.3 to the consolidated financial statements, Chapter 8, Section 1).

The provision for pension plans recognized in the consolidated balance sheet (€2 billion at December 31, 2021) may be affected by adverse changes in the actuarial assumptions used to calculate the projected benefit obligation, by a reduction in the discount rates used to measure future commitments, a change in life expectancy or higher inflation, or a fall in the market values of plan assets, consisting mainly of equities and bonds.

1.2.2 Risks related to cost reduction and restructuring

The Group has undertaken a variety of cost-cutting and restructuring initiatives. While further savings are planned, there is no guarantee that the forecast reductions will be achieved or that the related restructuring costs will not be higher than originally budgeted. In particular, certain restructuring operations and other initiatives may cost more than expected, or the cost savings may be less than expected or take longer than expected to achieve. An increase in restructuring costs and/or the Group's inability to achieve the expected savings could have a material adverse effect on the Group's results and outlook.

1.2.3 Risks related to goodwill and impairment of property, plant and equipment and intangible assets

Brands and goodwill make up a significant proportion of the Group's intangible assets, representing (€1.7 billion and €11.2 billion, respectively, at December 31, 2021). In line with Group accounting policies, goodwill and certain other intangible assets with indefinite use lives are tested for impairment periodically and whenever there is an indication that their carrying amount may not be fully recoverable. Goodwill and other identified intangible assets may become impaired as a result of worse-than-expected Group performance, unfavorable market conditions, unfavorable legal or regulatory changes or many other factors. The recognition of impairment losses on goodwill could have an adverse effect on consolidated net income.

Property, plant and equipment (€11.7 billion at December 31, 2021) represent roughly one-quarter of total assets and may become impaired in the event of adverse changes in the business (see Chapter 8, Section 1, note 7 to the consolidated financial statements).

1.3 Financial risks

The Group is exposed to financial risks, and notably a liquidity risk on financing. In particular, in a crisis environment, the Group might be unable to raise the financing or refinancing needed to cover its investment plans on the credit or capital markets, or to obtain such financing or refinancing on acceptable terms. For more information on this liquidity risk and the other financial risks to which the Group is exposed, please see note 10.1 to the consolidated financial statements for the fiscal year ended December 31, 2021, presented in Chapter 8 of this Universal Registration Document.

1.4 Legal risks

1.4.1 Risks associated with legal and administrative procedures

The Group is exposed to risks of litigation and claims arising in the normal course of business. The most significant disputes pending or for which the Group has received notifications are described below. These proceedings may result in a conviction, the payment of substantial damages, regulatory or even criminal sanctions, and may tarnish the Group's reputation and thus have a significant negative impact on the Group's image, financial position and operating results. The total provision for litigation and proceedings amounted to €155 million as of December 31, 2021 (see Chapter 8, Section 1, note 9 to the consolidated financial statements).

1.4.1.1 Anti-trust law and related proceedings*

Competition laws apply to the Group companies in countries in which it operates. Violation of competition law exposes the Group to fines and, in certain countries, potential criminal sanctions on the Group and its employees involved. Any litigation filed by a competition authority could, in the event of conviction, give rise to the payment of fines and potentially damages, which is likely to have a significant impact on the Group's reputation, financial situation and operating results.

The Saint-Gobain Group is firmly committed to opposing any practice that might violate competition rules and has long applied the principle of zero tolerance. A competition law compliance program has been in place within the Group since 2007. The content of this plan is described further in Chapter 3, Section 1.2.2.

Investigation by the Swiss Competition Commission in the sanitary products wholesale industry

In November 2011, the Swiss Competition Commission (*Commission suisse de la concurrence*) opened an investigation into anti-competitive practices in the sanitary products wholesale industry. In May 2014, the Commission Secretariat issued a notice of complaints against Sanitas Troesch and other wholesalers in the industry alleging that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The total fine imposed on all companies involved is CHF 80 million. For Sanitas Troesch, the fine is CHF 28.8 million. Sanitas Troesch appealed this decision on May 2, 2016 and continues to firmly refute the claims made. The hearing took place before the Federal Administrative Court on January 21, 2020 and the date on which the Federal Administrative Court will issue its decision is not yet known. However, a provision for claims and litigation was recognized at December 31, 2015 in an amount equivalent to the fine (unchanged as at December 31, 2021).

Investigation by the French Competition Authority in the building insulation products industry

On July 28, 2014, the French Competition Authority sent a statement of objections to Saint-Gobain Isover and Compagnie de Saint-Gobain (as parent company of the Saint-Gobain Group). A hearing took place on May 11, 2016, whereupon the Competition Authority sent the case back for further investigation in light of the arguments put forward by Saint-Gobain Isover and Compagnie de Saint-Gobain. In October 2018, Saint-Gobain Isover and Compagnie de Saint-Gobain received a second statement of objections, in which the Competition Authority alleges anti-competitive practices in the building insulation products market, between 2001 and 2013.

Saint-Gobain Isover and Compagnie de Saint-Gobain rejected the allegations in their response to the second statement of objections filed in January 2019.

A new report was sent by the Authority at the end of 2019, which gave rise to comments in response from Saint Gobain Isover and Compagnie de Saint-Gobain on February 11, 2020.

The hearing before the Competition Authority was held on October 6, 2020. By decision dated January 14, 2021, the French Competition Authority considered that the alleged anti-competitive practices were not established and dismissed all the objections notified.

Actis appealed this decision to the Paris Court of Appeal on February 26, 2021, following which the other parties, including Saint-Gobain Isover and Compagnie de Saint-Gobain filed incidental appeals. Hearing is expected to occur end of 2022.

On the civil law front, Actis served in March 2013 a damages claim on Saint-Gobain Isover, the Centre scientifique et technique du bâtiment, and the FILMM before the Paris Civil Court (*Tribunal judiciaire de Paris*) based on the facts being investigated by the Competition Authority. A stay of proceedings has been declared and following the dismissal decided by the Competition Authority and the appeal filed by Actis against such dismissal, Actis requested that the proceeding remain stayed until the Paris Court of Appeal's decision to be made in relation to the appeal filed by Actis against the dismissal decision of the Competition Authority. The Court granted this request and stayed the proceeding until the Paris Court of Appeal's decision.

1.4.1.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, where Everite and Saint-Gobain PAM had carried out fiber-cement operations in the past, seven additional lawsuits to those brought since 1996 were filed in 2021 by former employees (or persons claiming through them) for recognition of inexcusable fault resulting from exposure for asbestos-related occupational diseases.

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As of December 31, 2021, a total of 844 lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of the same date, 812 of these 844 lawsuits had been completed, the employer's inexcusable fault having been upheld in all of these cases. 32 actions are still pending against Everite and Saint-Gobain PAM.

Compensation paid by Everite and Saint-Gobain PAM since the outset of these litigations in settlement of these lawsuits totaled approximately €6.6 million as of December 31, 2021 (compared to €6.2 million as of December 31, 2020).

In addition, as of December 31, 2021, a total of 272 similar suits had been filed since the outset of the litigation by current or former employees, or persons claiming through them, of 13 French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who in the past used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2021, 230 of this 272 lawsuits had been completed, with the employer's inexcusable fault having been upheld in 147 of them. 42 actions were still pending at the same date.

The total amount of compensation paid since the outset of the litigation by these companies was approximately €10.5 million as of December 31, 2021 (compared to approximately €8.7 million as of December 31, 2020).

Anxiety claims

Eight of the Group's subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, were the subject of anxiety claims.

"Facilities classified as containing asbestos" are defined as industrial facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and that are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefit paid to asbestos workers (ACAATA).

As of December 31, 2021, a total of 824 lawsuits had been brought by current or former employees – benefiting from ACAATA or not - claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. These 824 suits have all been definitely completed, representing a total amount of compensation of €8.5 million as of December 31, 2021 (compared to €7.6 million euros as at December 31, 2020).

It should be clarified that the above figures do not take into account suits filed against companies that are no longer part of the Group.

The provision related to asbestos-related litigation in France amounted to around €6.9 million as of December 31, 2021 (compared to €5.5 million as of December 31, 2020).

Situation in the United States

Action taken to achieve equitable and permanent Resolution of the former CertainTeed Corporation's legacy asbestos liabilities in the United States

DBMP LLC, an affiliate of CertainTeed LLC based in North Carolina, that holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed, on January 23, 2020, a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Western District of North Carolina in Charlotte. The purpose of the filing is to achieve a certain, final and equitable Resolution of all current and future claims arising from asbestos-containing products manufactured and sold by the former CertainTeed Corporation.

DBMP LLC intends to seek court authority to establish a trust under Section 524(g) of the US Bankruptcy Code – a specific provision that is applicable to companies that face substantial numbers of asbestos-related claims – to achieve a fair and equitable resolution of its asbestos-related liabilities. Upon establishment of the trust, current and future plaintiffs with qualifying claims will be able to receive faster payment of their claims without the delay, stress and uncertainty of litigation in the tort system; at the same time, the creation and funding of such a trust will permanently and finally resolve DBMP LLC's asbestos liability.

During the course of this bankruptcy process, which is expected to take approximately three to eight years, all asbestos litigation will be stayed and all related costs suspended, providing DBMP LLC with the time and protection to negotiate an agreement to be approved on behalf of all claimants and by the court.

This action was taken as a result of the increasing risks presented in the US tort system. Despite the passage of time, the aging of the population and lessening opportunity for claimants to assert legitimate claims of exposure to the asbestos-containing products of the former CertainTeed Corporation, naming practices in the tort systemcontinued to result in a steady volume of claims against DBMP LLC, with no foreseeable end in sight. In addition, there has been, in general, an escalation of settlement demands and verdicts in the tort system.

Impact on the Group's financial statements

Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC, and in particular the provision for asbestos-related litigation in the United States, are no longer consolidated in the Group's financial statements.

Nonetheless, because of a funding agreement between CertainTeed LLC and DBMP LLC by which CertainTeed LLC has agreed to fund the costs of the Chapter 11 case and, ultimately, the 524(g) trust, in both cases solely to the extent DBMP LLC is unable to do so in full, the Group recorded in its consolidated financial statements a debt against DBMP LLC amounting to $417 million as of December 31, 2021.

The Group's consolidated income for 2021 is not impacted by the ongoing Chapter 11 proceeding described above.

As a result of this bankruptcy proceeding, all legal costs and indemnity payments related to DBMP LLC's asbestos tort claims have been suspended, and no further charges in relation to such claims have been taken in 2021 (as in 2020).

Situation in Brazil

In Brazil, former employees of Brasilit, that once manufactured fiber cement containing asbestos, suffering from asbestos-related occupational illnesses are offered, depending on the case, either financial compensation alone or lifetime medical assistance combined with financial compensation. Around 1,200 contractual instruments have accordingly been signed to date.

Two class actions were initiated against Brasilit in 2017 by two associations defending former employees exposed to asbestos at the São Caetano (São Paulo state) and Recife (Pernambouc state) plants, asking for their medical assistance and compensation to be revised. First and second instance decisions were rendered in connection with the first suit respectively in July 2020 and July 2021, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the second instance decision by filing a motion for clarification against such decision. The suit related to Recife is still at an early stage and there is no court decision issued so far.

A third class action was initiated against Brasilit in 2019 in Capivari (State of São Paulo) by the Labor prosecutor asking for health insurance, as well as collective moral damages, in favor of employees, former employees and their respective families, as well as subcontractors who were exposed to asbestos. A first instance decision was rendered in September 2020 partly in favor of the plaintiffs. In particular, collective moral damages were granted to the plaintiffs, for an amount reduced to BRL 5 million (€0.8 million). Brasilit has appealed the decision.

Brasilit is subject to controls by the Ministry of Labor and continues to comply with all of its legal obligations with regard to medical assistance for its current and former employees.

In November 2017, the Supreme Court of Brazil decided to ban asbestos definitively across the country. Brasilit stopped using asbestos voluntarily as early as 2002.

1.4.1.3 Environmental disputes

PFOA matters in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of US Environmental Protection Agency (EPA) health advisories or state maximum contaminant levels for drinking water have been found in municipal water systems and private wells near current Saint-Gobain Performance Plastics (SG PPL) facilities in Hoosick Falls (New York) and Merrimack (New Hampshire), and two former facilities in North Bennington (Vermont) in the United States. PFOA and PTFE (polytetrafluorethylene) have never been manufactured by these plants. SG PPL is a processor of PTFE which it purchases from third party suppliers and which in the past contained some PFOA.

SG PPL has voluntarily provided bottled water in all three communities, installed point-of-entry treatment systems to residents and businesses in all three communities, installed carbon filtration systems on the municipal water supply in Hoosick Falls and funded the installation of a carbon filtration system on the Merrimack Valley District's municipal water supply. In addition, it has voluntarily funded construction of water line extensions in certain communities in the Merrimack and Bennington areas.

The investigations are on-going and the scope of responsibility for SG PPL arising from environmental remediation in New Hampshire and New York and cleanup obligations at these sites has not yet been established. The scope of the remediation in Vermont is defined and largely completed; future operation and maintenance obligations remain.

Without admitting liability, SG PPL has signed consent orders with the environmental regulators in New York in 2016, in Vermont in 2017 and 2019 with respect to two different areas, and in New Hampshire in 2018, pursuant to which SG PPL has agreed to complete investigations, implement interim or final remediation measures at its current and former facilities and in the case of Vermont and New Hampshire, fund construction of water lines. Responsibility, if any, is expected to be shared with other parties as regards in particular the Hoosick Falls site.

PFOA-related lawsuits alleging both health-related and economic damages claims have been filed in civil courts in New York, New Hampshire and Vermont, some of which are in the form of proposed or certified class actions. It is difficult to predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against SG PPL. However, both the New York and Vermont class actions have signed settlements, the Vermont settlement remaining under final review by the courts.

On December 31, 2021, the provision recorded by the Company in respect of this matter amounts to €116 million (compared to €31 million as of December 31, 2020). This provision covers fully the amount of the New York and Vermont class action settlements, as well as various other costs related to PFOA matters including remediation works.

1.4.1.4 Other contingent liabilities

Grenfell Tower fire in the United Kingdom

Celotex provides insulation materials for specific applications for the building and construction industry.

Insulation materials from two Celotex ranges were purchased via distributors and used in refurbishing Grenfell Tower, London in 2015/2016, including as one component of the rainscreen cladding system designed and installed (by third parties) on the tower's external facade (for more information, refer to the following page: https://www.Saint-Gobain.com/fr/finance, sidebar "Grenfell Tower Celotex").

Following the Grenfell Tower fire on June 14, 2017, a Public Inquiry is underway, which is considering, among other things, the modifications made to the building as part of the refurbishment, the role played by the various construction professionals, and the information provided by the manufacturers of the products used. The Inquiry is conducting its work in two phases: its phase 1 report was published on October 30, 2019, phase 2 commenced in January 2020 – public hearings are expected to continue until July 2022, with a final report to follow some time thereafter. A criminal investigation into the circumstances of the fire is also in progress.

There are a large number of issues and circumstances that need to be explored and the implications for Celotex are unlikely to be known for some time. Civil proceedings in connection with Grenfell Tower brought against Celotex Limited and/or Saint-Gobain Construction Products UK Limited (which respectively held the Celotex business until or after December 31, 2015) and a number of other defendants – who are also core participants in the Public Inquiry – have been issued and are stayed prior to the service of full pleadings. No figure has yet been put on the quantum claimed.

The extent to which Celotex may incur civil or criminal liability in connection with the production, marketing, supply or use of its products is currently unclear and Celotex Limited and Saint-Gobain Construction Products UK are currently unable to make a reliable estimate of their potential liability in this respect.

1.4.1.5 Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities, or in the context of the enforcement of seller's warranties granted by the Group to the buyers of divested businesses (see Chapter 8, Section 1, note 5.5.2 to the consolidated financial statements). Apart from the proceedings and litigation described above, to the best of the Company's knowledge, no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or have had, in the last 12 months, a significant impact on the financial position or profitability of the Company and/or Group. Please refer to Note 9 to the consolidated financial statements relating to provisions for litigation, Chapter 8, Section 1.

1.4.2 Risk of regulatory changes

The Group is not subject to any specific regulations that could have an impact on its financial position, although the Group companies that operate industrial sites are generally required to comply with the specific national laws and regulations of the country where such sites are located. It is therefore, for example, with regard to France, subject to regulations applicable to classified sites, and certain regulations relating to the environment, aimed at reducing carbon dioxide emissions, in particular with a view to meeting the targets for reducing greenhouse gas emissions under the Paris Agreement which came into force on November 4, 2016.

A certain number of legislative measures are already in place in certain countries and regions in which the Group operates. As such, at European level, Directive 2003/87/EC of October 13, 2003, known as the "Quotas Directive", has set a cap on carbon dioxide emissions and a quota trading system for certain large production sites. Notwithstanding the Group's efforts to reduce CO_2 emissions, and broadly, the use of best available techniques for its investments (see Chapter 3, Section 2), changes in regulations applicable to the Group's activities could impact the operation of its production sites, which could have a material adverse effect on its operation, financial position or results.

Laws and regulations applicable to the Group and to the materials and products it uses in its activities may change in a manner that may be unfavorable to the Group. The introduction of stricter regulations or more diligent enforcement of existing regulations may affect the conditions under which the Group operates its businesses, which could increase its operating expenses, limit the scope of its activities or act as a brake on business growth. More generally, the Group cannot guarantee that there will be no rapid and/or significant regulatory changes in the future with a material adverse effect on its business, financial position or results.

1.5 Insurance

The Group transfers its risks to the insurance market when this is the most efficient solution. Default by one or more of the Group's insurers could therefore lead to financial losses.

The Group's policy is to implement preventive programs and purchase insurance coverage to protect its assets and revenue. This policy is embedded within a Group doctrine, which takes into account current conditions in the insurance market. It is determined, coordinated and overseen by the Risk and Insurance Department. It defines insurance criteria for the most significant risks, such as property and business interruption, as well as general and product liability. With this in mind, a new insurance program to cover the Group's cyber risks was implemented at the end of 2017.

For other types of coverage, such as automobile fleet insurance, the Risk and Insurance Department advises the individual operating units on policy content broker selection and which market to consult. These are called "high-frequency" risks, for which claims are monitored internally and appropriate action taken. The policies in force in 2021 are the result of the renewal of the policies for 2020.

The captive insurance company set up to cover property risks was highly successful and delivered real benefits for the Group.

Companies acquired during the year have been integrated into existing insurance programs.

1.5.1 Property and business interruption insurance

The risks covered are non-excluded property and casualty risks as well as operating losses following a sudden accident affecting the insured property. They are covered by a global program.

The programs meet the insurance criteria laid down by the Risk and Insurance Department, specifically:

- all policies are "all risks" policies with named exclusions;
- claims limits of liability are based on worst-case scenarios where safety systems operate effectively;
- deductibles are proportionate to the size of the site concerned and cannot be qualified as self-insurance.

These criteria take into account current insurance offerings, which exclude certain risks and cover natural disasters like floods, storms, earthquakes or tsunamis only up to a certain amount.

In extreme scenarios, such events could have a substantial uninsured financial impact in terms of both reconstruction costs and lost production costs.

The Risk and Insurance Department's policy is based on the findings of the annual audits carried out by independent prevention experts recognized by the Group's insurers. These audits give a clear picture of the risk exposure of the main sites in the event of a fire or other incident, and provide an estimate of the financial consequences in a worst-case scenario.

Individual claims in excess of €12.5 million were transferred to the insurance market for all Group subsidiaries. As from January 1, 2022 this amount is increased to €17.5 million.

This amount is self-insured by the Group through its captive insurance company. The latter has taken out reinsurance protection to protect it against an excessive frequency and/or severity.

1.5.2 Liability coverage

A program provides coverage for third-party personal injury and property damage claims for which the Group would be legally held liable. This program comprises several programs for the lower tranches of coverage.

The first program covers all subsidiaries and has a coverage limit of €100 million. Those located in North America are subject to a deductible of USD 50 million. The program's exclusions are consistent with market practice and concern in particular potentially carcinogenic substances and gradual pollution.

In order to satisfy local regulatory requirements, a policy is taken out in each country in which the Group has a significant presence. Local policies are backed up by the master policy issued in Paris, which can be activated when local coverage proves inadequate.

The second program, with a cover limit of USD 50 million, concerns the subsidiaries located in North America. This program is structured differently to deal with the specific nature of liability risks in the United States. It is divided into several lines of coverage, requiring it to be placed, if needed, on the London insurance market. Exclusions are in line with current market practice in the United States and primarily concern contractual liability, pollution and third-party consequential loss.

In addition to the two programs described above, a number of supplementary programs have been set up in order to bring the total coverage limit to a level considered compatible with the Group's businesses.

Within the operating units, action is taken to raise awareness of civil liability risks, and the units are motivated to control costs by assuming a deductible that does not, however, constitute self-insurance. The Group also runs a risk prevention program at its operating units with the support of the Environment, Health and Safety Department.

Furthermore, to meet the environmental requirements set out in Directive 2004/35/EC of April 21, 2004 on environmental liability with regard to the prevention and remedying of environmental damage, the Group has since 2017 had a specific policy with a limit increased from €25 million to €75 million per year as from July 1, 2020. This policy offers worldwide cover, excluding the United States, for the Group's civil environmental liability arising in relation to damage affecting natural resources (protected natural species and habitats, soil and water) as a result of its activities.

1.5.3 Exceptions

Joint ventures not controlled by the Group and minority interests are excluded from the scope of the above policies. These insurance policies are taken out separately.

2. Internal control

Each of the Group's companies evaluates the main risks affecting the shaping of its strategy, the smooth running of its operations, compliance with laws and regulations and resilience to external events.

As such, the general aims of internal control include:

- management of the company's operational risks;
- proper implementation of processes and reliable financial information;
- compliance, in accordance with the Group's programs, particularly on antitrust law, laws on embargoes and trade sanctions and the fight against corruption (in accordance with the recommendations of the *Agence Française Anticorruption* (AFA), the French Anticorruption Agency);
- anti-fraud.

Each level of the organization plays a role in internal control, as internal control and risk management affect all Group employees. The three lines of defense model is therefore adopted by Saint-Gobain:

- in the first line of defense, companies employ an internal control and risk management system tailored to their situation, at the initiative of the Chief Executive Officers and local managerial structures (Regions, countries and activities). The companies have access to Shared Services Centers (Finance, Payroll) and IT expertise. It is essential that there is a segregation of tasks between these organizations for successful skills optimization and transaction security;
- in the second line, Group Internal Control establishes an internal control reference framework applicable to all, in addition to specific guidelines prepared by the Group's corporate departments; and
- in the third line, it involves verification of the proper application of the internal control principles which is carried out in-house by the Audit Department and externally by the Statutory Auditors.

2.1 Compagnie de Saint-Gobain's internal control and risk management system

2.1.1 The aims of internal control and risk management

The Saint-Gobain internal control and risk management system is part of the legal framework applicable to companies listed on the Euronext Paris regulated market, and is inspired by the reference framework on the internal control and risk management system of the AMF (French Financial Markets Authority) and the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO).

Saint-Gobain Group's internal control and risk management system is supported by a continuous improvement process and an Internal Control Reference Framework. This is a whole set of resources, behaviors, procedures and actions tailored to each company's specific characteristics which:

- enables it to appropriately address material operational, financial or compliance risks;
- helps it to manage its operations and meet its objectives;
- improves the efficiency of its operations and ensure that its resources are used to best effect.

It is more specifically designed to provide assurance concerning:

- application of General Management's instructions and orientations;
- compliance with the laws and regulations applicable to the company;
- the efficiency and effectiveness of internal operating, industrial, marketing, financial and other processes;
- of property, plant and equipment and intangible assets, in particular the prevention of fraud;
- the reliability of financial information.

By promoting constant improvement in all entities, internal control creates value and supports the companies' performance.

2.1.2 The internal control and risk management environment

2.1.2.1 The Group's core values

Internal control is based on values and rules of conduct which are formalized in:

- the Saint-Gobain Group Principles of Conduct and Action: professional commitment, respect for others, integrity, loyalty, solidarity, compliance with the law, respect for the environment, protection of health and safety at work and employee rights (see Saint-Gobain Today - Chapter 1). The Principles of Conduct and Action are distributed to all Group employees;
- the Group Human Rights policy (see Section 1, Chapter 3);
- the Saint-Gobain Attitudes: being close to customers, acting as an entrepreneur, innovating, being flexible, building an open and engaging culture;
- the Group's compliance program: competition law, economic embargoes and sanctions, fight against corruption, influence peddling and fraud, professional associations, conflicts of interest, gift policy, etc. (see Section 2.5.6 of Chapter 6 - The Group's compliance culture tools).

Executives leading by example, and control at all levels in implementing the Principles is essential in disseminating these values, which all Group employees must adhere to.

2.1.2.2 The organizational model

The implementation of an internal control system requires:

- appropriate organization which provides a framework for the planning, execution, monitoring and management of operations;
- clearly defined roles and responsibilities, according to a human resources management policy which recruits people with the knowledge and skills necessary to perform their jobs, providing them with training to develop employees' knowledge;
- rotation and succession plans for key positions and replacement solutions during temporary absences;
- powers of attorney granted to suitable people in line with the principle of task segregation.

2.1.2.3 Dissemination of policies and programs

The policies and programs devised by the Group's Senior Management are disseminated within each corporate department. The Regions, countries and activities formalize guidelines and directives within their scope of responsibility in line with the Group's own guidelines and directives, ensuring that they are applied when conducting operations.

2.1.2.4 Information systems

The Group's organizations and their operations rely to a large extent on information systems, information-sharing and the digitalization of processes. Information systems must therefore be efficiently protected in terms of both physical and logical security. The Saint-Gobain Group companies thus comply with the safety rules set out by the Group Information Systems Department and Internal Control (automated controls described in detail in the "ITAC" reference base).

2.1.3 Internal control and risk management process

Within Saint-Gobain, internal control is a continuous and ongoing process that integrates risk management procedures.

Due to the constantly changing environment and the regulatory context, the companies must take steps to identify, evaluate, process and monitor any risks which may affect them.

2.1.3.1 At Group entity level

The internal control and risk management process can be summarized in four stages:

- analysis of the main identifiable risks. The company analyzes its main risks, and thus identifies what could prevent it from meeting its objectives, as well as dangers that could harm its interests or have a major impact on its internal control situation;
- developing controls that are proportionate to the risks involved in each process;
- communicating the objectives of internal control to employees and implementing controls;
- permanent oversight of and regular checks on the effectiveness of internal control: a compliance declaration is signed each year by the Chief Executive Officers according to the perimeter defined for each annual campaign.

This process is outlined in the Internal Control Reference Framework (see Chapter 6, Section 2.5.1 – Internal Control Reference Framework) applicable to all Group entities.

2.1.3.2 At the level of Compagnie de Saint-Gobain

The Audit and Internal Control Department updates the Group's risk mapping every year. These updates draw on the contributions of the various management levels, and the results are submitted to the Audit and Risk Committee and the Board of Directors.

For the various risks analyzed, the necessary corrective action is taken.

2.2 Parties involved in internal control and risk management

Everyone within the organization has some responsibility for internal control and risk management, from General Management down to the employees of the individual entities.

2.2.1 The Board of Directors of Compagnie de Saint-Gobain and the Audit and Risk Committee

The Audit and Risk Committee periodically reviews the organization of the Group's internal control and risk management (see Chapter 5 - Section 1.2.3).

The Audit and Risk Committee is specifically tasked with monitoring the process of preparing financial information and the effectiveness of the internal control and risk management system.

It also reviews the risks map prepared by the Audit and Internal Control Department.

It analyzes significant internal control incidents, results of audits and oversees the corrective actions necessary to address failures.

Finally, it reports regularly to the Board of Directors on its work and notifies the Board promptly of any issues encountered (see Chapter 5 - Section 1.2.3).

2.2.2 Group Management

Saint-Gobain's Management oversees implementation of the Group's internal control and risk management process and the existence and effectiveness of appropriate internal control monitoring systems within the Group's subsidiaries.

In this context, the Chairman of the Board of Directors signed a charter on April 16, 2021 with the Audit and Internal Control Department to reiterate the principles of audit, internal control and risk management which support the Group's teams.

2.2.3 Audit and Internal Control Department

The general remit of the Audit and Internal Control Department is to provide systematic, methodical assurance that the internal control systems are relevant and effective, and to make recommendations for reinforcing them. It also promotes the pursuit of added value and enhanced performance, in line with the Group's focus areas and programs (notably in anticipation of the digitalization of company processes).

Therefore, the Audit and Internal Control Department is involved in the Group's compliance program and is primarily responsible for the following:

- designing the Group's internal control and risk management system;
- coordinating the implementation of this system, in liaison with the company's corporate departments and operational management structures. To do this, the Audit and Internal Control Department particularly relies on internal control/risk reference frameworks and the issuing and checking of the compliance statements signed by the general managers for the applicable management levels;
- carrying out audits in line with the audit plan approved by the Audit and Risk Committee.

The Saint-Gobain Group Internal Audit Department applies the international standards of the profession as described in the Professional Internal Auditing Standards (RPAI), 2020 version, and thus complies with the Core Principles for the Professional Practice of Internal Auditing (CRIPP) of the Institute of Internal Auditors (IIA). The Group's Audit Department was certified in 2020 by the IFACI, the French branch of the IIA.

At the end of 2021, the Audit and Internal Control Department had 78 staff, split between audit, internal control and risk management.

Audit and Internal Control Department	Main responsibilities	Reference standards and/or measures	2021 key figures
Internal control	■ Draw up and maintain the Internal Control Reference Frameworks in line with the Group's risk priorities ■ Lead the annual compliance statement process ■ Analyze incidents, self-assessments and audit results to suggest changes ■ Monitor the implementation of the action plans decided upon as a result of these exercises ■ Communicate and train in internal control	■ Internal Control Reference Framework Standard (ICRF) ■ Internal Control Reference Framework for Information systems (ITAC) ■ Internal Control Reference Framework for companies with annual sales below €20 million (ICRF MINI) ■ Internal Control Quality Reference Framework (ICQRF) ■ Anti-corruption internal control framework (ACRF) ■ Associated practical data sheets or Group memos ■ Internal control, risk management and audit training academy (IABC Academy), part of the "Saint-Gobain University" training program accessible from the "Boost!" e-learning platform ■ "MY ICRF" mobile app available for all employees ■ Internal Control briefs ■ Webinars and training sessions by region/country (Business Control Forums [1]) ■ InAtranet and digital internal control community on "Yammer" ("My ICRM") ■ Integrated Audit / Internal Control / Risks tool: "INTERACT" [2] and Analysis tool: "TABLEAU" Software [3]	■ 1,367 action plans open in the "INTERACT" database at the end of 2021 ■ 2021 compliance statement campaign including the self-assessment of 224 scopes and 35 super-validations (see Section 2.5.4 - Chapter 6 - Statement of Compliance) ■ More than 1,000 executives and managers trained at four Business Control Forums (India, Latin America, Eastern countries) ■ 31 webinars with ~ 3,000 participants and 19 newsletters produced ■ Network of 100 internal control officers ■ 75 one-to-one meetings were held with Internal Control correspondents within the Group ■ Digital Internal Control Community with 1,964 members ■ IABC training academy containing 54 internal control and risk modules and two audit familiarization modules. As of December 31, 2021, Group employees had taken 5,964 modules and 824 modules were in progress
Risk management	■ Define and maintain the Group's risk universe ■ Update risk mapping at the different Group levels ■ Produce and maintain the risk management methodology ■ Analyze responses to risks and the action plans for the different risks ■ Communicate and train in risk management	■ Risks universe ■ Risks cartography ■ Methodological risk analysis tool for Group companies ■ "AVANTEAM" risk mapping tool, containing the risk database ■ Management of action plans in the "INTERACT" tool ■ Intranet and digital risk management community on "Yammer" ("My ICRM") ■ Risks newsletter	■ 46 maps updated in 2021 ■ AVANTEAM risk database including 566 active risks in 2021 ■ "INTERACT" tool including 76 risk action plans ■ Updated risks universe with 13 main categories and 69 sub-categories

Audit and Internal Control Department	Main responsibilities	Reference standards and/or measures	2021 key figures
Internal Audit	■ Conduct audits and monitor the implementation of the mandatory controls required by the Internal Control Reference Frameworks ■ Check the consistency of compliance statements ■ Carry out cross-cutting studies on the operational benefit for the Group ■ Identify and share best practices	■ Audit plan ■ Audit methodology ■ Specific "Essential Controls" anti-fraud methodology ■ Best practices library ■ "TABLEAU" data analysis tool ■ "CELONIS" process analysis tool ■ Management of action plans in the "INTERACT" tool ■ Internal control, risk management and audit training academy (IABC Academy), part of the "Saint-Gobain University" training program accessible from the "Boost!" e-learning platform ■ Auditor training Program	■ Entities audited every 3 to 5 years depending on company size ■ 123 audit missions, 13 special missions to review executive expense reports and 31 intrusion tests conducted ■ 174 best practice briefs published (including 21 in 2021) ■ IABC training academy containing 33 audit methodology modules, access to which is restricted to Group auditors. As of December 31, 2021, the Group's auditors had completed 950 modules and 159 modules were in progress ■ Training week organized in January 2021 for all auditors, representing 24 hours of training; ■ Training program for newcomers (Induction) organized in September 2021, representing 11 hours of training for the auditors concerned ■ Methodological training cycle, *i.e.* five thematic sessions scheduled for the first half of 2021 for all auditors, plus two thematic sessions on the tools (Excel, VBA)

(1) The Business Control Forums are local training sessions delivered over one or two days for executives and managers. The topics such as the fundamentals of internal control and the fight against fraud, audit results and compliance statements, as well as case studies on various processes.

(2) Integrated audit and internal control tool used for the management of compliance statements, action plans and audits.

(3) Intelligent data analysis and reporting tool.

2.2.4 Functional departments

Compagnie de Saint-Gobain's Corporate Directors are responsible for setting up an internal control structure and defining internal control strategies and procedures in their area.

They assist the Audit and Internal Control Department in leading and conducting the internal control process in their area, notably:

- identify and analyze the main risks associated with their internal processes;
- define effective and relevant controls formalized in the Internal Control Reference Framework;
- inform and train the employees responsible for internal controls within their area;
- analyze any internal control weaknesses or incidents and the results of internal audits.

The Corporate Directors are also responsible for the internal control system within the Company entities, notably to establish the Group's procedures.

Corporate departments	Main responsibilities	Reference standards and/or measures	2021 key figures
Environment, Health and Safety (EHS) Department and Medical Department	■ Promote and coordinate Group EHS policy ■ Monitor the application of EHS reference framework principles	■ EHS reference framework and standards ■ ISO 45001, ISO 14001 and ISO 50001 standards ■ EHS Saint-Gobain audits ■ ISO certification audits	■ Industry audits: ▪ 14 "ISA" audits (1) ▪ 9 "ISA-MINI" audits ■ Distribution audits: ▪ 206 "ESPR" audits (2)
Information Systems Department	■ Define Group policy for information systems and computer network security ■ Promote and coordinate an annual self-assessment plan ■ Control the implementation of rules and best practices	■ Minimum security rules ■ Technical standards ■ Development standard for secure web applications ■ Note on the Cloud ■ Datacenter security rules and public Cloud security rules ■ ITAC reference bases ■ SAP users control tool ■ SAP systems security monitoring and checking tool (SAP4SG) ■ Industrial Systems Security Framework	■ See Chapter 6, Section 2.5.4 – General doctrine on information systems security
Purchasing Department	■ Manage the World Class Purchasing program, an approach focused on purchasing performance, department professionalization, the internal customers department, and supplier innovation with a view to creating a competitive advantage for Saint-Gobain ■ Exploit all centralized multi-business and multi-country purchasing synergies ■ Coordinate the purchasing function ■ Develop the culture of Responsible purchasing, in line with the Group's commitments ■ Execute the Digital transformation of the Purchasing function, in collaboration with the countries and businesses	■ ISO 9001 standard with certification in Raw Materials, Precious Metals and Energy for Saint-Gobain Purchasing ■ Purchasing Process within the Internal Control Reference Framework	■ Completion of nearly 11,300 individual actions by buyers in 2021 ■ Two specific local purchasing internal audits ■ Six buy-techs(3) were carried out in two countries. As travel is prohibited or limited, four of the buy-techs were carried out in a digital format
Risk and Insurance Department	■ Define Group policy for property damage at industrial or distribution sites ■ Define Group policy for insurance and monitoring its implementation ■ Steering centralized insurance programs	■ Prevention/protection reference base ■ "Risks Grading" self-assessment tool ■ Doctrine memos ■ Risks and Insurance Intranet	■ 270 site visits by prevention engineers and 6 specific flood risks visits ■ 44 remote follow-up meetings ■ 1,268 sites that have performed their Risk Grading self-assessment ■ 757 point-of-sale assessments (including 114 as catch-up to the 2020 program due to Covid-19 and 64 self-assessments) ■ 13 prevention/PCA training sessions ■ Regular plants inspections
Treasury and Financing Department	■ Define policy for financing, market risk control and banking relationships for the entire Group	■ Procedural reference base ▪ for DTF activities ▪ for subsidiary activities ■ Daily reports (DTF) and monthly reports (subsidiaries and DTF)	■ 159,534 internal/external foreign exchange transactions in 2021 ■ 35,661 internal/external transfers issued in 2021
Financial Control Department	■ Implement continuous control of the Group's results and operating performance ■ Participate in drawing up the budget and periodic budget reviews ■ Oversee monthly results figures at all levels of the organization ■ Closely analyze and validate the financial consequences of investment, acquisition, divestment, merger and capital expenditure plans and restructurings	■ Dashboards ■ Permanent relationship with the Regions/HPS ■ Oversight of the network of Group controllers ■ Implementation of common analysis tools ■ Group reference base and opinion of the corporate departments	■ More than 150 meetings per year with the Regions/HPS ■ 9 training modules (7 in-person modules + 2 remote modules) ■ 175 DAC (Credit Authorization Requests) ■ 56 acquisition projects, of which 43 were finalized (35 closed + 8 signed) ■ 24 divestments and mergers completed

Corporate departments	Main responsibilities	Reference standards and/or measures	2021 key figures
Accounting Standards and Pension Liabilities Department	■ Manage, update and distribute all financial, administrative and management procedures applicable to the Group's companies ■ Coordination and review of the valuation of the Group's pension obligations ■ Monitoring of "IFRS 16" leases ■ Coordination of the financial portion of the Universal Registration Document	■ Group organization and procedures ■ Financial and accounting standards (IFRS) ■ Group intranet and Yammer page.	■ 512 documents available on the Accounting Standards intranet ■ 430 questions addressed *via* the hotline ■ 1,460 employees subscribed to the Accounting Standards Department newsletter
Legal and Ethics and Compliance Department	■ Identify the main legal and ethics and compliance risks ■ Define and implement relevant policies and controls as part of an ethics and compliance program ■ Advise operational staff *via* the network of Ethics and compliance managers and/or embargo managers ■ Perform controls to verify the application of the rules of the ethics and compliance program	■ Group policies and procedures with regard to compliance with current legislation (especially in terms of combating corruption and influence peddling, competition law, economic sanctions and embargoes) ■ Group ethics and occupational whistle-blowing system ■ Employee training related to legislation in force and Group policy adopted on the subject (online and in person trainings) ■ Questions on the compliance statement on compliance-related topics ■ Dedicated audits (Essentials of compliance) centered on compliance topics	■ At the end of 2021, 97.6% of managers had completed the "ACT" online anti-corruption training ■ At the end of 2021, 96.7% of managers had completed the "Comply" online training on anti-trust law ■ At the end of 2021, over 13,400 employees had completed the "Saint-Gobain Economic Sanctions and Embargoes" online training on economic sanctions and embargoes ■ Specialized legal counsel performed competition audits on 164 sites since 2007 ■ Almost 800 in-person training sessions on compliance (competition law, anti-corruption rules, trade sanctions and embargoes) have been held since 2017
Safety Department	■ Protection of people: ▪ Ensure the safety of travelers and expatriates ▪ Country and site safety audits ■ Safety of Assets: ▪ Develop anti-fraud policies ▪ Ensure fraud prevention ▪ Investigate fraud incidents ■ Security of sensitive information: ▪ Ensure the protection of information relating to national defense secrets	■ Group travel policy ■ Group safety policy ■ Training and awareness ■ Fraud incident reports ■ Safety Officer function ■ Audit of sensitive sites subject to authorization	■ 8,736 travelers involved in international travel (with tracking) ■ 14,007 travelers involved in domestic trips (with tracking) ■ 1 site audited ■ Number of e-learning sessions: 1,980

(1) Audits according to a grid in 13 sections, covering the requirements of ISO 14001: 2015 and ISO 45001: 2018 and the additional internal requirements, for the Group's manufacturing activities

(2) ESPR (Environment, Safety and Prevention of Risks) audit: specific to the Building Distribution

(3) Buy-Tech : Workshop that brings together purchasers and technicians with the aim of improving their cooperation, optimizing local purchases, promote best practices in terms of defining specifications and using the TCO (Total Cost of Ownership) tool and guarantee the best use of framework, national or regional contracts

2.2.5 Operational departments

The Heads of the Regions, countries, BUs and companies' CEOs are crucial in rolling out the internal control and risk management system in the Group; their main roles include:

- analyzing major risks faced by the companies;
- carrying out appropriate controls based on the Internal Control Reference Framework;
- gradually implementing the Group's programs;
- making self-assessments on the internal control system, in the form of an annual compliance statement, for the applicable management levels, that includes a letter of commitment confirming the Chief Executive Officer's personal commitment as regards the fairness and accuracy of the self-assessment;
- active, constructive and transparent involvement in the various assessment exercises: internal, specialized and external audits.

2.3 The internal control and risk management system in the Group entities

Each entity is responsible for implementing an internal control and risk management system that is appropriate to its needs and aligned with the Group's internal control and risk management system. Each Managing Director is responsible for:

- the relevance and effectiveness of the internal control system in place within their entity;
- its compliance with the Group's internal control system;
- appropriate management of the risks faced by their entity.

This responsibility cannot be delegated. Management exercises this by relying on the company's functional directors, operational staff and the site directors.

To build an internal control system adapted to their activity, the Chief Executive Officers of the companies aim to:

- establish the fundamental bases for internal control and risk management, and in particular the controls described in the Internal Control Reference Framework;
- adapt the internal control and risk management system by analyzing specific risks and enhancing the internal control system to include checks tailored to the management of identified risks;
- roll out the internal control and risk management system on all of the sites;
- oversee the internal control and risk management system.

2.4 The procedure for monitoring the internal control and risk management system

The Audit and Internal Control Department monitors the internal control and risk management systems using four main factors:

- compliance statement;
- internal audits;
- action plan monitoring;
- monitoring of fraud and incidents.

The results of this oversight are reported to the Audit and Risk Committee.

2.4.1 The compliance statement

The Managing Directors, for the applicable management levels, report to the Group's General Management on their levels of internal control *via* an annual compliance statement.

The form includes a certain number of key checks extracted from the Internal Control Reference Framework.

The Managing Director must provide assurances that:

- the controls selected are implemented in a compliant and efficient manner;
- the action plans arising from the self-assessment have been activated and implemented within the given time frames;
- significant internal control incidents, fraud and breaches of the Principles of Conduct and Action were reported to the Audit and Internal Control Department or *via* the Group whistle-blowing system.

The Managing Directors make a personal commitment to the accuracy of the self-assessment by signing a letter of commitment at the end of the form.

In 2021, a super-validation was introduced, aimed at obtaining the commitment of the Directors of Clusters, Regions and HPS for all declarations of compliance belonging to their respective scopes.

The declarations of compliance and the action plans are gathered, summarized and monitored by the Audit and Internal Control Department. They are covered in an annual report to the Group's Management team and the Audit and Risk Committee.

2.4.2 Internal audits

Internal audits are centralized at Compagnie de Saint-Gobain level. The Head of Audit and Internal Control reports to the Chairman of the Board of Directors. Internal auditors located at the Group's headquarters or in the countries report directly to the Audit and Internal Control Department and work under its authority.

The audits are scheduled based on long-term, pre-determined criteria, in line with a yearly audit plan which is designed taking into account the requirements of the company's General Management, corporate departments and operational departments. The audit plan prepared by the Audit and Internal Control Department is approved by the Audit and Risk Committee.

The aim of the audits is to evaluate the relevance and effectiveness of the internal control systems of the Group and its subsidiaries and to carry out cross-business missions with an operational benefit. Generally, they include an examination of the internal control environment, risk analysis system, internal control organization and procedures and information systems of one or more processes.

The auditors use IT tools provided to them to analyze the data systematically (data analytics) and share the results operationally with the entities:

- a performance-oriented tool for process analysis that can be used to analyze and represent an entity's organizational structure and its processes, to identify bottlenecks and irregularities in process flows;
- a compliance-oriented data analysis tool that is useful in targeted searches for inconsistencies with the internal control rules in place.

These two highly complementary tools thoroughly analyze the populations concerned (transactions, master files, access rights, etc.), so that anomalies can be detected and the most reliable conclusions reached.

At the end of the work, the internal auditors design a priority action plan in conjunction with the entity which should improve the coverage of the risks identified; they also produce a report setting out their main observations and recommendations. The report is then sent to the Group's General Management and the operational department to which the entity reports.

2021 was also marked by the Covid-19 health crisis, which disrupted the normal course of business. However, the audits were maintained in the majority of cases thanks to the launch of a special remote audit work program that adapted the audit system and conducted missions in a new form.

2.4.3 Action plan monitoring

The "INTERACT" integrated audit and internal control tool centralizes:

- actions taken to correct the non-compliance identified during the annual compliance declaration campaign;
- the priority action plans defined following the audits carried out;
- the main actions defined as part of the annual risk mapping campaign.

The INTERACT tool also enables entities to trigger action plans independently, as part of a dynamic management of their internal control.

This means that each Group company has access to a centralized operational platform it can use to manage its action plans by reporting the corrective measures taken and the progress made compared with the predefined implementation schedule. The corporate departments can also use the system to monitor these action plans.

Furthermore, a dashboard circulated at the Group's different management levels makes it possible to monitor the results of the compliance statements, internal audit grades and the progress of the related action plans.

2.4.4 Monitoring of fraud and internal control incidents

Fraud and other major internal control incidents are closely monitored by the Audit and Risk Committee.

2.4.4.1 Facts to be reported to the Group

- Accounting anomalies and alterations which damage the integrity of the financial information, irrespective of whether they are favorable or unfavorable to the entity or the Group.
- Misappropriation or jeopardizing of assets, whether tangible or intangible.
- Events likely to be construed as acts of passive or active corruption, or influence peddling.
- Violations of laws and regulations.
- Other violations of the Principles of Conduct and Action.

2.4.4.2 Alert procedure

Fraud alert procedure

The Group's Fraud Officer ensures monitoring by applying a single, centralized procedure which all of the Group's subsidiaries must follow. The facts are reported using a standard form available on the Security Intranet under the fraud section, which describes the facts and the measures taken. The declaration is updated by the entity as necessary. These declarations are then communicated by the Fraud Officer to the relevant management bodies.

Group whistle-blowing system

The Group's internal whistle-blowing system makes it possible to collect reports from any employee concerning conduct or situations which are contrary to the Group's Principles of Conduct and Action and the Group's Anti-Corruption policy, offenses or crimes or serious and obvious violations of laws or regulations (for details, see the Saint-Gobain Group Alert System policy). The internal whistle-blowing system is accessible at the following address: https://www.bkms-system.com/Saint-Gobain/fr

When the eligibility conditions for the report are met, the reported facts are investigated in a professional and independent manner and the investigations coordinated by duly trained alert referents.

Whistle-blower protection system

The whistle-blower is protected under the terms of the Whistle-blowing policy.

2.5 Guidelines and procedures

Compagnie de Saint-Gobain has developed internal control and risk management procedures for its own needs and those of its subsidiaries.

2.5.1 Internal control guidelines

In 2021, the internal control reference framework library is as follows:

ICRF

MINI ICRF

ITAC

ICQRF

ACRF

There are three main manuals:

- **ICRF**: Internal Control Reference Framework, in its standard format, applicable to companies with annual sales in excess of €20 million and the support units (Finance, HR/Payroll and SGTS Shared Services Centers, IT Expertise Centers, R&D Centers);
- **MINI ICRF**: Internal Control Reference Framework applicable to companies with annual sales of less than €20 million;
- **ITAC**: Internal Control Reference Framework applicable to all of the Group's business applications and ERP.

2.5.1.1 ICRF

Section 1 of the Internal Control Reference Framework highlights the role of each person in the perpetuation of the internal control and risk management system within the context of Transform & Grow.

Section 2 of the Internal Control Reference Framework presents the Group's risk universe. Each ICRF control is referenced against the relevant risk sub-categories. Each process contains a control/risk matrix used to refer specifically to risk types by control and contributing to understanding the control system.

Section 3 of the Internal Control Reference Framework presents the list of mandatory controls to be implemented by all Group subsidiaries (250 controls in the 2021 version).

2.5.1.2 The Mini ICRF

This framework has the same structure as the standard ICRF with 17 chapters. It sets out 100 controls, which have been carefully selected and developed for small entities. The Mini ICRF also presents a practical tool for the consolidation of newly acquired companies.

2.5.1.3 ITACs

The Automated Control Reference Framework (ITAC) supplements the Group's Internal Control Reference Framework (ICRF) and lists the controls that are wholly or partially automatable, the implementation of which is mandatory. The Group companies are responsible for the implementation of this reference framework in the business applications within their scope (*e.g.* SAP) in order to guarantee the perpetuation of the control, limit its recurring costs and minimize the risk of human error or fraud.

In the 2021 edition of the ITAC standard, which covers eight processes, there are 95 controls listed. They are divided into three categories: automated process, automated workflow approval and automated reporting (R).

Two additional manuals were added to the Group's Internal Control Reference Framework in 2020.

2.5.1.4 ICQRF

The ICQRF (Internal Control Quality Reference Framework) manual deals with internal control applied to quality.

2.5.1.5 ACRF

The ACRF (Anti-corruption Reference Framework) manual summarizes the internal controls related to the fight against corruption and influence peddling.

All of the reference frameworks are available on the IABC (Internal Audit and Business Control) Intranet.

Other tools are also available on the Intranet site to help entities implement the controls (tool box: typical procedures, flow diagrams, library of controls) and best practices.

The best practices are compiled by:

- the Internal Audit Department – auditors gather best practices during their audit missions;
- the Internal Control Department, using a system of external monitoring (notably the Institut français de l'audit et du contrôle interne, IFACI);

- entities that agree to share their tools.

2.5.2 The Accounting Standards and Pension Liabilities Department

The Accounting Standards and Pension Liabilities Department presents all financial, administrative and management procedures applicable to Group companies.

These procedures, accessible *via* the Group Intranet, are based on two main themes:

- Group organization and procedures;
- financial and accounting standards.

It is also in charge of coordinating the calculation of the Group's pension provisions and ensures the detailed review of commitments and other related long-term benefits for employees of French companies in conjunction with actuaries.

It has also been responsible for the monitoring of "IFRS 16" leases using a global database of all of the Group's leases (about 46,000 contracts).

The activities of the Accounting Standards and Pension Liabilities Department are the subject of a report sent to the Audit and Risk Committee of the Board of Directors in February.

2.5.3 The Environment, Industrial Health and Safety (EHS) standard, associated standards and implementation guides

A new version of the EHS Reference Framework was made available in 2020. The framework describes the EHS management system to be put in place to achieve the EHS objectives and achieve an autonomous and interdependent EHS culture. It is based on the principle of continuous improvement. It takes into account:

- international management standards in the three areas of EHS: ISO 45001:2018 for health and safety and ISO 14001:2015 for the environment;
- the specific requirements of Saint-Gobain, in particular the Group's EHS standards.

It is based on the conviction that the implementation of an effective EHS management system in the branches is a necessary condition for the long-term improvement of their EHS performance.

The framework serves as a reference for the audit of the EHS management systems (ESPR audit on the Distribution scope and the new ISA (Integrated System Assessment) audit launched in 2018 for the industrial scope). A streamlined audit system, called ISA-MINI, which is more suitable for branches whose management system is not ISO-certified, was developed in 2020 and was gradually deployed in 2021. The reflection on Saint-Gobain EHS audits at Distribution sites will be conducted in 2022, using feedback from ISA-MINI audits. The ISA audit was updated at the end of 2021 to take into account the evolution of the EHS standard in 2020.

Prioritization criteria for the definition of ISA and ISA mini audit schedules are proposed to the countries by the EHS team in order to standardize the approaches between the different countries and reduce the burden related to audits. The number of EHS audits in the field was significantly reduced in 2020 and 2021 due to the Covid-19 crisis.

Furthermore, the EHS Department continues to work with its network to develop and update Group EHS standards, which describe the minimum applicable requirements and/or methodologies. These standards help to ensure that risks are assessed and controlled on the same basis in all Group entities, irrespective of the country and the local laws and regulations. Among the documents made available to the sites for the implementation of standards, there are implementation guides, examples of procedures, training kits, questionnaires for assessing the implementation of standards and IT tools. Every year and as needed, certain documents and tools are updated or added. In 2020, an appendix concerning the Work Permit was added to the "Health and Safety Risk Assessment and Control" standard. A new version of the "Work-Related Road Risks" standard has been made available, as have updated versions for the guides for the implementation of "Work Permits", "Working Alone" and "Safety Management Audit Tool (SMAT) visits". A standard on the assessment of environmental risks was disseminated with a guide, and training sessions were conducted. Two guides on risk management in the event of "isolated work" and when resuming activity to help sites manage the pandemic were also made available. In 2021, the guide on controlling risks linked to "dangerous energies" (commissioning / de-commissioning) was updated and a guide was created to be referred to during construction projects.

All of these implementation guides give examples of best practices on how to implement the minimum requirements and can also be used as training materials, thus facilitating the work and increasing the efficiency of the EHS networks of the various countries and businesses.

2.5.4 General doctrine on information systems security

The Information Systems Department compiles security rules and policies concerning the information systems and networks, based on four sets of compulsory minimum security rules in the following areas:

- infrastructure, with 23 minimum security rules (31 control points, 94 entities) and SGTS Security Reporting (34 control points, 15 SGTS covering 776 entities);
- applications and websites, with the 25 minimum security rules (50 control points, 28 expertise centers);
- industrial information technology systems, with at least 28 security rules (68 control points, 891 entities, including 189 with critical or large industrial IT systems);
- Research and Development Centers, with at least 7 security rules (13 control points, 16 R&D centers);
- the hosting of resources in the Datacenters or Cloud solutions operated by partners led by the Group DSI or SGTS (99 control points, 17 Datacenters/private Cloud solutions, 33 Cloud Public security rules, 1 Cloud Public Azure solution).

These rules are the operational application by area of another two key high-level documents in the new IT security document reference system:

- the General IT Security policy letter, ensuring the importance of this issue and its sponsorship by top management;
- the Group IT Security Doctrine, the essential standards that form the Information Systems Security policy;
- the reference framework for short and medium-term actions to strengthen Saint-Gobain's cyber-defense against new cyber-attacks. This framework is divided into four specific operational cyber-defense action plans covering global infrastructure, local infrastructure, applications and websites, and industrial systems.

Technical standards are also issued as a supplement to these rules, and are updated periodically (25 new documents in 2021) to keep pace with technological advances and control infrastructure services.

The Information Systems Department has notably defined and rolled out:

- a tool (RMT, Rights Management Tool) for controlling SAP user rights and managing conflicting segregations of duties. This tool will be gradually integrated into all the Group's SAP systems;
- a technical standard (SAP4SG) to improve the security of SAP environments. A tool (SAP4SG) is being rolled out across 47 SAP environments hosted in the IBM (P1) Datacenter to monitor and check the points covered by this standard:
  - the implementation of security patches in the SAP Production environments,
  - the technical configuration of the environments to improve security,
  - the monitoring of technical roles, profiles and accounts, as well as high privilege accounts;
- a technical standard to manage technical and business accounts that access to applications (ATA/ABA, Application Technical Accounts/Application Business Accounts);
- a Web Application Secured Development (3.2) standard (WASD);
- a technical standard to Secure the Hosting of Internet Applications (SHIA);
- a technical standard for SaaS systems which defines responsibilities and security measures for implementation;
- a series of security rules for the annual security control of the central and regional datacenters (Datacenter Security Rules 4 SG) and the Public Cloud Security Rules;
- a technical standard for the security of applications hosted by Saint-Gobain partners for publication on the internet;
- the methodology for the assessment of Cybersecurity risks used to assess the measures to be implemented to integrate security into all projects from the first stage, and into contracts with suppliers.

Moreover, the ITAC reference guide was published in 2012. As an addition to the Internal Control Reference Framework, which describes the automated and semi-automated controls used for 5 key processes (Purchasing, Sales, Inventory, Cash Management and Accounting), it covers the Group's main ERP software and includes:

- a reference guide for SAP: ITAC4SAP with 143 control points;
- a reference guide for MOVEX M3: ITAC4M3 with 96 control points;
- a standard for EXACT: ITAC4EXACT with 85 control points.

The ITAC4SAP reference guide has been updated to ensure consistency with the updated Internal Control Reference Framework (143 control points including controls for the segregation of tasks).

The controls are being gradually integrated into the Group's information systems as follows:

- ITAC100 ITAC4SAP for SAP systems (deployed in 47 SAP systems covering 323 Group companies) including specific updates for the Building Distribution activity;
- ITAC96 ITAC4M3 for MOVEX M3 systems (deployed in 4 M3 systems covering 37 Group companies);
- ITAC85 ITAC4EXACT for EXACT systems (deployed in 1 EXACT system covering 24 Group companies);
- the main ITACs deployed in 1 MS Dynamics system covering 1 Group company, and the SAP Business One systems, covering 23 companies.

2.5.5 Industrial and distribution risk prevention manual

The Group's policy for prevention of property damage and the resulting operating losses, compiled as part of an internal collection of standards and best practices, is defined by the Risk and Insurance Department. The DRA coordinates the implementation of the policy by the Group's operational entities in its different businesses.

Within the business and regional entities, Prevention Coordinators manage the application of Group policy within the scope of their activities.

At site level, those in charge of Prevention Management perform an annual self-assessment of risks at their sites using a risk rating software package. This tool assesses risks as well as the corresponding levels of protection and prevention. This self-assessment is updated annually by the industrial sites, the Research and Development Centers and logistical sites. A special assessment is carried out for the points of sale.

Furthermore, regular inspections of the Group's most important sites are carried out by prevention engineers, who are auditors external to the Group (approximately 350 inspections and 50 remote meetings per year). The sites update their action plans with a view to improving their level of prevention and protection based on recommendations prepared by these prevention engineers.

2.5.6 Tools of the Group's compliance culture

The culture of compliance that drives the Group has developed through its values, which are formally stated in the Principles of Conduct and Action.

The ethics and compliance program currently focuses on the following main themes: promoting the Principles of Conduct and Action; preventing corruption and influence peddling; compliance with rules relating to competition law; and compliance with economic sanctions and embargos.

The tools used in implementing the program include:

- a dedicated intranet, called Compliance, on which key messages are posted and tools made available;
- online training modules such as Comply (competition law), ACT (preventing corruption) and Saint-Gobain Economic Sanctions and Embargos (rules relating to economic sanctions and embargos);
- in-person training;
- distribution of practical and technical guides:
  - the Thread of Competition,
  - 20 best practices in competition law for purchasers,
  - the Lexia video on the alert system;
- the dissemination and implementation of internal policies such as:
  - the policy on the alert system in place at the Saint-Gobain Group,
  - anti-corruption policy,
  - gifts and invitations policy,
  - conflicts of interest policy,
  - policy on economic sanctions and control of exports,
  - sales agents and intermediaries policy,
  - membership in professional associations policy,
  - the Group policy on management of the corruption risk by Human Resources,
  - acquisition and joint-venture policies,
- frequent dissemination of messages by the Saint-Gobain Group's Chairman & Chief Executive Officer, Chief Executive Officer and General Secretary and the Chief Executive Officers of the Group's regions, countries and activities;
- a network of locally-present ethics and compliance managers and embargo managers.

2.6 Organization of internal control in preparing and processing financial and accounting information to the Shareholders

2.6.1 Compagnie de Saint-Gobain individual (parent-company) financial statements

The Accounting Department is responsible for producing financial information for shareholders, partners and other third parties in accordance with French legal requirements. This information is prepared using the standards and principles in force. These are generally accepted principles such as the going concern principle, the principles of consistent application of accounting policies, alignment of the opening balance sheet with the prior-period closing balance sheet, recognition of expenses in the same period as the income to which they relate, segregation of accounting periods and substance over form.

2.6.2 Accounting organization

The accounting organization is based on the rules, methods and procedures set out in the Group's doctrine memos. It enables the monthly reconciliation and substantiation of the accounts and the true and fair view of the events which are represented. The organization also has an advisory role and works upstream to anticipate the accounting impacts of events and the regulatory changes that are likely to have a material impact on the Company's financial statements.

The chart of accounts is aligned with the Company's needs in terms of classification of transactions, and complies with the materiality principle. It is linked to the Group's Financial Information system.

2.6.3 Internal control

Internal control is based on periodic assessments of the process for preparing accounting and financial information.

In addition to controlling compliance with payment authorization procedures and the double signature rule for secure payment means, the Accounting Department contributes to internal control by acting as guarantor in respect of responsibilities defined by General Management and formalized through a cost accounting system organized by cost center. Specifically, cost center managers receive monthly schedules listing the expenses incurred under their signature, allowing them to check these expenses and also to compare actual and year-to-date expenses with the initial budget.

A summary of these cost accounting reports is sent to the Finance Department and the Group's General Management at the end of each month.

Measures are implemented to strengthen the arrangements for managing accounting risks and contributing to the reliability of the financial statements.

For this purpose, since 2016, Group units have been subject to a Balance Sheet Review (BSR) procedure under the direction of the Group Financial Control Department, to increase the level of accounting control by the Finance Department of each entity.

2.6.4 The Group's consolidated financial statements

The consolidated financial statements are prepared by the Group Consolidation and Reporting Department. The department is also responsible for updating consolidation procedures, training, and integrating the subsidiaries into the consolidation process, processing information, and utilizing, maintaining and developing consolidation systems and the Financial Information System for the Group and for regions and HPS.

2.6.5 Group standards

The Consolidation Department is responsible for providing information and periodic training to subsidiaries in conjunction with the Regions and HPS, using the consolidation manual, a number of data input manuals, an intranet site and an online training application in French and English. New consolidation instructions are issued for each monthly closing, describing the changes compared with the previous period-end and enhancements to reporting systems, standards and procedures, in collaboration with the Group's Accounting Standards and Pension Liabilities Department.

Each year, the Consolidation Department offers training sessions.

2.6.6 Processing information and control of the financial statements

Each subsidiary submits its accounts in accordance with the timetable set by the Company. They are processed and controlled by the Consolidation Department and by each Region and HPS. The Consolidation Department reviews the Group's financial statements as a whole and makes the necessary adjustments to prepare the consolidated financial statements. These consolidated accounts are submitted to General Management every month.

The consolidated financial statements are then examined by the external auditors in accordance with professional Auditing Standards.

2.6.7 Consolidation tools

The consolidated financial statements are prepared using consolidation software equipped with a powerful, efficient and highly secure database aligned with the Group's structure. The software is regularly updated to guarantee the financial information system's sustainability. A tightly controlled access procedure has also been put in place to ensure that the overall system is secure, and a comprehensive access review is performed once a year.

This tool manages a common database that contains the data of all of the Group's consolidated entities.

It feeds data into a secure reporting system accessible on the Group's Intranet, for the Group's General Management and the Region and HPS Management, contributing to the internal control of information output.

2.6.8 A reporting process that makes the financial statements more reliable

The monthly reporting process ensures that the annual and interim consolidated financial statements are reliable. Hard closes are performed at May 31 and October 31, to reduce the workload at June 30 and December 31. These two closes are thoroughly reviewed in accordance with the same principles as the annual and interim financial statements. At this time, the main financial managers from the Company and Regions analyze in detail the net income and the hard close balance sheet. The entities' accounts are then analyzed before the final closing dates and are reviewed by the Statutory Auditors. This procedure helps to ensure early detection of any errors and their adjustment during the actual close.

A consolidated report is prepared each month for the Company's General Management, with supporting comments and analyses of material events over the period.

7

Capital and ownership structure

1. Capital stock

1.1 Share capital

1.1.1 Share capital at December 31, 2021

At December 31, 2021, Compagnie de Saint-Gobain's share capital amounted to €2,096,070,380, represented by 524,017,595 common shares with par value of €4 (compared with 532,683,713 shares at the previous year-end) fully paid up and all of the same category.

At December 31, 2021, the Company had issued no shares not representing its share capital and had issued no securities giving access to its share capital other than stock options and performance shares (see Chapter 5, Sections 2.4.2 and 2.4.3).

1.1.2 Changes in share capital over the last three fiscal years

Since December 31, 2018, Saint-Gobain's share capital has changed as follows:

Date	Type of transaction	Share capital after transaction *(in EUR)*	Number of shares after transaction
12/2021	Issuance of 2,962 shares upon exercise of the same number of subscription options	€2,096,070,380	524,017,595
11/2021	Capital reduction: cancellation of 8,543,174 shares	€2,096,058,532	524,014,633
06/2021	Capital reduction: cancellation of 5,700,000 shares	€2,130,231,228	532,557,807
05/2021	Group Savings Plan: issue of 5,562,855 shares (at €35.81)	€2,153,031,228	538,257,807
05/2021	Issuance of 11,239 shares upon exercise of the same number of subscription options	€2,130,779,808	532,694,952
11/2020	Capital reduction: cancellation of 3,000,000 shares	€2,130,734,852	532,683,713
11/2020	Capital reduction: cancellation of 9,000,000 shares	€2,142,734,852	535,683,713
10/2020	Issuance of 266 shares upon exercise of the same number of subscription options	€2,178,734,852	544,683,713
08/2020	Group Savings Plan: issue of 6,099,996 shares (at €23.03)	€2,178,733,788	544,683,447
08/2020	Capital reduction: cancellation of 6,100,000 shares	€2,154,333,804	538,583,451
12/2019	Issuance of 310,204 shares upon exercise of the same number of subscription options	€2,178,733,804	544,683,451
11/2019	Capital reduction: cancellation of 2,211,754 shares	€2,177,492,988	544,373,247
06/2019	Capital reduction: cancellation of 6,000,000 shares	€2,186,340,004	546,585,001
05/2019	Group Savings Plan: issue of 5,999,997 shares (at €25.69)	€2,210,340,004	552,585,001

1.1.3 Liens, guarantees and pledges

At December 31, 2021, to the best of the Company's knowledge, there were no significant liens, guarantees or pledges applying to Saint-Gobain shares.

1.2 Financial authorizations currently in force

The following table shows the status of delegations of authority and authorizations granted by the General Shareholders' Meetings of June 6, 2019 and June 3, 2021 to the Board of Directors and the use made of these delegations during the 2021 fiscal year.

Purpose of the Resolution and types of securities concerned	Source (Resolution number)	Authorization duration and expiration	Maximum par value of the capital increase
Issuances with preferential subscription right			
Capital increase (common shares or securities giving access to shares in the Company or its subsidiaries) (A)	2021 GSM 18th Resolution	26 months (August 2023)	€426 million, excluding adjustments, *i.e.* approximately 20% of the share capital (1) (A)+(B)+(C)+(D)+(E)+(I) being limited to €426 million (the "**Global Cap**") (2)
Capital increase by incorporation of premiums, reserves, profits and free allocation of shares to shareholders (B)	2021 GSM 23rd Resolution	26 months (August 2023)	€106 million, excluding adjustments, *i.e.* approximately 5% of the share capital Included in the Global Cap (2)
Issuance without preferential subscription right			
Capital increase, by public offer, other than those referred to in Article L.411-2 of the French Monetary and Financial Code, with the option of granting a priority period for shareholders, by issuing common shares or securities giving access to the share capital of the Company or subsidiaries, or shares of the Company to which securities to be issued by subsidiaries would grant entitlement (C)	2021 GSM 19th Resolution	26 months (August 2023)	€213 million (shares), excluding adjustments, *i.e.* approximately 10% of the share capital (1) Included in the Global Cap (C)+(D)+(E)+(I) being limited to €213 million (2)
Capital increase, through a public offering referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code, by issuing common shares or securities giving access to the share capital of the Company or subsidiaries, or shares of the Company to which securities to be issued by subsidiaries would grant entitlement (D)	2021 GSM 20th Resolution	26 months (August 2023)	€213 million (shares), excluding adjustments, *i.e.* approximately 10% of the share capital (1) Allocation to the cap of (C), included in the Global Cap (2)
Capital increase (common shares or securities giving access to shares in the Company shares with shares as primary securities) in compensation for contributions in kind (E)	2021 GSM 22nd Resolution	26 months (August 2023)	10% of the share capital, *i.e.* approximately €213 million excluding adjustments Allocation to the cap of (C), included in the Global Cap (2)
Issuances reserved for Group employees and Directors			
Capital increase (equity securities) through the Group Savings Plan (F)	2021 GSM 25th Resolution	26 months (August 2023)	€52 million, excluding adjustments, *i.e.* approximately 2.4% of the share capital (3)
Allocation of stock options for new or existing shares (G)	2019 GSM 23rd Resolution	38 months (August 2022)	1.5% of the share capital on the date of the 2019 GSM, *i.e.* approximately €33 million with a sub-cap of 10% of this limit of 1.5% for executive corporate officers (2) (G)+(H) being limited to 1.5% of the share capital
Free allocation of existing shares (H)	2019 GSM 24th Resolution	38 months (August 2022)	1.2% of the share capital on the date of the 2019 GSM, *i.e.* approximately €26 million with a sub-cap of 10% of this limit of 1.2% for executive corporate officers (4) Allocation to the cap of (G)
Other			
Option for complementary issuance in case of oversubscription of an issuance of common shares or securities giving access to the share capital with or without preferential subscription right (I)	2021 GSM 21st Resolution	26 months (August 2023)	For each issuance, legal limit of 15% of the initial issuance (1) Allocation to the cap of (C) and/or included in the Global Cap depending on the initial issuance (2)

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Purpose of the Resolution and types of securities concerned	Source (Resolution number)	Authorization duration and expiration	Maximum par value of the capital increase
Determination of the issue price in the event of a capital increase without preferential subscription right through a public offer made pursuant to the 19th or 20th Resolutions of the 2021 GSM (J)	2021 GSM 24th Resolution	26 months (August 2023)	10% of the share capital per 12-month period (1) Issuances completed pursuant to (C) or (D) depending on the type of capital increase Allocation to the cap of (C), included in the Global Cap (2)
Share buyback program			**Features**
Share buyback (5)	2021 GSM 17th Resolution	18 months (December 2022)	10% of the total number of shares comprising the share capital at the date of the GSM (6) Maximum purchase price per share: €80
Cancellation of shares	2021 GSM 26th Resolution	26 months (August 2023)	10% of the share capital per 24-month period (7)

(1) Maximum aggregate face value of debt securities giving access to the share capital that may be issued capped at €1.5 billion. Global cap applicable to Resolutions (A), (C), (D) and (I).

(2) No use of the delegation of authority in 2021.

(3) Recognition of the subscription of 5,562,855 shares in May 2021 by the Chairman and Chief Executive Officer having received a delegation of authority from the Board of Directors on November 26, 2020 on the basis of the twenty-second Resolution of the General Shareholders' Meeting of June 6, 2019 to implement a capital increase through the Group Savings Plan.

(4) Free allocation of 1,184,475 existing performance shares by the Board of Directors on November 25, 2021.

(5) The objectives of the program are as follows: cancellation, delivery of shares upon exercise of the rights attached to securities giving access in any way to the allocation of shares in the Company or in the context of external growth, merger, demerger and contribution transactions, market animation under a liquidity agreement, allocation of free shares, granting of stock options, or sale of shares as part of a Company Savings Plan or other similar schemes, hedging against the potential dilutive impact of free share allocations, the granting of stock options and employee share subscriptions under the Company Savings Plan or other similar schemes, the implementation of any market practice that may become authorized by the French Financial Markets Authority (Autorité des marchés financiers - AMF) and, more generally, for any other transaction authorized under the relevant laws and regulations.

(6) See Chapter 7, Section 1.3 for a description of the implementation of the share buyback program in 2021.

(7) Cancellation of (i) 5,700,000 shares resulting in a reduction of the share capital by an aggregate face value of €22,800,000, decided by the Board of Directors on June 3, 2021, effective on June 11, 2021, and (ii) 8,543,174 shares resulting in a reduction of the share capital by an aggregate face value of €34,172,696, decided by the Board of Directors of November 25, 2021, effective November 30, 2021 (see Chapter 7, Section 1.3.1).

1.3 Saint-Gobain treasury shares and acquisition of own shares

1.3.1 Treasury shares and own shares

At December 31, 2021, Compagnie de Saint-Gobain directly held a total of 2,085,448 treasury shares, *i.e.* 0.40% of its share capital, with a par value of €4, acquired at an average purchase price of €48.60. The gross book value of treasury shares as at December 31, 2021 was €101,346,131. At that date, it was not holding any treasury shares indirectly.

The following table shows, at December 31, 2021, the allocation of treasury shares held directly by Compagnie de Saint-Gobain for purposes of the program authorized by the General Shareholders' Meeting of June 3, 2021:

Objective	Number of shares and percentage of share capital	Average purchase price *(in EUR)*	Gross book value *(in EUR)*
Coverage of performance share plans and other allocations to employees (including stock options for existing shares)	2,060,971 shares (0.39% of the share capital)	€48.47	€99,903,056
Liquidity agreement	24,477 shares (0.0047% of share capital)	€58.96	€1,443,075

During the 2021 fiscal year, 904,712 treasury shares were remitted as part of existing performance share plans and 136,972 treasury shares were remitted as part of stock option plans.

Pursuant to decisions of the Board of Directors, 5,700,000 shares were canceled on June 11, 2021 and 8,543,174 shares were canceled on November 30, 2021. These share cancellations resulted in share capital reductions of an aggregate face value of €22,800,000 and €34,172,696 respectively.

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1.3.2 Information on transactions involving treasury shares during the 2021 fiscal year (excluding liquidity agreement)

In 2021, as part of the authorizations granted by the General Shareholders' Meetings of June 4, 2020 and June 3, 2021 to the Board of Directors, the Company purchased, excluding the liquidity agreement, 15,393,217 shares, at an average price of €56.07, and did not sell any of its treasury shares. Total trading expenses, fees and taxes incurred by the Company in 2021 in connection with all transactions on its treasury shares amounted to €3,322,189.

It made no use of derivative products in connection with these transactions. Further, the Company was holding no open purchase or sale positions at December 31, 2021.

1.3.3 Liquidity agreement

In November 2007, Compagnie de Saint-Gobain entered into an agreement with Exane BNP Paribas to provide liquidity for Saint-Gobain shares, in accordance with the code of ethics issued by the *Association française des marchés financiers* (AMAFI).

To comply with current regulations (particularly AMF decision No. 2018-01 of July 2, 2018 establishing liquidity agreements on equity securities as an accepted market practice), Compagnie de Saint-Gobain entered into a new liquidity agreement with Exane BNP Paribas on June 20, 2019, with retroactive effect from January 1, 2019, which replaces the previous one.

Under the terms of the agreement, Exane is mandated to maintain a liquid market in Compagnie de Saint-Gobain shares and ensure that prices are regularly quoted for the shares, so as to avoid price fluctuations not justified by market trends.

The resources provided by Compagnie de Saint-Gobain under this contract entered into in June 2019 and applied to the credit of the liquidity account amounted to €4,002,006.22 and to 21,000 Compagnie de Saint-Gobain shares (compared to €5 million under the previous contract). At December 31, 2021, the liquidity account held 24,477 shares and had a credit balance of €5.7 million.

During the 2021 fiscal year, cumulative purchases under the liquidity agreement involved 1,471,779 shares at an average price of €54.41, while 1,483,669 shares were sold at an average price of €54.42. No shares allocated to the liquidity agreement were reallocated to another purpose of the share buyback program in 2021.

1.4 Major shareholders

At December 31, 2021, the share capital of Compagnie de Saint-Gobain was €2,096,070,380, divided into 524,017,595 common shares, to which 578,751,000 theoretical voting rights are attached.

The following table presents, to the best of the Company's knowledge, changes in the distribution of the Company's share capital and voting rights over the last three years.

	Dec. 31, 2021			Dec. 31, 2020			Dec. 31, 2019		
	Number of shares	% of share capital (1)	% of voting rights (2)	Number of shares	% of share capital (1)	% of voting rights (2)	Number of shares	% of share capital (1)	% of voting rights (2)
Group Savings Plan Funds	43,253,088	8.3	14.9	48,557,060	9.1	15.4	47,193,986	8.7	14.6
BlackRock, Inc.	30,760,840 (3)	5.87	5.33	26,342,042 (5)	4.9	4.5	24,514,914 (7)	4.5	4.1
Caisse des Dépôts et Consignations	18,950,947 (4)	3.62	4.53	21,806,475 (6)	4.1	4.9	12,921,428	2.4	3.4
Treasury shares	2,085,448	0.4	0.0	1,988,969	0.4	0.0	1,934,484	0.4	0.0
Other shareholders (8)	428,967,272	81.86	75.25	433,989,167	81.5	75.2	458,118,639	84.0	77.9
TOTAL		**100**	**100**		**100**	**100**		**100**	**100**

(1) *The percentages of share capital are calculated with reference to the total number of shares comprising the Company's share capital, including treasury shares. See Chapter 5, Section 2.4 for more details on stock options not yet exercised and performance shares allocated. At December 31, 2021, the maximum percentage of dilution was 0.12%.*

(2) *The percentages of voting rights are calculated with reference to the number of voting rights exercisable at General Shareholders' Meetings. Since 1987, registered shares in the name of a single shareholder for at least two years benefit from a double voting right. For further information, see Chapter 9, Section 1.1.1.*

(3) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on October 12, 2021.*

(4) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by Caisse des Dépôts et Consignations on December 21, 2021 indicating its direct and indirect ownership through CNP Assurances, which it controls.*

(5) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on December 30, 2020.*

(6) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by Caisse des Dépôts et Consignations on December 29, 2020 indicating its direct and indirect ownership through CNP Assurances, which it controls.*

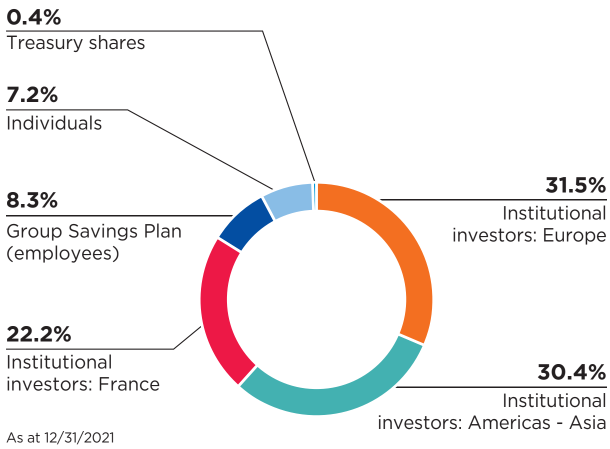
(7) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on November 6, 2018 and March 15, 2019 respectively.*

(8) *The percentage of share capital and voting rights held by all Directors and members of the Group's Senior Management is less than 0.10%. The number of shares held by each director is shown in Chapter 5, Section 1.1.1.*

To the best of the Company's knowledge, at December 31, 2021, no other shareholder directly or indirectly, acting alone or in concert, held more than 5% of the Company's share capital or voting rights.

According to the latest study of identifiable bearer shares, at December 31, 2021, the number of shareholders was estimated at approximately 200,000.

The following chart presents the ownership structure of Compagnie de Saint-Gobain as at December 31, 2021 by major shareholder category.



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1.5 Disclosure thresholds in 2021

1.5.1 BlackRock

During the 2021 fiscal year, BlackRock, Inc., acting on behalf of customers and funds it manages, made several threshold disclosures stating that it had exceeded or dropped below the 5% legal threshold. Most recently, on June 28, 2021, BlackRock, Inc., acting on behalf of customers and funds it manages, disclosed to the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) that on June 25, 2021, it had exceeded the threshold of 5% of the voting rights of Compagnie de Saint-Gobain, holding 5.56% of the share capital and 5.05% of the voting rights on behalf of those customers and funds.

BlackRock, Inc. stated that this crossing of the threshold resulted from the acquisition of Saint-Gobain shares outside and on the market and took into account (i) 258 ADRs, (ii) 150,498 contracts for differences (derivatives with monetary settlement), without established maturity, covering as many Saint-Gobain shares, settled exclusively in cash and (iii) 1,163,298 Saint-Gobain shares held as collateral.

In addition, BlackRock, Inc. disclosed that it also holds 3,392,441 Saint-Gobain shares on behalf of customers who have retained the exercise of voting rights.

1.5.2 Caisse des Dépôts et Consignations

During fiscal year 2021, the *Caisse des Dépôts et Consignations* made several threshold disclosures stating that it had exceeded or dropped below the 5% legal threshold. Most recently, on July 19, 2021, the *Caisse des Dépôts et Consignations* disclosed to the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) that it had dropped, on July 15, 2021, directly and indirectly below the threshold of 5% of the voting rights of Compagnie de Saint-Gobain, holding, directly and indirectly through CNP Assurances, which it controls, 4.02% of the share capital and 4.87% of the voting rights.

The *Caisse des Dépôts et Consignations* specified that this threshold crossing was the result of the return of Compagnie de Saint-Gobain shares held as collateral by CNP Assurances.

1.5.3 Statutory disclosure thresholds

In addition, the Company received several notifications during the year in respect of the obligation set out in the Company's bylaws to disclose any and all changes in interest to above or below 0.5% of the share capital or voting rights, or any multiple thereof. Those disclosure notifications, upwards or downwards, were received following the sale of shares or changes in Compagnie de Saint-Gobain's shares and voting rights.

1.6 Employee ownership structure

At December 31, 2021, Group employees held 8.3% of the share capital and 14.9% of the voting rights attached to Compagnie Saint-Gobain shares through the Group Savings Plan Funds. The Group Savings Plan Funds are thus the Group's main shareholder.

The Group Savings Plan (*Plan d'Épargne Groupe*, PEG) is a key feature of Saint-Gobain's social contract. It represents an excellent means of giving employees a stake in the Group's success and profits.

In 2021, 5,562,855 shares were issued under the PEG offering Group employees two classic formulae with a five- or ten-year lock-up, for a total of €199.2 million (compared with 6,099,996 shares and €140.5 million in 2020).

In France, 67.1% of employees invested in the PEG through a corporate mutual fund (*fond commun de placement d'entreprise*, FCPE). Employees in 27 other European countries and 20 countries outside Europe were also given the opportunity to take part in the PEG. In total, 47,768 Group employees participated in the PEG in 2021.

A new plan will be launched in 2022. It will give employees the opportunity to acquire up to 6,500,000 shares, *i.e.* just over 1% of the share capital, with a five- or ten-year lock-up.

1.7 Shareholder pacts or agreements involving Compagnie de Saint-Gobain shares

The Company has no knowledge of shareholder pacts or agreements, nor of shareholders acting in concert with regard to the shares comprising its share capital.

1.8 Control of the Company

At December 31, 2021, to the best of its knowledge, the Company was not controlled and has not been subject to any agreement binding on one or more shareholders or any other individual or legal entity, acting alone or in concert, concerning the direct or indirect holding of its capital or its control, or for which the implementation thereof might subsequently involve a change in the Company's control.

1.9 Aspects that may have an effect in the event of a takeover bid

1.9.1 Agreements that could result in restrictions on share transfers and the exercise of voting rights

The Company is not aware of any agreements between shareholders that could result in restrictions on the transfer of shares and the exercise of the Company's voting rights.

1.9.2 Impact of a change of control on certain Company operations

Company bonds issued since 2006 by Compagnie de Saint-Gobain contain a bearer protection clause in the event of change of control, allowing bearers to apply to Compagnie de Saint-Gobain (at its discretion) for either their early redemption, or their purchase at par (plus accrued interest). This option is only provided in the following cases: (i) the rating of the bonds concerned has been lowered from investment grade to non-investment grade by an appointed rating agency; (ii) the rating of the bonds concerned, which was non investment grade, has been lowered by one notch (e.g. from BB + to BB) by an appointed rating agency; (iii) the rating is withdrawn; - and, in each of these cases (i) to (iii), the action of the rating agency is expressly linked to the change of control - or (iv) at the time of the change of control, the bonds concerned were not rated. Total outstanding borrowings concerned at December 31, 2021 were €9,649 million.

In addition, the agreements relating to the syndicated lines of credit for general corporate purposes (made available in December 2017 for €1,520 million and €2,480 million respectively) also contain change of control clauses.

Finally, certain deferred compensation and defined-benefit pension plans of the Group's US subsidiaries would be immediately terminated in case of change of control with the rights of the beneficiaries to become due within twelve months. The total potential cost was USD 176 million at December 31, 2021.

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2. Stock market information/Securities market

2.1 The Saint-Gobain share

Compagnie de Saint-Gobain shares are traded on Compartment A of the Euronext market in Paris (ISIN FR 0000 125007). As of December 31, 2021, the Company represented the 20th-largest market capitalization of the CAC 40 (€32,421 million), and the 23th-most actively traded stock on this market, with average daily trading volume of 1,174,050 shares during 2021. Saint-Gobain shares are also traded on the London and Zurich stock exchanges (since 1987) and on the Amsterdam and Brussels stock exchanges (since 1988).

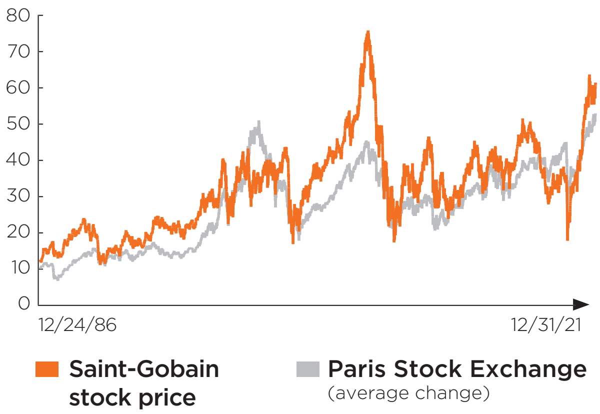
In addition, Saint-Gobain shares are part of the world index "The Global Dow", an index including 150 companies from traditional and innovative sectors.

With regard to sustainable development and Corporate Social Responsibility, Saint-Gobain is also included on the MSCI World ESG Leaders, STOXX® Global ESG Leaders, Ethibel's ESI Excellence Global, Ethibel's ESI Excellence Europe and FTSE4Good indices and the Dow Jones Sustainability Index.

Saint-Gobain equity options are also traded on the options markets in Paris (MONEP) and on the London Stock Exchange. MONEP trading volumes on Saint-Gobain options represented 189,609 contracts in 2021, *versus* 253,472 in 2020.

The LEI Code of Compagnie de Saint-Gobain is NFONVGN05Z0FMN5PEC35.

› SAINT-GOBAIN SHARE PRICE, AT DECEMBER 31, 2021 (1)

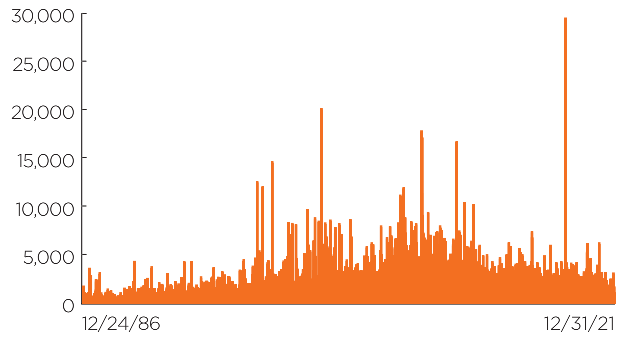


(Source: Euronext Paris)

(1) Data adjusted for the effects of the March 1994 and February 2009 capital increases, and the four-for-one stock split in June 2002.

› NUMBER OF SHARES TRADED *(in thousands)* AS OF DECEMBER 31, 2021 (2)

Historical data of the number of shares traded per day *(in thousands)* **until the end of 2021**



(Source: Euronext Paris)

(2) Data adjusted for the effects of the March 1994 and February 2009 capital increases, and the four-for-one stock split in June 2002.

› HIGHEST AND LOWEST SHARE PRICES *(in EUR)*

Year	Highest	Lowest	Year-end price
2019	39.565	28.275	36.500
2020	40.800	16.408	37.500
2021	64.930	37.790	61.870

(Source: Euronext Paris)

2.2 Total shareholder return

The total shareholder return on Saint-Gobain shares amounts to:

- 8.7% *per annum* over the period from December 22, 1986 (date of privatization of Saint-Gobain) to December 31, 2021;
- 9.5% *per annum* over the last five years (from December 30, 2016 to December 31, 2021).

The total shareholder return is the effective profitability rate for the shareholder: it includes the variation in the share price, the dividends received over the period and deemed to be reinvested in shares and securities transactions (share capital increases).

It is calculated based on the "Total Return" published by Datastream for all listed companies.

Trading volume since January 2020

Paris Stock Exchange ISIN code FR0000125007	In number of shares	In capital *(in EUR)*	Highest *(in EUR)*	Lowest *(in EUR)*
2020				
January	30,671,581	1,084,824,404	37.255	34.065
February	34,378,631	1,184,704,227	36.475	31.585
March	78,827,597	1,916,162,583	33.680	16.408
April	36,174,503	871,200,437	26.360	21.000
May	40,519,082	1,061,970,227	29.510	22.640
June	50,676,737	1,589,264,466	33.620	28.700
July	36,152,817	1,185,436,642	34.440	30.960
August	23,471,470	791,347,357	34.800	31.010
September	37,820,231	1,340,229,493	36.590	33.300
October	38,584,062	1,365,367,712	37.910	31.230
November	38,457,970	1,482,016,919	40.800	33.550
December	30,520,924	1,167,970,705	40.260	36.220
TOTAL	**476,255,605**	**15,040,495,173**		
2021				
January	28,571,514	1,199,233,521	43.990	37.790
February	23,648,591	1,013,578,703	44.790	41.100
March	34,946,419	1,682,381,952	51.420	43.910
April	22,064,708	1,151,553,338	53.430	50.150
May	27,038,291	1,479,589,477	56.880	52.080
June	28,153,711	1,553,484,040	58.600	54.710
July	22,360,340	1,287,008,599	60.340	54.700
August	22,307,565	1,400,891,410	64.930	59.210
September	24,870,026	1,503,661,590	62.210	57.890
October	24,745,452	1,461,928,253	61.770	54.920
November	23,394,251	1,395,883,423	61.850	55.820
December	20,804,128	1,233,978,393	62.440	56.290
TOTAL	**302,904,996**	**16,363,172,701**		

(Source: Euronext Paris)

In 2021, 185,280,800 shares were traded on the London Stock Exchange (source: Datastream).

The only other Group companies, excluding Compagnie de Saint-Gobain, whose shares are currently traded on a regulated market are Grindwell Norton and Saint-Gobain Sekurit India (Mumbai Stock Exchange) and Compañía Industrial El Volcan in Chile (Santiago Stock Exchange).

2.3 Bonds

The majority of bonds issued by the Company are traded on a regulated market (See Chapter 8, Section 1, note 10 to the consolidated financial statements).

2.4 Non-voting participating securities

2.4.1 Non-voting participating securities issued in June 1983

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities (*titres participatifs*) with a face value of FRF 1,000. Their face value is now €152.45, following their conversion to euros in 1999.

A certain number of those securities have been repurchased over the years. At December 31, 2021, 606,883 securities were outstanding with an aggregate face value of €92.5 million.

Interest on these non-voting participating securities ranges from 75% to 125% of the average corporate bond yield (TMO), based on the Group's consolidated income. The amount paid out per security in 2021 was €0.18.

Trading volume since January 2020 (1st tranche)

Paris Stock Exchange ISIN code FR0000140030	In number of shares	In capital *(in EUR)*	Highest *(in EUR)*	Lowest *(in EUR)*
2020				
January	3,354	463,701	142.000	133.210
February	4,164	575,340	143.000	130.010
March	3,628	492,480	140.000	129.390
April	13	1,794	138.000	138.000
May	69	9,428	139.000	132.110
June	548	75,568	140.000	129.400
July	899	123,283	141.000	132.340
August	120	16,644	141.000	132.330
September	581	79,321	140.000	132.380
October	1,362	168,522	133.500	118.000
November	249	32,556	135.000	128.000
December	3,160	424,796	135.400	125.350
TOTAL	**18,147**	**2,463,433**		
2021				
January	990	130,714	135.000	123.200
February	928	125,339	141.000	128.430
March	421	56,513	136.000	132.020
April	1,145	148,952	135.000	128.250
May	379	50,279	136.980	128.430
June	354	46,635	135.000	128.300
July	617	79,954	135.980	124.010
August	123	15,948	131.970	125.080
September	224	29,121	130.020	130.000
October	664	86,016	130.010	129.000
November	572	73,806	130.000	125.020
December	3,273	423,627	134.000	124.000
TOTAL	**9,690**	**1,266,902**		

(Source: Euronext Paris)

Trading volume since January 2020 (2nd tranche)

Paris Stock Exchange ISIN code FR0000047607	In number of securities	In capital (in EUR)	Highest (in EUR)	Lowest (in EUR)
2020				
January	69	8,076	117.610	115.000
February	0	0		
March	166	18,894	115.000	112.020
April	4	426	106.510	106.510
May	124	13,334	115.990	106.520
June	87	10,216	117.600	110.100
July	179	20,421	117.600	110.100
August	0	0		
September	111	12,488	112.500	112.500
October	12	1,350	112.500	112.500
November	115	12,983	116.000	106.900
December	175	20,400	120.000	108.440
TOTAL	**1,042**	**118,588**		
2021				
January	2	234	117.000	117.000
February	172	21,428	127.800	114.550
March	115	14,839	132.000	125.420
April	75	9,623	133.320	125.120
May	46	5,984	132.000	126.700
June	156	20,315	133.900	123.000
July	22	2,904	132.000	132.000
August	231	32,398	146.700	133.000
September	10	1,350	135.000	135.000
October	36	4,680	130.000	130.000
November	189	23,245	124.900	120.020
December	95	11,813	128.000	115.000
TOTAL	**1,149**	**148,814**		

(Source: Euronext Paris)

2.4.2 Non-voting participating securities issued in April 1984

In April 1984, Compagnie de Saint-Gobain issued 194,633 non-voting participating securities (*titres participatifs*) with a face value of ECU 1,000 (€1,000 today).

A certain number of those securities have been repurchased over the years. At December 31, 2021, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest on these non-voting participating securities comprises a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and a variable portion applicable to the remaining 40% of the nominal amount of the participating security, which is linked to consolidated net profit (loss) for the previous year and to the reference six-month Libor EUR rate +7/8%. The amount paid per security in 2021 was €61.3, paid in two installments (€27.95 and €33.35).

In accordance with the decisions approved by the General Meeting of the holders of those non-voting participating securities on November 19, 2020 and in the context of the end of the publication of the LIBOR rates as of December 31, 2021, the EUR 6-month LIBOR reference rate of +7/8% *per annum* used for the calculation of the variable portion of the compensation of the security is replaced, as from the date of the opening of the period of compensation *i.e.* February 11, 2021, by the 6-month EURIBOR rate of +7/8% *per annum*.

Trading volume since March 2013

Luxembourg Stock Exchange ISIN code LU0002804531	In number of securities	In capital *(in EUR)*	Highest *(in EUR)*	Lowest *(in EUR)*
2013				
March	16	13,753	875.00	847.50
April	12	9,810	830.00	815.00
May	56	42,050	800.00	750.00
June	4,001	2,920,730	730.00	730.00
December	51	33,200	700.00	700.00
TOTAL	**4,136**	**3,019,543**		
2014				
April	1,545	817,500	530.00	500.00
June	11	6,600	600.00	600.00
July	4,002	2,401,100	600.00	550.00
September	12	7,800	650.00	612.00
December	2	1,400	700.00	700.00
TOTAL	**5,572**	**3,234,400**		
2015				**No transaction**
2016				
February	55	41,250	750.00	750.00
April	2	1,420	720.00	700.00
TOTAL	**57**	**42,670**		
2017				**No transaction**
2018				
November	1	700	700.00	700.00
TOTAL	**1**	**700**		
2019				
September	5	3,500	700.00	700.00
TOTAL	**5**	**3,500**		
2020				
September	3	2,100	700.00	700.00
TOTAL	**3**	**2,100**		
2021				
	0			
TOTAL				

(Source: Luxembourg Stock Exchange)

These non-voting participating securities are not redeemable and the interest paid on them is reported under financial costs.

No securities issued by Compagnie de Saint-Gobain were traded on a stock market in 2021, other than shares, bonds and non-voting participating securities.

3. Information policy and financial calendar

3.1.1 Information policy

The Investor Relations Department is responsible for implementing the Group's information policy with the financial community, investors and shareholders. Its director is Vivien Dardel.

This Department is available to answer questions and address requests for information about the Group:

Saint-Gobain

Investor Relations Department

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie cedex

Tel: +33 1 88 54 05 05 – Fax: +33 1 47 62 50 62

TOLL-FREE NUMBER 0,800 32 33 33

During 2021, the Chief Executive Officer and the Chief Financial Officer met quarterly with the financial community to present the Group's performance, during conference calls or meetings broadcast live on the Company's website. In addition to the quarterly meetings, numerous meetings and roadshows were organized virtually - given the coronavirus pandemic - with financial analysts, institutional investors and journalists. Specific meetings and conferences dedicated to ESG (Environment, Social and Governance) issues were also organized, with the participation of the Vice President for Sustainable Development and the Lead independent Director.

2021 was marked by the organization of the Capital Markets Day, a major event for the financial community, which was held on October 6, 2021 in person at the Saint-Gobain Tower, with live broadcasting of the entire event via an immersive platform. This event was an opportunity for the Chief Executive Officer and the management team to present the Group's new strategic plan for the period 2021-2025, the Grow & Impact plan, and to answer questions from the financial community. Those who were able to attend the event in person were able to take part in guided tours of the Saint-Gobain Tower to discover more than 80 Group solutions used in the Tower.

The year was also marked by the announcement of two key acquisitions for the Group - Chryso and GCP - which provided an opportunity to present two decisive steps that establish Saint-Gobain as a world leader in construction chemicals and reinforce the Group's strategy as a world leader in sustainable construction. Conference calls with the Chief Executive Officer, the Chief Financial Officer and the Chief Executive Officer of Chryso were held on the day of the announcement of these transactions, along with question and answer sessions.

In the context of the coronavirus pandemic and the fight against its spread, and in order to protect everyone's health, the Board of Directors has decided to hold the Shareholders' Meeting in closed session on June 3, 2021, as it did for the June 2020 General Shareholders' Meeting. Shareholders were invited to exercise their voting rights prior to the General Meeting. The Group has ensured that the necessary resources are in place to facilitate remote participation by shareholders, with a full live webcast on the Saint-Gobain website and the possibility for shareholders to ask questions live via the webcast platform.

The Group also favored a policy of virtual exchanges with individual shareholders for site visits, meetings and cultural conferences, given the uncertain health environment. The Chief Executive Officer participated in the "Investir Day" event held on November 23, 2021 in a hybrid format (in person and online broadcast).

In addition to the virtual events organized throughout the year, the Investor Relations Department kept individual shareholders regularly informed of the Group's many news items via its website, the Saint-Gobain Shareholder app and the Letter to Shareholders.

The Saint-Gobain Shareholder app allows shareholders to follow the Group's financial news and find essential and useful information (share price, financial calendar, press releases, etc.). Finally, the Letter to Shareholders, sent twice a year to Group shareholders in March and September, highlights the Group's financial results and strategic priorities.

In order to ensure privileged contact, the Investor Relations team can be contacted by email at the following address:

actionnaires@Saint-Gobain.com

Compagnie de Saint-Gobain also makes additional services available to holders of registered shares through BNP Paribas, to improve the management of their fully registered shares. For more information, contact the Compagnie de Saint-Gobain Investor Relations Department or:

BNP Paribas Securities Services

BP2S/GCT – Émetteur Adhérents Euroclear 30

Immeuble GMP – Europe

9 rue du Débarcadère – 93761 Pantin Cedex, France

By telephone: TOLL-FREE 0,800 03 33 33

By fax: +33 (0) 1 55 77 34 17

Online, on the PlanetShares website:
www.planetshares.bnpparibas.com

2022 financial calendar

2021 final results: February 24, 2022, after the market closes.

First quarter 2022 revenue: April 28, 2022, after the market closes.

General Shareholders' Meeting: June 2, 2022 at 3 p.m., Salle Pleyel in Paris, 8th, in the absence of restrictive measures related to the pandemic.

Dividend:

- ex-dividend date: June 6, 2022;
- dividend payment date: June 8, 2022.

First-half 2021 final results: July 27, 2022, after the market closes.

Revenue for the first nine months of 2021: October 27, 2022, after the market closes.

2023 financial calendar

General Shareholders' Meeting: June 1, 2023

4. Dividends

Year	Number of shares with dividend rights	Net dividend per share *(in EUR)*	Adjusted yield based on year-end share price
2019 (1)	-	-	-
2020	530,613,949 shares	1.33	3.5%
2021	521,926,912 shares (2)	1.63	2.6%

(1) See below.

(2) Estimated amount based on 524,017,595 shares carrying, at January 31, 2022, rights to dividends in respect of 2021, less 2,090,683 treasury shares held at January 31, 2022.

Dividends not claimed within five years are time-barred and are paid over to the French State.

As a reminder, no dividend was paid in respect of fiscal year 2019. In the context of the Covid-19 pandemic and the introduction of partial unemployment measures, the Board of Directors decided, at its meeting of April 23, 2020 in accordance with market recommendations, not to propose any dividend distribution to the General Shareholders' Meeting of June 4, 2020. Although the Group strengthened its liquidity in March 2020, the Board of Directors considered that this exceptional decision was in the best interests of the Group and its stakeholders, given the uncertainty as to the impact and duration of the crisis, and the caution required at this time.

At its meeting of February 24, 2022, the Board of Directors of Compagnie de Saint-Gobain decided to propose to the General Shareholders' Meeting of June 2, 2022 a dividend of €1.63 per share.

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Financial and accounting information

1. 2021 Consolidated Financial Statements

Consolidated Balance Sheet

Assets

(in EUR millions)	Notes	Dec. 31, 2021	Dec. 31, 2020
Goodwill	(7.1)	11,181	10,028
Other intangible assets	(7.2)	2,705	2,505
Property, plant and equipment	(7.3)	11,663	11,072
Right-of-use assets	(7.4)	2,959	2,902
Investments in equity-accounted companies	(8.1) (8.2)	536	462
Deferred tax assets	(12.2)	576	665
Other non-current assets	(8.3)	1,422	845
NON-CURRENT ASSETS		**31,042**	**28,479**
Inventories	(5.4)	6,598	5,362
Trade accounts receivable	(5.4)	5,104	4,597
Current tax receivable	(5.4) (12.1)	166	147
Other receivables	(5.4)	1,504	1,269
Assets held for sale	(4.3)	227	329
Cash and cash equivalents	(10.3)	6,943	8,443
CURRENT ASSETS		**20,542**	**20,147**
TOTAL ASSETS		**51,584**	**48,626**

Equity and liabilities

(in EUR millions)	Notes	Dec. 31, 2021	Dec. 31, 2020
Capital stock	(11.1)	20,715	17,892
Non-controlling interests		411	311
TOTAL EQUITY		**21,126**	**18,203**
Non-current portion of long-term debt	(10.3)	9,194	10,179
Non-current portion of long-term lease liabilities	(10.3)	2,474	2,442
Provisions for pensions and other employee benefits	(6.3)	2,014	2,629
Deferred tax liabilities	(12.2)	555	360
Other non-current liabilities and provisions	(9.1)	1,066	965
NON-CURRENT LIABILITIES		**15,303**	**16,575**
Current portion of long-term debt	(10.3)	1,336	1,846
Current portion of long-term lease liabilities	(10.3)	681	656
Current portion of other liabilities and provisions	(9.1)	479	361
Trade accounts payable	(5.4)	6,903	5,897
Current tax liabilities	(5.4) (12.1)	236	175
Other payables	(5.4)	4,808	3,911
Liabilities held for sale	(4.3)	167	501
Short-term debt and bank overdrafts	(10.3)	545	501
CURRENT LIABILITIES		**15,155**	**13,848**
TOTAL EQUITY AND LIABILITIES		**51,584**	**48,626**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated income statement

(in EUR millions)	Notes	2021	2020
Sales	(5.1)	44,160	38,128
Cost of sales	(5.1)	(32,440)	(28,635)
General expenses including research	(5.1)	(7,265)	(6,651)
Share in net income of core business equity-accounted companies	(8.1)	52	13
OPERATING INCOME		**4,507**	**2,855**
Other business income	(5.1)	176	88
Other business expense	(5.1)	(747)	(1,511)
BUSINESS INCOME		**3,936**	**1,432**
Borrowing costs, gross		(240)	(274)
Income from cash and cash equivalents		7	6
Borrowing costs, net, excluding lease liabilities		**(233)**	**(268)**
Interest on lease liabilities		(54)	(58)
Other financial income and expense		(120)	(93)
NET FINANCIAL EXPENSE	**(10.2)**	**(407)**	**(419)**
Share in net income of non-core business equity-accounted companies	(8.1)	4	2
Income taxes	(12.1) (12.2) (12.3)	(919)	(526)
NET INCOME		**2,614**	**489**
GROUP SHARE OF NET INCOME		**2,521**	**456**
Non-controlling interests		93	33

	Notes	2021	2020
EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**(11.2)**	**4.79**	**0.85**
Weighted average number of shares in issue		526,244,506	536,452,195
DILUTED EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**(11.2)**	**4.76**	**0.85**
Weighted average number of shares assuming full dilution		529,905,261	539,325,415

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income and expense

(in EUR millions)	Notes	2021	2020
NET INCOME		**2,614**	**489**
Items that may be subsequently reclassified to profit or loss			
Translation adjustments		910	(1,442)
Changes in fair value of financial instruments	(10.4)	21	(3)
Tax on items that may be subsequently reclassified to profit or loss		(8)	18
Items that will not be reclassified to profit or loss			
Changes in actuarial gains and losses	(6.3)	802	9
Tax on items that will not be reclassified to profit or loss	(12.1) (12.2)	(142)	20
Changes in assets at fair value through equity and other items	(8.3)	37	(157)
OTHER ITEMS OF COMPREHENSIVE INCOME (EXPENSE)		**1,620**	**(1,555)**
COMPREHENSIVE INCOME (EXPENSE)		**4,234**	**(1,066)**
Group share		4,139	(1,047)
Non-controlling interests		95	(19)

Translation adjustments in 2021 primarily concern the pound sterling and US dollar.

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated statement of cash flows

(in EUR millions)	Notes	2021	2020
GROUP SHARE OF NET INCOME		**2,614**	**489**
Share in net income (loss) of equity-accounted companies, net of dividends received	(8.1)	(23)	(1)
Depreciation, amortization and impairment of assets (including right-of-use assets)	(5.1) (7)	2,174	2,906
Gains (losses) on disposals of assets	(5.3)	7	28
Unrealized gains and losses arising from changes in fair value and share-based payments		33	46
Restatement for hyperinflation		13	9
Changes in inventory	(5.4)	(1,179)	410
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(5.4)	912	685
Changes in tax receivable and payable	(5.4)	50	53
Changes in deferred taxes and provisions for other liabilities and charges	(6.3) (9.1) (12.2) (12.3)	(162)	86
NET CASH FROM OPERATING ACTIVITIES		**4,439**	**4,711**
Acquisitions of property, plant and equipment and intangible assets, and changes in amounts due to suppliers of fixed assets	(7.2) (7.3) (5.4)	(1,441)	(1,290)
Acquisitions of shares in controlled companies, net of cash acquired		(913)	(1,100)
Increase in investment-related liabilities	(9.1)	45	12
Decrease in investment-related liabilities	(9.1)	(5)	(20)
Acquisitions of other investments	(8.3)	(33)	(74)
Investments		**(2,347)**	**(2,472)**
Disposals of property, plant and equipment and intangible assets	(7.2) (7.3)	207	213
Disposals of shares in controlled companies, net of cash divested	(c)	(120)	(43)
Disposals of other investments	(8.3)	4	2,389
(Increase) decrease in amounts receivable on sales of fixed assets	(5.4)	(20)	10
Divestments		**71**	**2,569**
Increase in loans and deposits	(8.3)	(76)	(81)
Decrease in loans and deposits	(8.3)	153	178
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**(2,199)**	**194**

(in EUR millions)	Notes	2021	2020
Issues of capital stock	(a)	199	139
(Increase) decrease in treasury stock	(a)	(854)	(658)
Dividends paid	(a)	(697)	0
Transactions with shareholders of the parent company		**(1,352)**	**(519)**
Capital increases in non-controlling interests	(a)	13	10
Acquisitions of minority interests without gain of control		(9)	(29)
Disposals of minority interests without loss of control		12	0
Changes in investment-related liabilities following the exercise of put options of minority shareholders	(9.1)	(21)	(5)
Dividends paid to non-controlling interests	(a)	(31)	(44)
Transactions with non-controlling interests		**(36)**	**(68)**
Increase (decrease) in bank overdrafts and other short-term debt		(107)	218
Increase in long-term debt	(b) (10.3)	52	1,621
Decrease in long-term debt	(b) (10.3)	(1,584)	(1,786)
Decrease in lease liabilities	(b)	(762)	(766)
Change in debt		**(2,401)**	**(713)**
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(3,789)**	**(1,300)**
Net effect of exchange rate changes on cash and cash equivalents		31	(126)
Net effect of changes in fair value on cash and cash equivalents		1	(4)
Cash and cash equivalents classified within assets held for sale		17	(19)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,500)**	**3,456**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**8,443**	**4,987**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,943**	**8,443**

(a) Please refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest, issue costs and interest on lease liabilities.

(c) Of which Lapeyre for a negative €262 million.

In 2021, income tax paid represented €793 million (€466 million in 2020), total rental expenses paid €905 million (€904 million in 2020), including €54 million in interest paid on lease liabilities (€58 million in 2020), and interest paid net of interest received €244 million (€243 million in 2020).

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(in EUR millions)	Capital stock	Additional paid-in capital and legal reserve	Retained earnings and consolidated net income	Cumulative translation adjustments	Fair value reserves	Treasury stock	Share-holders' equity	Non-controlling interests	Total equity
AT JANUARY 1, 2020	**2,179**	**5,551**	**12,518**	**(1,467)**	**743**	**(108)**	**19,416**	**364**	**19,780**
Income and expense recognized directly in equity	0	0	47	(1,390)	(160)	0	(1,503)	(52)	(1,555)
Net income for the year			456				456	33	489
Total income and expense for the year	**0**	**0**	**503**	**(1,390)**	**(160)**	**0**	**(1,047)**	**(19)**	**(1,066)**
Issues of capital stock									
Group Savings Plan	24	115					139		139
Other							0	10	10
Dividends paid							0	(44)	(44)
Shares purchased and sold			(7)			(651)	(658)		(658)
Shares canceled	(72)	(562)				634	0		0
Reclassification of the fair value reserve to reserves further to the disposal of Sika			631		(631)		0		0
Share-based payments			32				32		32
Changes in Group structure and other			10				10	0	10
AT DECEMBER 31, 2020	**2,131**	**5,104**	**13,687**	**(2,857)**	**(48)**	**(125)**	**17,892**	**311**	**18,203**
Income and expense recognized directly in equity	0	0	678	908	32	0	1,618	2	1,620
Net income for the year			2,521				2,521	93	2,614
Total income and expense for the year	**0**	**0**	**3,199**	**908**	**32**	**0**	**4,139**	**95**	**4,234**
Issues of capital stock									
Group Savings Plan	22	177					199		199
Other							0	13	13
Dividends paid			(698)				(698)	(31)	(729)
Shares purchased and sold			19			(873)	(854)		(854)
Shares canceled	(57)	(737)				794	0		0
Share-based payments			58				58		58
Changes in Group structure and other			(21)				(21)	23	2
AT DECEMBER 31, 2021	**2,096**	**4,544**	**16,244**	**(1,949)**	**(16)**	**(204)**	**20,715**	**411**	**21,126**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

The consolidated financial statements reflect the accounting position of Compagnie de Saint-Gobain (the Company) and its subsidiaries ("the Group"), as well as the Group's interests in associate companies and joint ventures. They are expressed in euros rounded to the nearest million.

These consolidated financial statements were adopted on February 24, 2022 by the Board of Directors and will be submitted to the Shareholders' Meeting of June 2, 2022 for approval.

Accounting principles and policies are highlighted in a distinct color.

NOTE 1 Accounting principles and policies

The accounting policies applied are consistent with those used to prepare the financial statements for the year ended December 31, 2020, except for the application of the new standards and interpretations described below. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

1.1 Standards applied

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations adopted for use in the European Union at December 31, 2021. These consolidated financial statements have also been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

1.1.1 Standards, interpretations and amendments to existing standards applicable for reporting periods beginning on or after January 1, 2021

The following standards and amendments, effective since January 1, 2021, were applied where necessary to the consolidated financial statements for the year ended December 31, 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform – Phase 2";
- Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9", applicable to insurers;
- Amendment to IFRS 16, "Covid-19-Related Rent Concessions beyond June 30, 2021".

The main IFRIC decisions published in 2021 concern:

- IAS 19, "Attributing Benefit to Period of Service", introducing changes to the method of calculating benefit obligations for certain defined benefit schemes;
- IAS 38, "Configuration or Customization Costs in a Cloud Computing Arrangement";
- IFRS 9, "Hedging Variability in Cash Flows due to Real Interest Rates";
- IAS 2, "Costs Necessary to Sell Inventories";
- IFRS 16, "Non-refundable Value Added Tax on Lease Payments";
- IAS 32, "Accounting for Warrants that are Classified as Financial Liabilities on Initial Recognition".

These amendments have no material impact on the Group's consolidated financial statements.

1.1.2 Standards, interpretations and amendments to existing standards available for early adoption in reporting periods beginning on or after January 1, 2021

The new standards, interpretations and amendments to existing standards applicable to accounting periods starting on or after January 1, 2022 were not early adopted by the Group at December 31, 2021. These are:

- Amendment to IFRS 3, "Reference to the Conceptual Framework";
- Amendment to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract";
- Amendment to IAS 16, "Property, Plant and Equipment – Proceeds before Intended Use".

The annual improvements to IFRSs – 2018-2020 Cycle that are available for early adoption concern the following standards:

- IFRS 9, "Fees in the '10 per cent' Test for Derecognition of Financial Liabilities";
- IAS 41, "Fair Value Measurement of Biological Assets";
- IFRS 16, "Lease Incentives (Amendment to Illustrative Examples)";
- IFRS 1, "Subsidiary as a First-time Adopter", concerning the measurement of cumulative translation differences.

1.1.3 Standards, interpretations and amendments to existing standards published but not yet applicable

The new standards, interpretations and amendments to existing standards that have been published but are not yet applicable concern:

- Amendment to IAS 1, "Classification of Liabilities as Current or Non-current" (effective date deferred by one year, i.e., to January 1, 2024) along with information on accounting policies;
- Amendment to IFRS 17, "Insurance Contracts", including amendments published in June 2020;
- Amendment to IAS 8, "Definition of Accounting Estimates".

Where applicable to Saint-Gobain, these amendments are currently being analyzed by the Group.

1.2 Estimates and assumptions

The preparation of consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the balance sheet and the disclosure of contingent assets and liabilities in the notes to the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors in the prevailing economic and financial environment which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern the measurement of employee benefit obligations and share-based payment (note 6 "Employees, personnel expenses and employee benefit obligations"), asset impairment tests (notably the assumptions used in the tests relating to the Group's commitments to reduce its net carbon emissions) and the determination of lease terms (note 7 "Intangible assets, property, plant and equipment, and right-of-use assets"), provisions for other liabilities and charges (note 9 "Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the measurement of financial instruments (note 10 "Financing and financial instruments"), and taxes (note 12 "Tax").

Due to the mainly local nature of the Group's operations, Brexit did not have a direct material impact on the financial statements. However, it does give rise to a degree of macroeconomic uncertainty that could affect business in the United Kingdom and, therefore, Group entities operating in the country.

In the context of the ongoing coronavirus pandemic, the estimates and assumptions used in 2021 take into account uncertainties as to the development of the health situation going forward. However, these are expected to have a limited impact on the Group's businesses.

NOTE 2 Impacts of the Covid-19 pandemic

After being severely affected by the Covid-19 pandemic in the first half of 2020, trading in the second half of 2020 was almost back to normal levels for most of the Group's businesses.

In a macroeconomic and health environment which remains affected by uncertainties, the Group delivered a solid operating performance throughout 2021 and enjoyed good momentum in its main markets, especially renovation in Europe and construction in the Americas and in Asia-Pacific.

These trends may change in the coming months depending on how the coronavirus pandemic evolves in terms of duration and magnitude, vaccination progress and available medical treatment, and the resulting consequences for the Group's partners (customers, suppliers, etc.).

Impact on current operating items

As in 2020, the costs of the measures taken in response to the Covid-19 crisis were included in full within operating income. However, these costs were not material in 2021.

Operating income includes, as in 2020, business travel cost savings resulting from the reduction in, or cancellation of, business trips in most countries where the Group does business.

Impairment review in light of the Covid-19 pandemic

No impairment was recognized in connection with the Covid-19 pandemic in 2021 (see note 7.5.2).

NOTE 3 Climate issues

Given its activities in the renovation market, sustainability is essential in supporting the growth of the Saint-Gobain Group. Sustainability issues are therefore an integral part of the Group's growth outlook, in line with issues relating to the energy transition.

Responding to climate challenges is therefore at the heart of the Group's strategy, and its net-zero-carbon commitment is taken into account in its financial decisions.

3.1 The commitment to carbon neutrality is at the heart of the Group's strategy

In line with the Paris Agreement, Saint-Gobain signed the pledge of the UN Global Compact's "Business ambition for 1.5°C" on September 23, 2019 in New York, thereby affirming its commitment to achieving carbon neutrality (net-zero-carbon emissions) by 2050.

In order to achieve this goal by 2050, Saint-Gobain defined a 2030 roadmap in 2020. Besides confirming targets for reducing its environmental footprint by the end of 2025, the roadmap aims for a 33% reduction in CO_2 emissions in absolute terms compared with 2017 for scopes 1 and 2, and a 16% reduction for scope 3.

These new reduction targets through to 2030 reflect an acceleration in Group's ambitions. Its commitment to carbon neutrality places its response to climate change at the heart of its strategy, alongside its range of solutions enabling customers to address the environmental challenges that they face.

3.2 The commitment to carbon neutrality is taken into account when preparing the Group's financial statements

In line with these commitments and targets, the Group has taken into account climate change and sustainable development issues in its financial statements, mainly in the areas cited below.

Basis of measurement applicable to assets

The Group's commitments to carbon neutrality were taken into account when carrying out asset impairment tests and assessing the useful life of its non-current assets (see notes 7.3 and 7.5).

CO_2 emissions allowances

The Saint-Gobain Group was allocated 3.7 million tonnes of greenhouse gas emissions allowances by the European Commission at the end of 2021. These allowances will cover the Group's actual CO_2 emissions for 2021. As a result, no provision was recorded in this respect in the Group's financial statements (see note 5.5.4).

Sustainable investments, research and development expenditure, and other expenditure aimed at combating climate change and protecting the environment

In 2021, the Group set aside €55 million in capital expenditure and €44 million in research and development expenditure to further its environmental CO_2 emissions reduction strategy.

Executive Compensation policy

In stepping up its commitment to carbon neutrality, the Group increased since 2020 the weighting of CSR objectives in the criteria determining long-term executive compensation plans: CSR objectives now determine 20% of amounts paid out under such plans compared to 15% previously, while CO_2 objectives now account for 10% versus 5% previously (see note 6.2).

The consideration of climate change issues did not have a material impact on the judgments made or the key estimates required to prepare the financial statements.

The Group will continue to analyze the potential impacts of future changes in regulations related to climate change and the energy transition as part of its commitment to achieve carbon neutrality by 2050.

NOTE 4 Scope of consolidation

4.1 Accounting principles related to consolidation

The Group's consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

4.1.1 Consolidation methods

Full consolidation

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated.

Joint arrangements

Joint arrangements that meet the definition of joint ventures are accounted for by the equity method. Balance sheet and income statement items relating to joint arrangements that meet the definition of joint operations are consolidated line-by-line based on the amount actually contributed by the Group.

Equity accounting

Companies over which the Group directly or indirectly exercises significant influence are accounted for by the equity method.

The Group's share of the income of equity-accounted companies is shown on two separate lines of the income statement. The income of equity-accounted companies whose main business activity is in keeping with the Group's core operational business is presented in business income under "Share in net income of core business equity-accounted companies", while the income of other equity-accounted companies is shown under "Share in net income of non-core business equity-accounted companies" in pre-tax income.

4.1.2 Business combinations

Step acquisitions and partial disposals

When the Group acquires control of an entity in which it already holds an equity interest, the transaction is treated as a step acquisition (an acquisition in stages), as follows: (i) as a disposal of all the previously-held interest, with recognition of any resulting gain or loss in the consolidated financial statements, and (ii) as an acquisition of all of the shares, with recognition of the corresponding goodwill on the entire interest (previous and new acquisitions).

In the event of a partial disposal resulting in the loss of control (but with the Group retaining a non-controlling interest), the transaction is also treated as both a disposal and an acquisition, as follows: (i) as a disposal of the entire interest, with recognition of any resulting gain or loss in the consolidated financial statements, and (ii) as an acquisition of a non-controlling interest, measured at fair value.

Potential voting rights and share purchase commitments

Potential voting rights conferred by call options on minority interests are taken into account in determining whether the Group exclusively controls an entity only when the Group has control.

When calculating its percentage interest in controlled companies, the Group considers the impact of cross put and call options on minority interests in the companies concerned. This approach gives rise to the recognition in the financial statements of an investment-related liability, included within other provisions and non-current liabilities, corresponding to the present value of the estimated exercise price of the put option, with a corresponding reduction in non-controlling interests and shareholders' equity. Any subsequent changes in the fair value of the liability are recognized by adjusting equity.

Non-controlling interests

Under IFRS 10, non-controlling interests are considered as a shareholder category (single economic entity approach). As a result, changes in minority interests with no loss of control continue to be recorded in the statement of changes in equity and have no impact on the income statement or balance sheet, except for changes in cash and cash equivalents.

4.1.3 Non-current assets and liabilities held for sale – Discontinued operations

Assets and liabilities that are immediately available for sale, and for which a sale is highly probable within the next 12 months, are classified as non-current assets and liabilities held for sale. When several assets are held for sale in a single transaction, they are accounted for as a disposal group, which also includes any liabilities directly associated with those assets. The assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation/amortization ceases when non-current assets are classified as held for sale. Non-current assets and liabilities held for sale are presented separately on two lines of the consolidated balance sheet, and income and expenses continue to be recognized in the consolidated income statement on a line-by-line basis. The reclassified assets are carried at the lower of their fair value less costs to sell and their carrying amount. At the end of each reporting period, the value of the assets and liabilities held for sale is reviewed to determine whether any provision adjustments should be recorded due to a change in their fair value less costs to sell.

An operation is classified as discontinued when it represents a separate major line of business for the Group, and when the criteria for classification as an asset held for sale have been met, or when the Group has sold the asset. Discontinued operations are reported on a single line in the Group's income statement. This line shows the after-tax net income from discontinued operations until the date of disposal and the gains or losses net of taxes realized on the disposals of these operations. In addition, cash flows generated by the discontinued operations are reported, by type of operation, on a separate line in the consolidated statement of cash flows for the relevant periods.

4.1.4 Intragroup transactions

All intragroup transactions in the balance sheet and income statement are eliminated in consolidation.

4.1.5 Translation of the financial statements of foreign companies

The consolidated financial statements are presented in euros, which is Compagnie de Saint-Gobain's functional and presentation currency.

Assets and liabilities of subsidiaries outside the Eurozone are translated into euros at the closing exchange rate, while income and expense items are translated using the average exchange rate for the period.

The Group's share of any translation gains or losses is included in equity under "Cumulative translation adjustments" until the assets or liabilities and all foreign operations to which they relate are sold, liquidated or deconsolidated. In this case, these translation differences are either taken to the income statement, if the transaction results in a loss of control, or recognized directly in the statement of changes in equity, if the change in minority interests does not result in a loss of control.

4.1.6 Foreign currency transactions

Expenses and income from operations in currencies other than the Company's functional currency are translated at the exchange rates prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the closing rate and any exchange differences are recorded in the income statement. However, exchange differences relating to loans and borrowings between consolidated Group companies are recorded in equity, net of tax, under "Cumulative translation adjustments", as they are in substance an integral part of the net investment in a foreign subsidiary.

4.1.7 Hyperinflation

Under IAS 29, "Financial Reporting in Hyperinflationary Economies", financial statements prepared based on historical cost must be restated. This involves applying a general price index that enables the financial statements to be presented in the measuring unit in force at the reporting date. All non-monetary assets and liabilities must therefore be adjusted for inflation in order to reflect changes in purchasing power at the reporting date. Similarly, the income statement is adjusted for inflation during the period. Monetary items do not need to be restated as they already reflect purchasing power at the reporting date.

4.1.7.1 Argentina

Argentina has been classified as a hyperinflationary economy since July 1, 2018. IAS 29 therefore applies to entities using the Argentine peso as their functional currency (based on the table of indices issued by FACPCE).

4.1.7.2 Lebanon

Lebanon has been classified as a hyperinflationary economy since October 2020. As from December 31, 2020, IAS 29 is therefore applicable to entities using the Lebanese pound as their functional currency.

However, as the Group's exposure to Lebanon is not material (sales in the country represent less than 1% of total Group sales), IAS 29 was not applied to the Group's Lebanese companies in 2021.

4.2 Changes in Group structure

Significant changes in the Group's structure during 2021 and 2020 are presented below and a list of the main consolidated companies at December 31, 2021 is provided in note 15 "Principal consolidated companies".

4.2.1 Transactions carried out in 2021

In 2021, Saint-Gobain acquired 31 consolidated companies for a total purchase price of €985 million. The Group also sold 12 consolidated companies for a sale price of €187 million.

4.2.1.1 Main acquisitions in 2021

Acquisitions in 2021 represent full-year sales of around €816 million and €123 million in Ebitda.

- On February 19, 2021, in accordance with the agreement to strengthen its partnership with El Volcan in Argentina and Peru, Saint-Gobain acquired El Volcan Soluciones Constructivas, which specializes in the production and sale of plasterboard in Peru.
- On March 15, 2021, Saint-Gobain announced that it had acquired a majority stake in Brüggemann, one of Germany's leading companies in the manufacture and installation of turnkey modular timber construction solutions for new construction and renovation in Germany.
- On July 15, 2021, Saint-Gobain completed the acquisition of Russia's Scientific and Production Company Adhesive LLC, a specialist company that controls the entire polyurethane and epoxy production cycle in order to develop, manufacture and supply a wide range of high-quality products for the construction, transportation and aerospace markets.
- On September 1, 2021, Saint-Gobain acquired Netherlands-based Equflow BV, a leading designer and supplier of flowmeters for the single-use bioprocessing market. This acquisition expands the Group's range of single-use fluid management solutions.
- On September 29, 2021, in line with its May 20, 2021 announcement, Saint-Gobain announced that it had completed the acquisition of Chryso, a leading global player on the construction chemicals market thanks to its comprehensive additives solutions for sustainable construction. This acquisition, perfectly in line with Saint-Gobain's strategy to position itself as a world leader in sustainable construction, allows the Group to strengthen its presence on the growing construction chemicals market, while benefiting from cost and sales synergies. With an enterprise value of €1,020 million, the acquisition was financed entirely out of proceeds from the Group's disposals.

  The acquisition of Chryso represents pro forma full-year sales of €431 million and €87 million in Ebitda for 2021.

  The process of identifying and measuring the assets acquired and liabilities assumed at their fair value began in the second half of 2021 and will be completed in 2022.
- On September 30, 2021, Saint-Gobain completed the acquisition of Romanian group Duraziv specializing in the production of adhesives and other value-added construction chemicals solutions.
- On September 30, 2021, in line with its May 11, 2021 announcement, Saint-Gobain completed the acquisition of the French company Panofrance, a specialist distributor of timber and panels for the construction and furnishing industries.

- On October 1, 2021, Saint-Gobain acquired a majority stake in Abe Mauritius, a leading supplier of waterproofing, admixtures and technical mortar solutions and a Chryso brand licensee.
- On October 4, 2021, Saint-Gobain announced that it had completed the acquisition of Raboni Normandie, a multi-specialist distributor of construction materials on the dynamic home renovation and energy efficiency market in France.
- On November 10, 2021, Saint-Gobain announced that it had acquired a minority stake in Livspace, a digital company focused on the growing residential housing markets in India and South-East Asia.
- On November 15, 2021, the Group announced that it had acquired a gypsum plant in Nairobi, Kenya. This will be Saint-Gobain's first production site in Kenya, where it will also invest in a construction chemicals production line.

The process of identifying and measuring at fair value the assets acquired and liabilities assumed within the scope of the acquisitions carried out in 2021 will be finalized within 12 months of each acquisition date.

The table below shows the fair value measurement of each major category of assets acquired and liabilities assumed at December 31, 2021:

(in EUR millions)	Chryso group	Other newly-consolidated companies	Total at the acquisition date
Intangible assets	210	49	259
Property, plant and equipment, and right-of-use assets	70	94	164
Financial assets and other non-current assets	8	26	34
NON-CURRENT ASSETS	**288**	**169**	**457**
Inventories	63	68	131
Trade accounts receivable, net	95	49	144
Other receivables	9	17	26
Cash and cash equivalents	56	16	72
CURRENT ASSETS	**223**	**150**	**373**
Non-current portion of long-term debt and lease liabilities	14	19	33
Non-current portion of provisions and other liabilities	63	26	89
NON-CURRENT LIABILITIES	**77**	**45**	**122**
Current portion of long-term debt and lease liabilities	0	9	9
Current portion of provisions and other liabilities	1	3	4
Trade accounts payable	53	51	104
Other payables	23	30	53
Short-term debt and bank overdrafts	341	23	364
CURRENT LIABILITIES	**418**	**116**	**534**
TOTAL FAIR VALUE OF NET ASSETS ACQUIRED	**16**	**158**	**174**
Acquisition cost of shares	738	247	985
Minority interests	0	10	10
GOODWILL	**722**	**99**	**821**

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4.2.1.2 Main disposals in 2021

Disposals represent full-year sales of around €1,856 million, of which €641 million relates to the disposal of Lapeyre.

The main company deconsolidations in 2021 are summarized below:

- On February 15, 2021, Saint-Gobain finalized the disposal of Saniplus in Spain to the Spanish group Stonewall Ventures SL with the sale of Saniplast, its civil engineering materials distribution business. This follows the disposal of Sanigrif, its plumbing, heating and sanitary distribution business, at the end of 2020.
- On May 28, 2021, Saint-Gobain sold La Plataforma – its construction materials distribution business in Spain – to the Bigmat group, and on July 5, 2021 completed the disposal of its Discesur banner to the Jorge Fernandez group in association with the Terrapilar group.

- On May 31, 2021, Saint-Gobain announced that it had sold Saint-Gobain Glassolutions Objekt-Center, which specializes in glass processing operations as part of the Glassolutions network in Germany, to the German privately-owned Aequita group based in Munich.
- After having entered into exclusive negotiations on November 9, 2020, Saint-Gobain announced on June 1, 2021 that it had finalized the sale of Lapeyre and its subsidiaries in France to Mutares, a company listed in Frankfurt.
- On July 12, 2021, Saint-Gobain signed an agreement to sell Graham, its plumbing, heating and sanitaryware specialist distribution business in the United Kingdom, to UK Plumbing Supplies and Wolseley.
- On July 28, 2021, Saint-Gobain completed the sale of PAM China assets and liabilities (SG Pipelines Co. Ltd), further to the signature on April 16, 2021 of an agreement for the sale in second-half 2021 of 67% of its Pipe business in China to a consortium led by local management.
- After entering into exclusive negotiations on January 4, 2021, on July 30, 2021 Saint-Gobain completed the sale of Saint-Gobain Distribution The Netherlands (SGD NL), operating in the Netherlands under the Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen brands, to the BME group (Building Materials Europe).
- On August 31, 2021, the Group announced the sale of French flat glass processing and shaping company Aurys to a former Saint-Gobain manager.
- On August 31, 2021, Saint-Gobain also announced that it had sold German tempered glassmaker GVG Deggendorf to the Swiss Arbonia group.

These disposals are part of Saint-Gobain's continued portfolio optimization strategy to enhance the Group's growth and profitability profile in line with the objectives of its "Grow & Impact" plan.

4.2.2 Transactions carried out in 2020

In 2020, Saint-Gobain acquired 13 consolidated companies for a total purchase price of €1,229 million. The Group also sold six consolidated companies for a sale price of €11 million.

The main transactions are summarized below:

- Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC are no longer consolidated in the Group's financial statements.
- On February 3, 2020, Saint-Gobain completed the acquisition of Continental Building Products (NYSE: CBPX), a leading plasterboard player in North America.
- On March 10, 2020, Saint-Gobain divested part of Glasssolutions, its glass processing business in Germany, to DIK Deutsche Industriekapital GmbH.
- On May 27, 2020, Saint-Gobain announced the completion of a private placement with qualified institutional investors of approximately 15.2 million Sika shares held by its subsidiary SWH, representing its entire 10.75% stake in Sika.
- On September 1, 2020, Saint-Gobain acquired Strikolith in the Netherlands, a company specialized in the production of external insulation systems, interior finishings and renovation products and solutions.
- On September 7, 2020, Saint-Gobain announced that it had acquired two subsidiaries of the family-owned MS Group: MS Techniques, which specializes in high-precision tubing for medical applications, and Transluminal, a specialist in R&D and sales in the area of minimally invasive catheter design expertise for OEMs.

At December 31,2020, acquisitions represented full-year sales of around €500 million and €110 million in Ebitda. Disposals represented full-year sales of around €130 million.

4.3 Assets and liabilities held for sale

On December 10, 2021, Saint-Gobain announced the sale of Glasssolutions, its regional glass processing business in Denmark, to German glassmaker Semcoglas Holding GmbH. This transaction was finalized in January 2022.

On December 13, 2021, Saint-Gobain announced that it had entered into binding agreements to sell three of its remaining four United Kingdom distribution brands specializing in plumbing, heating and sanitaryware products (Neville Lumb, DHS and Bassetts) to Wolseley UK. These transactions are expected to be completed in early 2022. Saint-Gobain has also entered into exclusive negotiations with Wolseley UK for the sale of Ideal Bathrooms, its remaining United Kingdom distribution brand specialized in plumbing, heating and sanitaryware products.

These disposals are part of Saint-Gobain's portfolio optimization strategy, which is designed to improve the Group's growth and profitability profile.

Since the assets and liabilities held for sale meet the qualifying criteria (see note 4.1.3), the balance sheet accounts of Glassolutions Denmark and the plumbing, heating and sanitaryware distribution brands in the United Kingdom were combined and measured within assets and liabilities held for sale in the consolidated balance sheet at December 31, 2021, in accordance with IFRS 5.

For confidentiality reasons, the position of each individual company at December 31, 2021 is not disclosed.

These entities in the process of being sold were not considered as discontinued operations within the meaning of IFRS 5 as they do not represent a major line of business for the Group.

However, as the sale of Lapeyre and SGD NL were effective at December 31, 2021, assets and liabilities held for sale at that date no longer include these companies.

The breakdown of assets and liabilities held for sale at the end of the reporting period is as follows:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Intangible assets, property, plant and equipment, right-of-use assets and other non-current assets	66	164
Inventories, trade accounts receivable and other receivables	159	146
Cash and cash equivalents	2	19
ASSETS HELD FOR SALE	**227**	**329**
Provisions for pensions and other employee benefits	3	36
Other current and non-current liabilities and provisions	11	17
Trade accounts payable, other payables and other current liabilities	98	281
Debt and bank overdrafts	55	167
LIABILITIES HELD FOR SALE	**167**	**501**
NET ASSETS (LIABILITIES) HELD FOR SALE	**60**	**(172)**

4.4 Changes in the number of consolidated companies

At December 31, 2021, the number of consolidated companies was as follows:

	France	Outside France	Total
Fully consolidated companies			
At December 31, 2020	**129**	**616**	**745**
Newly consolidated companies	17	61	78
Merged companies	(5)	(24)	(29)
Deconsolidated companies	(15)	(17)	(32)
Change in consolidation method		(2)	(2)
At December 31, 2021	**126**	**634**	**760**
Equity-accounted companies and joint arrangements			
At December 31, 2020	**3**	**83**	**86**
Newly consolidated companies		2	2
Merged companies			0
Deconsolidated companies		(2)	(2)
Change in consolidation method		2	2
At December 31, 2021	**3**	**85**	**88**
TOTAL			
AT DECEMBER 31, 2020	**132**	**699**	**831**
AT DECEMBER 31, 2021	**129**	**719**	**848**

4.5 Off-balance sheet commitments related to companies within the scope of consolidation

Non-cancelable purchase commitments represented €2,132 million at December 31, 2021.

Around €2 billion of non-cancelable purchase commitments relate to GCP Applied Technologies, a leading global player in the construction chemicals market, with which Saint-Gobain signed an agreement on December 6, 2021 to purchase all of GCP's outstanding shares.

Offering highly complementary geographic and commercial footprints with Chryso, the acquisition of which was completed in September 2021, GCP represents a unique opportunity for Saint-Gobain to establish a leading worldwide presence in the growing construction chemicals sector, and furthers the Group's strategy as a worldwide leader in light and sustainable construction.

Closing of the transaction is subject to the approval of GCP shareholders, antitrust clearance and satisfaction of other customary closing conditions, and should be effective by the end of 2022.

Share purchase commitments also include the acquisition of Impac, a leading player in the construction chemicals market in Mexico, with which Saint-Gobain signed a purchase agreement on October 20, 2021.

This acquisition will enable the Group to consolidate its leadership in Latin America while accelerating its growth in the region by enriching its range of solutions for light and sustainable construction.

Completion of the acquisition is subject to clearance from the Mexican antitrust authorities and should be effective in the first half of 2022.

Non-cancelable purchase commitments also take into account the agreement signed on December 21, 2021 by Saint-Gobain with the Alghanim group to acquire Rockwool India Pvt Ltd, a major player in the production of stone wool in India.

NOTE 5 Information concerning the Group's operating activities

5.1 Income statement items

5.1.1 Revenue recognition

Revenue generated by the sale of goods or services is recognized net of rebates, discounts and sales taxes when control of the goods or services has been transferred to the customer. Revenue generated by the sale of goods is primarily recognized at the time the goods are delivered. Revenue generated by the sale of services is recognized when the services have been rendered, or based on the stage of completion of the services, as calculated based on costs incurred. Similarly, within the Distribution entities, estimated returns are recognized as a deduction from revenue (sales) and reclassified within inventories for their net carrying amount, since there is a possibility that goods will be returned within the allotted timeframe. A liability relating to future refunds for goods returned is also recognized.

Revenue generated under construction contracts is accounted for by the Group's companies on a percentage-of-completion basis, as calculated based on costs incurred. The related costs are expensed as incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Construction contract revenues are not material in relation to total consolidated sales.

5.1.2 Operating income

Operating income is a measure of the performance of the Group's different reporting segments and has been used by the Group as its key external and internal management indicator for many years. Foreign exchange gains and losses are included in operating income, as are changes in the fair value of financial instruments that do not qualify for hedge accounting when they relate to operating items. The share of income of core business equity-accounted companies is also posted under operating income.

Supplier discounts granted to entities in the Distribution business are included in operating income as a reduction of cost of sales. Contractual supplier discounts are customary practice in the industrial goods distribution sector. These discounts are mostly calculated by applying a contractually guaranteed rate by product type to volumes purchased. The calculation is made automatically, based on the supplier invoices. Consequently, little judgment is needed when determining the amounts to be recognized in the income statement for these discounts. Other discounts are calculated based on a step mechanism linked to specified targets, whereby the percentage discount increases as the entity achieves the various targets over a given period. In this case, judgment is required based on historical data, past performance and future trends in order to determine the discount to be recognized in the income statement. Such judgment is exercised in a prudent manner and consistently from one period to the next.

5.1.3 Business income

Business income includes all income and expenses other than financial income and expense, the Group's share in net income of non-core business equity-accounted companies, and income taxes.

Business income is detailed by type below:

(in EUR millions)	**2021**	**2020**
SALES	**44,160**	**38,128**
Personnel expenses:		
Salaries and payroll taxes [(1)]	(8,296)	(7,625)
Share-based payments [(2)]	(76)	(45)
Pensions and employee benefit obligations [(2)]	(249)	(222)
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets [(3)]	(1,934)	(1,902)
Share in net income of core business equity-accounted companies	52	13
Other [(4)]	(29,150)	(25,492)
OPERATING INCOME	**4,507**	**2,855**
Other business income	176	88
Other business expense [(3)]	(747)	(1,511)
OTHER BUSINESS INCOME AND EXPENSE	**(571)**	**(1,423)**
BUSINESS INCOME (EXPENSE)	**3,936**	**1,432**

(1) The year-on-year increase in salaries and payroll taxes in 2021 is attributable to the upsurge in trading during the period, whereas this item was lower in 2020 owing to the use of furlough schemes in response to the Covid-19 pandemic.

(2) Share-based payments (IFRS 2 expense) and changes in employee benefit expenses are detailed in note 6 "Employees, personnel expenses and employee benefit obligations".

(3) Total depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets, along with amortization charged against intangible assets within the scope of purchase price accounting (PPA), represented €1,986 million in 2021 versus €1,948 million in 2020.

(4) The "Other" operating income line relates to cost of sales, supplier discounts and selling expenses for Distribution entities, and to transport costs, raw materials costs, and other production costs for the other entities. This item also includes research and development costs recorded under operating expenses, amounting to €447 million in 2021 (2020: €429 million).

5.1.4 Other business income and expense

Other business income and expense mainly include changes in provisions for claims and litigation (excluding those arising in the ordinary course of operations) and environmental matters, disposal gains and losses, asset impairment, amortization charged against intangible assets within the scope of purchase price accounting, restructuring costs incurred upon the disposal or discontinuation of operations and the costs of workforce reduction measures.

Other business income and expense can be analyzed as follows:

(in EUR millions)	2021	2020
Impairment of assets and other (1)	(213)	(977)
Amortization of intangible assets related to PPA (2)	(52)	(46)
Other business expense (3)	(243)	(146)
Impairment of assets and other business expenses	**(508)**	**(1,169)**
Gains on disposals of non-current assets	**176**	**88**
GAINS AND LOSSES ON DISPOSALS, ASSET IMPAIRMENT, IMPACT OF CHANGES IN GROUP STRUCTURE	**(332)**	**(1,081)**
NON-OPERATING INCOME AND EXPENSE (4)	**(239)**	**(342)**
OTHER BUSINESS INCOME AND EXPENSE	**(571)**	**(1,423)**

(1) The "Impairment of assets and other" line includes the impairment of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, assets held for sale and other assets. In 2020, this item chiefly concerned impairment recognized against intangible assets belonging to the Distribution business in the United Kingdom.

(2) Following the major Continental Building Products acquisition carried out in 2020, amortization charged against brands and customer lists is included on a separate line within "Impairment of assets and other business expenses" together with other gains and losses arising on business combinations which are not taken into account when determining the performance of the Group's operating segments. Amortization charged against brands and customer lists amounted to €52 million in 2021 versus €46 million in 2020.

(3) As in 2020, other business expense mainly includes capital losses on assets divested or scrapped, acquisition fees and contingent consideration incurred in connection with business combinations.

(4) In 2021, non-operating income and expense include restructuring costs for €71 million (€261 million in 2020).

5.2 Segment information

In accordance with IFRS 8, segment information reflects the Group's internal organization as presented to management. The Group has chosen to present segment information in line with its internal reporting.

Segment assets and liabilities include net property, plant and equipment, working capital, goodwill and net other intangible assets, after deducting deferred taxes on brands and land, and assets and liabilities held for sale.

Capital expenditure corresponds to acquisitions of property, plant and equipment and does not include right-of-use assets.

The Group is organized into five reporting units: four regional businesses and a global High Performance Solutions unit. Segment information is presented for:

- High Performance Solutions (HPS), which is organized by market for global customers, *i.e.*, Mobility, Life Sciences, Construction Industry and Industry;

and for four regions:

- Northern Europe, comprising the Nordic countries, United Kingdom, Ireland, Switzerland, Germany, Austria, Eastern Europe and Russia;
- Southern Europe – Middle East (ME) & Africa, comprising France, Benelux, Mediterranean, Middle East and Africa;
- Americas, comprising North America and Latin America;
- Asia-Pacific, comprising the Asia region and India;
- Other, comprising the Group's various holding companies.

Segment information for 2021 and 2020 is as follows:

2021

(in EUR millions)	High Performance Solutions (2)	Northern Europe	Southern Europe (2) – ME & Africa	Americas (2)	Asia-Pacific	Other (1)	Group Total
Sales	7,511	15,028	14,044	6,815	1,787	(1,025)	44,160
Operating income (loss)	931	1,100	1,166	1,123	211	(24)	4,507
Business income (loss)	712	966	1,019	1,012	252	(25)	3,936
Share in net income of equity-accounted companies	1	14	1	32	6	2	56
Operating depreciation and amortization	332	623	575	262	91	51	1,934
Impairment of assets	7	90	78	11	2		188
Ebitda	1,098	1,709	1,715	1,358	302	20	6,202
Acquisitions of property, plant and equipment and intangible assets (3)	346	424	395	276	134	16	1,591
Goodwill, net (4)	2,697	4,239	2,038	1,924	283	0	11,181
Brands, customer relationships and intellectual property (4)	270	1,050	490	389	0	0	2,199
Total segment assets and liabilities (4)	6,736	9,265	7,224	4,940	1,383	328	29,876

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.

(2) France, United States and United Kingdom sales represent €11,346 million, €6,187 million and €4,441 million, respectively. France, United States and United Kingdom segment assets represent €7,503 million, €5,581 million and €2,742 million, respectively.

(3) Capital expenditure does not include right-of-use assets.

(4) "Net goodwill" and "Brands, customer relationships and intellectual property" do not include assets relating to companies held for sale (assets and liabilities relating to companies held for sale are however included in the line "Total segment assets and liabilities").

2020

(in EUR millions)	High Performance Solutions (2)	Northern Europe	Southern Europe (2) – ME & Africa	Americas (2)	Asia-Pacific	Other (1)	Group Total
Sales	6,544	12,807	12,454	5,697	1,520	(894)	38,128
Operating income (loss)	613	788	644	656	163	(9)	2,855
Business income (loss)	407	73	479	516	151	(194)	1,432
Share in net income (loss) of equity-accounted companies	0	8	(16)	17	5	2	16
Operating depreciation and amortization	331	594	582	258	89	48	1,902
Impairment of assets	39	639	88	24	0	167	957
Ebitda	810	1,305	1,153	872	245	30	4,415
Acquisitions of property, plant and equipment and intangible assets (3)	262	329	291	216	99	39	1,236
Goodwill, net (4)	1,840	4,106	2,024	1,778	280	0	10,028
Brands, customer relationships and intellectual property (4)	59	1,026	485	392	0	0	1,962
Total segment assets and liabilities (4)	5,329	9,092	7,164	4,541	1,302	195	27,623

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.

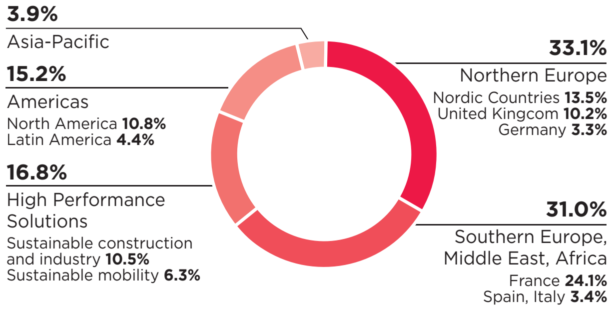
(2) France and United States sales represent €9,765 million and €5,436 million, respectively. France and United States segment assets represent €6,128 million and €5,148 million, respectively.

(3) Capital expenditure does not include right-of-use assets.

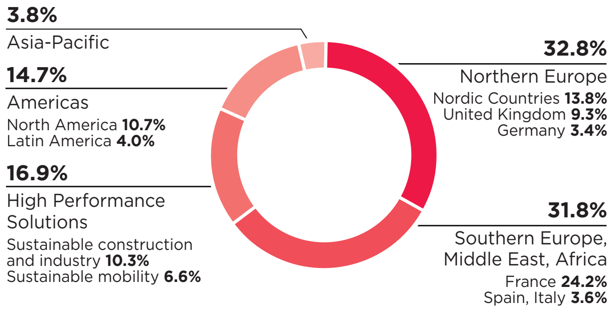
(4) "Net goodwill" and "Brands, customer relationships and intellectual property" do not include assets relating to companies held for sale (assets and liabilities relating to companies held for sale are however included in the line "Total segment assets and liabilities").

Sales and operating income for the Distribution business in Europe (Northern Europe and Southern Europe – ME & Africa) amount to €18,390 million and €1,209 million, respectively, in 2021 (2020: €16,347 million and €680 million, respectively).

In 2021, the breakdown of sales by segment and for the Group's main countries is as follows:



In 2020, the breakdown of sales by segment was as follows:



5.3 Performance indicators

5.3.1 Ebitda

Ebitda represents operating income plus depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets, as well as non-operating income and expense.

Ebitda amounted to €6,202 million in 2021 (2020: €4,415 million), calculated as follows:

(in EUR millions)	**2021**	**2020**
Operating income	4,507	2,855
Depreciation/amortization of property, plant and equipment and intangible assets	1,255	1,227
Depreciation of right-of-use assets	679	675
Non-operating income and expense	(239)	(342)
EBITDA	**6,202**	**4,415**

5.3.2 Free cash flow

Free cash flow (FCF) represents the surplus cash generated from the entity's operations. Free cash flow represents Ebitda plus net financial income/(expense), income tax and changes in working capital, less depreciation of right-of-use assets and investments in property, plant and equipment and intangible assets excluding additional capacity investments.

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5.3.3 Operating free cash flow

Operating free cash flow (OFCF) represents the surplus cash generated from the entity's operations and is calculated as operating income plus non-operating income and expense and changes in working capital, less operating depreciation and amortization, investments in property, plant and equipment and intangible assets, and right-of-use assets.

5.3.4 Return on capital employed

Return on capital employed (ROCE) corresponds to annualized operating income adjusted for changes in the scope of consolidation (based on 12 months' of operating income for acquired companies and with no operating income taken into account for divested companies), expressed as a percentage of total assets at the year end. Total assets include net property, plant and equipment, working capital, net goodwill, other intangible assets and assets and liabilities held for sale, but exclude deferred tax assets arising on non-amortizable brands and land.

5.3.5 Recurring net income

Recurring net income corresponds to income after tax and non-controlling interests but before disposal gains or losses, asset impairment, material non-recurring provisions and the related tax and minority interests.

Recurring net income totaled €2,815 million in 2021 (2020: €1,470 million). Based on the weighted average number of shares outstanding at December 31 (526,244,506 shares in 2021 and 536,452,195 shares in 2020), recurring earnings per share amounted to €5.35 in 2021 and €2.74 in 2020.

The difference between net income and recurring net income corresponds to the following items:

(in EUR millions)	2021	2020
GROUP SHARE OF NET INCOME	**2,521**	**456**
Less:		
Gains (losses) on disposals of assets	(7)	(28)
Impairment of assets and other	(272)	(1,007)
Changes in provisions for non-recurring items	0	(42)
Impact of non-controlling interests	(1)	1
Tax on disposal gains and losses, asset impairment, non-recurring provisions and write-downs of deferred taxes on tax loss carry-forwards	(14)	62
GROUP SHARE OF RECURRING NET INCOME	**2,815**	**1,470**

5.4 Working capital

Working capital can be analyzed as follows:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
INVENTORIES, NET	**6,598**	**5,362**
TRADE ACCOUNTS RECEIVABLE, NET	**5,104**	**4,597**
Other operating receivables	1,424	1,206
Other non-operating receivables	80	63
OTHER RECEIVABLES, NET	**1,504**	**1,269**
CURRENT TAX RECEIVABLE	**166**	**147**
TRADE ACCOUNTS PAYABLE	**6,903**	**5,897**
Other operating payables	4,153	3,454
Other non-operating payables	655	457
OTHER PAYABLES	**4,808**	**3,911**
CURRENT TAX LIABILITIES	**236**	**175**
Operating working capital	2,070	1,814
Non-operating working capital (including current tax receivable and liabilities)	(645)	(422)
WORKING CAPITAL	**1,425**	**1,392**

5.4.1 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories includes purchase costs (net of supplier discounts), processing costs and other costs incurred in bringing the inventories to their present location and condition. Cost is generally determined using the weighted-average cost method, and in some cases the First-In-First-Out (FIFO) method. Inventory costs may also include the transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of raw materials. Net realizable value is the selling price in the ordinary course of business, less estimated completion and selling costs. No account is taken in the inventory valuation process of the impact of below-normal capacity utilization rates.

At December 31, 2021 and 2020, inventories were as follows:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Gross value		
Raw materials	1,726	1,368
Work in progress	367	308
Finished goods	5,033	4,170
GROSS INVENTORIES	**7,126**	**5,846**
Provisions for impairment		
Raw materials	(191)	(175)
Work in progress	(16)	(15)
Finished goods	(321)	(294)
TOTAL PROVISIONS FOR IMPAIRMENT	**(528)**	**(484)**
INVENTORIES, NET	**6,598**	**5,362**

The net value of inventories is €6,598 million at December 31, 2021 compared to €5,362 million at December 31, 2020. Impairment losses on inventories recorded in the 2021 income statement totaled €279 million (2020: €222 million). Reversals of impairment losses on inventories amounted to €219 million in 2021 (2020: €175 million).

5.4.2 Operating and non-operating receivables and payables

Trade accounts receivable and payable and other receivables and payables are stated at their carrying amount, which approximates their fair value as they generally have maturities of less than three months. Provisions for impairment are booked to cover the risk of total or partial non-recovery, within the limit of expected credit losses.

The Group deems that its exposure to concentrations of credit risk is limited due to its diversified business line-up, broad customer base and global presence. Past-due trade receivables are regularly monitored and analyzed, and impairment losses recognized are adjusted where appropriate.

The Group has various securitization and factoring programs for its trade receivables. Receivables transferred under some of these programs continue to be shown on the balance sheet with a corresponding liability in short-term debt if, based on an analysis of the contracts, the risks associated with the receivables are not transferred in substance to the financing institutions (further information is provided in notes 10.3.8 and 10.3.10).

Trade and other accounts receivable

Trade and other accounts receivable can be analyzed as follows:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Gross value	5,449	4,959
Provisions for impairment	(345)	(362)
TRADE ACCOUNTS RECEIVABLE, NET	**5,104**	**4,597**
Discounts obtained from and advances granted to suppliers	636	566
Prepaid payroll taxes	35	36
Other prepaid and recoverable taxes (other than income tax)	470	350
Miscellaneous operating receivables	289	260
Other non-operating receivables	81	64
Provision for impairment of other receivables	(7)	(7)
OTHER RECEIVABLES, NET	**1,504**	**1,269**

The increase in trade and other accounts receivable at December 31, 2021 is a result of the strong level of business in the year.

The impact of movements in provisions and bad debt write-offs fell to a negative €55 million at end-2021 versus a negative €95 million at end-2020.

Bad debt write-offs remained stable at €78 million compared to €76 million at December 31, 2020.

Trade accounts receivable at December 31, 2021 and 2020 are analyzed below by maturity:

	Gross value		Impairment		Net value	
(in EUR millions)	**Dec. 31, 2021**	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**
TRADE ACCOUNTS RECEIVABLE NOT YET DUE	**4,616**	**4,121**	**(62)**	**(60)**	**4,554**	**4,061**
Less than 1 month	350	330	(29)	(18)	321	312
1-3 months	148	125	(30)	(26)	118	99
More than 3 months	335	383	(224)	(258)	111	125
TRADE ACCOUNTS RECEIVABLE PAST DUE	**833**	**838**	**(283)**	**(302)**	**550**	**536**
TRADE ACCOUNTS RECEIVABLE	**5,449**	**4,959**	**(345)**	**(362)**	**5,104**	**4,597**

Trade and other accounts payable

Trade and other accounts payable and accrued expenses can be analyzed as follows:

(in EUR millions)	**Dec. 31, 2021**	**Dec. 31, 2020**
TRADE ACCOUNTS PAYABLE	**6,903**	**5,897**
Downpayments received and rebates granted to customers	1,636	1,356
Payables to suppliers of non-current assets	439	274
Grants received	91	99
Accrued personnel expenses	1,439	1,263
Accrued taxes other than on income	403	368
Other operating payables	675	467
Other non-operating payables	125	84
OTHER PAYABLES	**4,808**	**3,911**

5.5 Off-balance sheet commitments related to operating activities

5.5.1 Non-cancelable purchase commitments

Non-cancelable purchase commitments include contractual commitments to purchase raw materials and services along with firm orders for property, plant and equipment and intangible assets.

		Payments due by period			
(in EUR millions)	**Total 2021**	**Due within 1 year**	**Due in 1 to 5 years**	**Due beyond 5 years**	**Total 2020**
Property, plant and equipment and intangible assets	129	23	30	76	33
Raw materials and energy	1,550	515	781	254	1,357
Services	155	82	58	15	183
TOTAL	**1,834**	**620**	**869**	**345**	**1,573**

5.5.2 Guarantee commitments

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

The Group also receives guarantees, amounting to €56 million at December 31, 2021 (December 31, 2020: €72 million).

5.5.3 Commercial commitments

The Group's commercial commitments are shown below:

(in EUR millions)	Total 2021	Commitment amounts by period Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total 2020
Security for borrowings	51	32	9	10	45
Other commitments given	224	135	34	55	144
TOTAL	**275**	**167**	**43**	**65**	**189**

Guarantees given to the Group in respect of receivables totaled €75 million at December 31, 2021 (December 31, 2020: €77 million). At December 31, 2021, pledged assets represented €1,095 million (December 31, 2020: €674 million) and chiefly concerned non-current assets pledged in the United Kingdom.

5.5.4 Other commitments

A provision for greenhouse gas emissions allowances is recorded in the consolidated financial statements to cover any difference between the Group's emissions and the allowances granted.

The Saint-Gobain Group had 3.7 million tonnes of greenhouse gas emissions allowances at December 31, 2021, which will cover its actual CO_2 emissions for 2021. As a result, no provision has been recorded in this respect in the Group's financial statements.

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NOTE 6 Employees, personnel expenses and employee benefit obligations

6.1 Employees of fully consolidated companies

Average headcount

	2021	2020
Managerial-grade employees	29,007	29,027
Administrative employees	69,398	70,658
Other employees	68,475	68,775
TOTAL AVERAGE NUMBER OF EMPLOYEES	**166,880**	**168,460**

Closing headcount

The total number of Group employees for fully consolidated companies was 167,816 employees at December 31, 2021 and 167,552 employees at December 31, 2020.

6.2 Management compensation

Direct and indirect compensation and benefits paid to the members of the Board of Directors and to the Group's senior management were as follows in 2021 and 2020:

(in EUR millions)	2021	2020
Directors' compensation	1.1	1.0
Direct and indirect compensation (gross)		
Fixed portion	8.7	8.1
Variable portion	5.5	5.2
Share-based payment expense (IFRS 2)	16.2	6.6
TOTAL EXCLUDING ESTIMATED COST OF PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (IAS 19)	**31.5**	**20.9**
Estimated cost of pensions and other employee benefit obligations (IAS 19)*	5.7	1.8
TOTAL	**37.2**	**22.7**

* *The year-on-year rise in the expense for 2021 is due to the transfer of obligations to a third-party insurer falling within the scope of Article L. 137-11 of the French Social Security Code.*

Total gross compensation and benefits paid in 2021 to Saint-Gobain management by the French and foreign companies in the Group (excluding any long-term cash settled compensation) amounted to €14.2 million (2020: €13.3 million), including €5.5 million in gross variable compensation (2020: €5.2 million).

Provisions for pensions and other post-employment benefit obligations (defined benefit obligations [DBO] in respect of length-of-service awards and pensions) accruing to Group management totaled €31 million at December 31, 2021 (December 31, 2020: €46 million). The decrease in this item reflects changes during the year as well as the transfer of obligations to a third-party insurer falling within the scope of Article L. 137-11 of the French Social Security Code, as taken up in the PACTE Law.

6.3 Provisions for pensions and other employee benefits

6.3.1 Description of defined benefit plans

After retirement, some of the Group's former employees are eligible for pension benefits in accordance with the applicable laws and regulations in the respective countries in which the Group operates. There are also additional pension obligations in certain Group companies, both in France and in other countries.

The Group's obligation for the payment of pensions and length-of-service awards is determined at the end of the reporting period by independent actuaries using the projected unit credit method (taking into account changes in salaries until retirement) and the economic conditions in each country. This obligation may be financed by pension funds, with a provision recognized in the balance sheet for the unfunded portion.

When plan assets exceed the defined benefit obligation, the excess is recognized in other non-current assets under "Net pension assets". The asset ceiling corresponds to the maximum future economic benefit. Changes in the asset ceiling are recognized in equity.

Actuarial gains and losses result from changes in actuarial assumptions, experience adjustments and the difference between the funds' actual and estimated (calculated) rates of return. They are recognized against equity as and when they arise.

The interest cost of these obligations and the return on the related plan assets are measured by the Group using the discount rate applied to estimate the obligation at the beginning of the period, and are recognized as financial income or expense.

The Group's main defined benefit plans are described below.

In France, employees receive length-of-service awards on retirement based on years of service and the calculation methods prescribed in the applicable collective bargaining agreements.

In addition to length-of-service awards, there are three defined benefit plans, all of which are final salary plans. These plans were closed to new entrants by the companies concerned between 1969 and 1997. Effective March 1, 2012, a defined benefit plan complying with Article L.137-11 of France's Social Security Code (*Code de la sécurité sociale*) was set up by Compagnie de Saint-Gobain. Pursuant to an order of July 4, 2019 issued in the wake of France's PACTE Law setting out an action plan for business growth and transformation, this plan was closed and any vested rights frozen at December 31, 2019. In 2021, two new plans were set up pursuant to Article L. 137-11-2 resulting from the PACTE Law, effective January 1, 2020. Under these plans, final payments are made to a third-party insurer who takes on responsibility for the liability.

In 2021, the Group applied the IFRIC agenda decision, "Attributing Benefit to Periods of Service", which changes the method for calculating obligations under certain defined benefit plans. Since the impact of applying this agenda decision was not material at January 1, 2021, the 2020 financial statements have not been restated.

In Germany, retirement plans provide pensions and death and disability benefits for employees. These plans have been closed to new entrants since 1996. Since January 1997, new employees have been offered pension plans based on contributions financed jointly by employer and employee.

On January 1, 2019, the main pension plan in the Netherlands covering 80% of employees was converted into a defined contribution plan with a residual defined benefit plan for a transitional period of up to 12 years.

In the United Kingdom, retirement plans provide pensions as well as death and permanent disability benefits. These defined benefit plans – which are based on employees' average salaries over their final years of employment – have been closed to new entrants since 2001. The legal structure of the plans is being altered, which will include the closure of the Building Distribution Section to future accrual from January 1, 2022.

In the United States and Canada, the Group's defined benefit plans are final-salary plans. Since January 1, 2001, new employees have been offered a defined contribution plan.

In the United States and Spain, retired employees receive benefits other than pensions, mainly concerning healthcare. The Group's obligation under these plans is determined using the actuarial method and is covered by a provision recorded in the balance sheet.

Provisions for other long-term employee benefits cover all other employee benefits. These benefits primarily include long-service awards in France, jubilee awards in Germany, deferred compensation, provisions for social security benefits in the United States, and termination benefits in different countries. The related defined benefit obligation is generally calculated on an actuarial basis using the same rules as for pension obligations. Actuarial gains and losses relating to these benefits are recognized immediately in the income statement.

6.3.2 Actuarial assumptions used to measure defined benefit obligations and plan assets

6.3.2.1 Interest rate assumptions

Assumptions related to mortality, employee turnover and future salary increases take into account the economic conditions specific to each country and Group company. The discount rates are established by region or country based on observed bond rates at December 31, 2021.

For the Eurozone, two discount rates were calculated based on the term of the plans using a yield curve model developed by consulting firm Mercer: one rate for plans with a term of 14 years or less and one for plans with a term of over 14 years.

The rates used in 2021 for the Group's main plans were the following:

	France		Eurozone		United Kingdom	United States
(in %)	Short-term plans	Long-term plans	Short-term plans	Long-term plans		
Discount rate	1.06%	1.42%	1.06%	1.42%	1.95%	2.70%
Salary increases	1,90% to 5.50%		2.10% to 2.30%		2.00%*	3.00%
Inflation rate	1.70%		1.60% to 2.00%		2.70%	2.20%

* *A cap applies to the reference salaries used to calculate benefit entitlements.*

The rates used in 2020 for the Group's main plans were the following:

	France		Eurozone		United Kingdom	United States
(in %)	Short-term plans	Long-term plans	Short-term plans	Long-term plans		
Discount rate	0.70%	1.11%	0.70%	1.11%	1.20%	2.30%
Salary increases	3.10%		1.20% to 2.30%		2.00%*	3.00%
Inflation rate	1.50%		0.90% to 1.60%		2.15%	2.20%

* *A cap applies to the reference salaries used to calculate benefit entitlements.*

As the above three regions account for substantially all of the Group's pension obligation, the revised actuarial assumptions, notably the discount and inflation rates, contributed to a decrease in the obligation, and therefore in the provision, by an amount of €597 million.

The actual return on plan assets for almost all plans was higher than expected, at €222 million, leading to a decrease in the provision of the same amount.

6.3.2.2 Sensitivity to assumptions

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €200 million for the United States plans, €180 million for the Eurozone plans and €510 million for the United Kingdom plans. A 0.5-point increase in the inflation rate would lead to an overall increase in defined benefit obligations of around €560 million.

The same assumptions concerning mortality, employee turnover and interest rates are used to determine the Group's defined benefit obligations for other long-term employee benefits. In the United States, retirees' healthcare costs are projected to rise between 4.00% and 5.63% per year (under 65 years of age), and between 2.80% and 6.56% per year (older than 65), depending on the age of the beneficiary. A 1-point increase in this rate would lead to an increase of around €24 million in the related projected benefit obligation.

6.3.3 Breakdown of and changes in pension and other post-employment benefit obligations

6.3.3.1 Carrying amount of provisions

Provisions for pension and other employee benefit obligations consist of the following:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Pension obligations	1,263	1,822
Length-of-service awards	361	400
Post-employment healthcare benefits	255	278
TOTAL PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**1,879**	**2,500**
Healthcare benefits	26	24
Long-term disability benefits	8	11
Other long-term benefits	101	94
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**2,014**	**2,629**

Provisions for all other long-term benefits total €135 million at December 31, 2021 (€129 million at December 31, 2020).

The following table shows net obligations under pensions and other post-employment benefit plans, excluding other long-term benefits:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Provisions for pensions and other post-employment benefit obligations – liabilities	1,879	2,500
Pension plan surpluses – assets	(894)	(334)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**985**	**2,166**

6.3.3.2 Analysis of obligations

At December 31, 2021, pension obligations and provisions for other post-employment benefit obligations break down by major geographic region as follows:

(in EUR millions)	France	Eurozone	United Kingdom	United States	Rest of the world	Net total
AVERAGE DURATION *(in years)*	**14**	**17**	**20**	**13**	**16**	**17**
Defined benefit obligations – funded plans	584	1,496	5,471	2,941	1,029	11,521
Defined benefit obligations – unfunded plans	294	51		220	270	835
Fair value of plan assets	(249)	(848)	(6,261)	(2,915)	(1,129)	(11,402)
DEFICIT (SURPLUS)	**629**	**699**	**(790)**	**246**	**170**	**954**
Asset ceiling			2		29	31
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**629**	**699**	**(788)**	**246**	**199**	**985**

At December 31, 2020, pension obligations and provisions for other post-employment benefit obligations break down by major geographic region as follows:

(in EUR millions)	France	Eurozone	United Kingdom	United States	Rest of the world	Net total
AVERAGE DURATION *(in years)*	**14**	**17**	**20**	**13**	**17**	**17**
Defined benefit obligations – funded plans	616	1,459	5,518	2,987	965	11,545
Defined benefit obligations – unfunded plans	330	147		243	258	978
Fair value of plan assets	(228)	(482)	(5,810)	(2,885)	(965)	(10,370)
DEFICIT (SURPLUS)	**718**	**1,124**	**(292)**	**345**	**258**	**2,153**
Asset ceiling		6	2		5	13
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**718**	**1,130**	**(290)**	**345**	**263**	**2,166**

6.3.3.3 Changes in provisions

Changes in pensions and other post-employment benefit obligations are as follows:

(in EUR millions)	Pension obligations	Fair value of plan assets	Asset ceiling	Net pension and other post-employment benefit obligations
AT JANUARY 1, 2020	**12,235**	**(10,024)**	**8**	**2,219**
Changes during the year				
Service cost	202			202
Interest cost/return on plan assets as per calculations	232	(204)		28
Employee contributions and plan administration costs		1		1
Past service cost	1			1
Plan curtailments/settlements	(5)	2		(3)
Pension contributions		(119)		(119)
Benefit payments	(550)	459		(91)
Actuarial gains and losses and asset ceiling	1,070	(1,086)	7	(9)
Translation adjustments	(613)	597	(2)	(18)
Changes in Group structure and reclassifications	(14)	2		(12)
Liabilities held for sale	(35)	2		(33)
TOTAL CHANGES	**288**	**(346)**	**5**	**(53)**
AT DECEMBER 31, 2020	**12,523**	**(10,370)**	**13**	**2,166**
Changes during the year				
Service cost	205			205
Interest cost/return on plan assets as per calculations	189	(160)		29
Employee contributions and plan administration costs		(3)		(3)
Past service cost	11			11
Plan curtailments/settlements	13			13
Pension contributions		(492)		(492)
Benefit payments	(625)	532		(93)
Actuarial gains and losses and asset ceiling	(597)	(222)	17	(802)
Translation adjustments	677	(693)	1	(15)
Changes in Group structure and reclassifications	(31)	(1)		(32)
Liabilities held for sale	(9)	7		(2)
TOTAL CHANGES	**(167)**	**(1,032)**	**18**	**(1,181)**
AT DECEMBER 31, 2021	**12,356**	**(11,402)**	**31**	**985**

6.3.3.4 Actuarial gains and losses

Actuarial gains and losses on provisions result from the following items:

(in EUR millions)	2021	2020
Pension obligations	(597)	1,070
Fair value of plan assets	(222)	(1,086)
Asset ceiling	17	7
TOTAL CHANGES	**(802)**	**(9)**

6.3.3.5 Plan assets

Plan assets have been progressively built up by contributions, primarily in the United Kingdom and the United States. Contributions paid in by the Group totaled €492 million in 2021 (2020: €119 million), of which €380 million relates to an exceptional contribution in Germany.

A 0.5-point increase or decrease in the actual return on plan assets would have an impact of approximately €56 million on equity.

Plan assets mainly comprise:

	Dec. 31, 2021	Dec. 31, 2020
Equities	17%	22%
Bonds	63%	56%
Other	20%	22%
TOTAL	**100%**	**100%**

Contributions to pension plans for 2022 are estimated at around €87 million.

6.3.4 Defined contribution plans

Contributions to defined contribution plans are expensed as incurred.

Contributions to defined contribution plans for 2021 represented an estimated €647 million (2020: €628 million), including €423 million for government-sponsored basic pension schemes (2020: €412 million), €126 million for government-sponsored supplementary pension schemes, mainly in France (2020: €123 million), and €98 million for corporate-sponsored supplementary pension plans (2020: €93 million).

6.4 Share-based payments

6.4.1 Group Savings Plan

The Group Savings Plan (*Plan d'Épargne Groupe* – PEG) is an employee stock purchase plan open to all Group employees in France and most other countries where the Group is present. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation, and are subject to a mandatory five- or ten-year lock-up, except following the occurrence of certain events. The Board of Directors delegates authorization for setting the subscription price to the Chief executive officer of Compagnie de Saint-Gobain. The subscription price corresponds to the average of the opening prices for the Saint-Gobain share on Euronext Paris over the 20 trading days preceding the date of the decision, subject to a 20% discount, in accordance with applicable laws, the Shareholders' Meeting Resolutions and the deliberations of the Board of Directors. The Group makes a matching contribution to amounts paid in by employees, which is expensed in the consolidated financial statements.

The IFRS 2 expense measuring the benefit granted to employees is calculated in accordance with CNC recommendations (press release dated December 21, 2004 relating to Group Savings Plans, and additional press release dated February 7, 2007). It is measured by reference to the fair value of a discount offered on restricted stock (*i.e.*, stock subject to a lock-up). The cost of the lock-up for the employee is defined as the cost of a two-step strategy that involves first selling the restricted stock forward five or ten years and then purchasing the same number of shares on the spot market and financing the purchase with debt. The borrowing cost is estimated at the rate that would be charged by a bank to an individual with an average risk profile for a general-purpose five- or ten-year consumer loan repayable at maturity. The cost of the plans is recognized in full at the end of the subscription period.

In 2021, Saint-Gobain implemented a new PEG. The terms of the 2021 PEG are identical to the 2020 PEG and are described below.

In 2021, 5,562,855 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €35.81 (6,099,996 shares at an average price of €23.03 in 2020), representing a share capital increase of €199 million (€139 million in 2020), net of transaction fees.

The IFRS 2 expense relating to this plan recorded in the 2021 income statement amounted to €13.2 million (€3.7 million in 2020).

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2021 and 2020:

	2021	2020
Plan characteristics		
Date of Shareholders' Meeting	June 6, 2019 (22nd Resolution)	June 6, 2019 (22nd Resolution)
Date of the Chief executive officer's decision fixing the subscription price	March 15	June 15
Plan duration *(in years)*	5 or 10	5 or 10
Reference price *(in EUR)*	44.76	28.79
Subscription price *(in EUR)*	35.81	23.03
Discount *(in %)*	20.00%	20.00%
Total discount on the date of the Chief executive officer's decision *(in %)* **(a)**	25.97%	24.57%
Employee investments *(in EUR millions)*	199.2	140.5
Total number of shares subscribed	5,562,855	6,099,996
Valuation assumptions (5-year maturity)		
Interest rate applicable to employees*	3.50%	4.80%
Risk-free interest rate	-0.51%	-0.45%
Repo rate	0.51%	0.29%
Lock-up discount *(in %)* **(b)**	19.12%	21.77%
Total cost to the Group *(in %)* **(a-b)**	6.85%	2.80%

* *A 0.5-point decline in borrowing costs for the employee would increase the expense as calculated in accordance with IFRS 2 by €3.6 million in 2021.*

6.4.2 Stock option plans

Until 2018, Compagnie de Saint-Gobain operated stock option plans for certain employees.

Under these plans, the Board of Directors granted options allowing beneficiaries to obtain Saint-Gobain shares at a price set, at no discount, by reference to the average of the opening prices for the Saint-Gobain share over the 20 stock market trading days preceding the date of the decision by the Board of Directors.

For all of the plans, beneficiaries must wait at least four years from the grant date to exercise any options. None of the options received may be exercised until this four-year period has lapsed. Options must be exercised within 10 years of the grant date. Except in specified circumstances, grantees forfeit these options if they leave the Group.

Among the plans outstanding at December 31, 2021, the 2012 plan offers subscription options, while the 2013, 2015, 2016 and 2017 plans offer purchase options. For plan launched in 2018, the Board of Directors has decided that it would determine the type of option (subscription or purchase) at the latest on the day before the start of the exercise period, with any options exercised prior to such decision considered as subscription options.

A performance condition applies for all beneficiaries under current plans.

No stock options plan has been launched since 2019.

The following table presents changes in the number of outstanding options:

	€4 par value shares	Average exercise price *(in EUR)*
OPTIONS OUTSTANDING AT DECEMBER 31, 2019	**1,057,522**	**40.12**
Options granted		
Options exercised		
Options forfeited	(212,998)	40.43
OPTIONS OUTSTANDING AT DECEMBER 31, 2020	**844,524**	**40.04**
Options granted		
Options exercised	(151,173)	38.59
Options forfeited*	(83,875)	49.38
OPTIONS OUTSTANDING AT DECEMBER 31, 2021	**609,476**	**39.11**

* *Including 66,875 options granted under the 2017 stock option plan that lapsed because the performance conditions were not met, and 17,000 lapsed after they had been withdrawn.*

The cost of stock option plans is calculated using the Black & Scholes option pricing model.

The following inputs were used:

- volatility assumptions that take into account the historical volatility of the share price over a rolling 10-year period, as well as implied volatility from traded share options. Periods of extreme share price volatility are disregarded;
- assumptions relating to the average holding period of options, based on observed behavior of option holders;
- expected dividends, as estimated on the basis of historical dividend information dating back to 1988;
- a risk-free interest rate corresponding to the yield on long-term government bonds;
- the effect of any stock market performance conditions, which is taken into account in the initial measurement of IFRS 2 share-based payment expense.

The cost calculated using this method is recognized in the income statement over the vesting period of the options, which is a maximum of four years.

Under IFRS 2, the expense attributable to the amortization of stock options granted under previous plans totaled €0.4 million in 2021 (€0.7 million in 2020).

The table below summarizes information about stock options outstanding at December 31, 2021, after taking into account partial fulfillment of the performance criteria attached to certain plans:

	Exercisable options			Non-exercisable options		Total options outstanding	
Grant date	**Exercise price** *(in EUR)*	**Number of options**	**Weighted average contractual life** *(in months)*	**Exercise price** *(in EUR)*	**Number of options**	**Number of options**	**Type of options**
2012	27.71	5,432	11			5,432	Subscription
2013	38.80	36,707	23			36,707	Purchase
2014	34.13		35			0	Purchase
2015	39.47	38,018	47			38,018	Purchase
2016	40.43	45,244	59			45,244	Purchase
2017	49.38	193,575	71			193,575	Purchase
2018			83	32.24	290,500	290,500	Subscription or purchase*
TOTAL		**318,976**			**290,500**	**609,476**	

* *2018 plan: see above.*

At December 31, 2021, 318,976 stock options were exercisable (at an average exercise price of €45.34) and 290,500 options (with an average exercise price of €32.24) had not yet vested.

6.4.3 Performance shares and performance unit grants

Since 2009, performance share plans have also been set up for certain categories of employees. These plans are subject to eligibility criteria based on the grantee's period of service (service conditions) with the Group as well as performance criteria (performance conditions), which are described below. The IFRS 2 share-based payment expense takes into account these conditions and the lock-up feature. It is determined after deducting the present value of the dividends forfeited on the performance shares and is recognized over the vesting period, not exceeding four years.

From 2012 to 2015, performance unit plans have been set up for certain employees in France. These plans are also subject to service and performance conditions. The IFRS 2 share-based payment expense therefore takes into account these factors, as well as the fact that the units are cash-settled. IFRS 2 stipulates that for cash-settled share-based payment transactions, the granted instruments are initially measured at fair value at the grant date, then remeasured at the end of each reporting period, with the expense adjusted accordingly *pro rata* to the rights that have vested at the reporting date. The expense is recognized over the vesting period of the rights.

6.4.3.1 Performance share plans

At December 31, 2021, there were four outstanding performance share plans, approved by the Board of Directors in 2018, 2019 and 2020 and on November 25, 2021.

The expense recorded for these plans in the 2021 income statement amounted to €44.4 million (2020: €27.6 million).

All plans are subject to service and performance conditions. The vesting period for the shares awarded under these plans is four years and the shares will be delivered under all plans the fourth day after the end of the vesting period for the 2018, 2019, 2020 and 2021 plans.

The table below shows changes in the number of performance share rights:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2019	**4,927,869**
Performance share rights granted in November 2020	1,268,295
Shares issued/delivered	(733,024)
Lapsed and canceled rights	(497,306)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2020	**4,965,834**
Performance share rights granted in November 2021	1,184,475
Shares issued/delivered	(904,712)
Lapsed and canceled rights*	(324,838)
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2021	**4,920,759**

* *Rights granted under the 2017 plan, including 237,758 rights that lapsed because the performance condition had only been partly met, and 87,080 rights that lapsed after they had been withdrawn.*

The fair value of the performance shares corresponds to the Saint-Gobain share price on the grant date less the value of dividends not payable on the shares during the vesting period and, as for the Group Savings Plan, minus the cost of the four-year lock-up feature, which has been estimated at around 30% of the share price. The expense is recognized over the vesting period, which covers a maximum of four years.

The following table shows the expected dates when shares under the four performance share plans outstanding at December 31, 2021 will be delivered (except in the case of early release following the grantee's death or disability, along with the service and performance conditions remaining to be fulfilled):

Grant date	Number of rights at December 31, 2021*	Delivery date	Type of shares
November 22, 2018	1,217,119	November 25, 2022	existing
November 21, 2019	1,251,270	November 24, 2023	existing
November 26, 2020	1,267,895	November 29, 2024	existing
November 25, 2021	1,184,475	November 28, 2025	existing
TOTAL	**4,920,759**		

* *Subject to fulfillment of the service and performance conditions applicable to each plan.*

6.4.3.2 Performance unit plans

Performance unit plans subject to service and performance conditions were set up every year between 2012 and 2015 for certain management-grade employees and senior managers of the Group in France. These plans do not give rise to the delivery of shares but entitle grantees to receive cash compensation deferred over the long term (exercise period between four and ten years after the grant date), the amount of which will be determined by reference to Saint-Gobain's share price.

No long-term compensation plan in the form of performance units has been set up since 2016.

Since the acquisition time of the last plan has ended in 2019, there are no longer any expenses in respect of such plans.

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NOTE 7 Intangible assets, property, plant and equipment, and right-of-use assets

7.1 Goodwill

When an entity is acquired by the Group, its identifiable assets and assumed liabilities are recognized at their fair value. IFRS allows a 12-month period after the acquisition date ("measurement period") to identify the assets and liabilities of the acquired entity that were not recognized in the initial accounting for the combination, and to retroactively modify the amounts initially allocated.

The final acquisition price ("consideration transferred" in IFRS 3R), including, as appropriate, the estimated fair value of any earn-out payments or other deferred consideration ("contingent consideration" in IFRS 3R), is determined in the 12 months following the acquisition. Under IFRS 3R, any adjustments to the acquisition price beyond this 12-month period are recorded in the income statement. Directly attributable acquisition costs are expensed as incurred.

In addition, goodwill is recognized only at the date that control is achieved. Any subsequent increase in ownership interest (without change of control) is recorded as a change in equity without adjusting goodwill.

Goodwill is recorded in the consolidated balance sheet as the difference between (i) the acquisition-date fair value plus the amount of any non-controlling interests in the acquiree – measured either at fair value (full goodwill method) or at the proportionate interest in the fair value of the net identifiable assets acquired (partial goodwill method) – and (ii) the net amount of assets and liabilities acquired at their fair value at the acquisition date. The Group generally applies the partial goodwill method and the amount of goodwill calculated under the full goodwill method is not therefore material.

Any excess of the cost of an acquisition over the fair value of the Group's share of the assets and liabilities of the acquired entity is recorded as goodwill. If the fair value of the net assets acquired and liabilities assumed exceeds their acquisition cost, this negative difference is recognized in the income statement in the year of acquisition.

Changes in goodwill in 2021 and 2020 are detailed below:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
At January 1		
Gross value	12,229	12,495
Accumulated impairment	(2,201)	(2,466)
NET VALUE	**10,028**	**10,029**
Changes during the year		
Impairment	(30)	(201)
Translation adjustments and restatement for hyperinflation	354	(484)
Changes in Group structure	815	719
Assets held for sale	14	(35)
TOTAL CHANGES	**1,153**	**(1)**
At December 31		
Gross value	13,399	12,229
Accumulated impairment	(2,218)	(2,201)
NET VALUE	**11,181**	**10,028**

In 2021, changes in Group structure mainly reflect first-time consolidations following the acquisition of Chryso (see note 4.2.1) for €722 million and of Equflow and Duraziv for €20 million and €17 million, respectively, as well as adjustments to purchase price accounting in progress. Impairment losses were recognized for €30 million, mainly against assets sold in the period. Currency translation adjustments primarily reflect the impacts of fluctuations in the US dollar, pound sterling, Norwegian krone and Brazilian real.

In 2020, changes in Group structure mainly reflected first-time consolidations following the acquisition of Continental Building Products for €637 million and of MS Techniques and Transluminal. These changes also resulted from acquisitions carried out at the end of 2019 (consolidated in 2020), in particular High Tech Metal Seals (HTMS) and Sonex. Impairment losses were recognized for €201 million, mainly against the United Kingdom Distribution business and assets held for sale. Currency translation adjustments primarily reflected the impacts of fluctuations in the US dollar, pound sterling, Brazilian real, Norwegian krone, Thai baht and South African rand.

7.2 Other intangible assets

Other intangible assets primarily include brands, customer relationships, intellectual property, software, patents and development costs. They are measured at historical cost less accumulated amortization and impairment.

Certain retail or manufacturing brands acquired are treated as intangible assets with indefinite useful lives as they have a strong national and/or international reputation. These brands are not amortized but are tested systematically for impairment on an annual basis. Other brands are amortized over their useful lives, not exceeding 40 years.

Customer relationships are amortized over the attrition period used to value these assets.

Costs incurred to develop software in-house – primarily configuration, programming and testing costs – are recognized as intangible assets. Patents and purchased computer software are amortized over their estimated useful lives, not exceeding 20 years for patents and three to five years for software.

Research costs are expensed as incurred. Development costs meeting the recognition criteria under IAS 38 are included in intangible assets and amortized over their estimated useful lives (not exceeding five years) from the date when the products to which they relate are first marketed.

Changes in other intangible assets during 2021 and 2020 are analyzed below:

(in EUR millions)	Brands	Intellectual property and customer relationships	Software	Other	Total intangible assets
At January 1, 2020					
Gross value	2,876	86	1,365	636	4,963
Accumulated amortization and impairment	(843)	(14)	(972)	(425)	(2,254)
NET VALUE	**2,033**	**72**	**393**	**211**	**2,709**
Changes during the year					
Acquisitions			34	80	114
Disposals			(1)	(2)	(3)
Translation adjustments and restatement for hyperinflation	(51)	(46)	(11)	(8)	(116)
Amortization*	(8)	(42)	(113)	(18)	(181)
Impairment	(450)		(12)	(3)	(465)
Transfers			81	(81)	0
Changes in Group structure and other	3	458	5	(4)	462
Assets held for sale	(7)	0	(8)	0	(15)
TOTAL CHANGES	**(513)**	**370**	**(25)**	**(36)**	**(204)**
At December 31, 2020					
Gross value	2,062	496	1,323	536	4,417
Accumulated amortization and impairment	(542)	(54)	(955)	(361)	(1,912)
NET VALUE	**1,520**	**442**	**368**	**175**	**2,505**
Changes during the year					
Acquisitions			41	69	110
Disposals			(4)	1	(3)
Translation adjustments and restatement for hyperinflation	37	31	8	4	80
Amortization*	(8)	(47)	(121)	(18)	(194)
Impairment	(4)	(25)	(9)	(2)	(40)
Transfers			56	(56)	0
Changes in Group structure and other	160	93	4	(7)	250
Assets held for sale			(1)	(2)	(3)
TOTAL CHANGES	**185**	**52**	**(26)**	**(11)**	**200**
At December 31, 2021					
Gross value	2,294	651	1,411	548	4,904
Accumulated amortization and impairment	(589)	(157)	(1,069)	(384)	(2,199)
NET VALUE	**1,705**	**494**	**342**	**164**	**2,705**

* *"Amortization" includes amortization charged against intangible assets within the scope of purchase price accounting, representing €52 million in 2021 (2020: €46 million).*

The breakdown of brands, intellectual property and customer relationships by segment is provided in the segment information tables in note 5 "Information concerning the Group's operating activities".

In 2021, changes in Group structure relate mainly to brands and customer relationships acquired as a result of the Chryso acquisition for €158 million and €48 million, respectively. They also include customer relationships acquired as a result of the MS Techniques, Transluminal and Duraziv acquisitions for a total amount of €23 million, as well as Saint-Gobain Brüggemann Holzbau GmbH intellectual property for €10 million. Impairment losses were recognized against certain individual assets for a total of €40 million.

In 2020, changes in Group structure related mainly to customer relationships acquired as a result of the Continental Building Products acquisition for €422 million. Impairment losses were recognized for a total of €465 million.

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7.3 Property, plant and equipment

Land, buildings and equipment are carried at historical cost less accumulated depreciation and impairment.

Cost may also include incidental expenses directly attributable to the acquisition, as well as the impact of transfers from equity of any gains/losses on qualifying cash flow hedges of property, plant and equipment purchases.

Expenses incurred in exploring and evaluating mineral resources are included in property, plant and equipment when it is probable that associated future economic benefits will flow to the Group. They include mainly the costs of topographical or geological studies, drilling costs, sampling costs and all costs incurred in assessing the technical feasibility and commercial viability of extracting the mineral resource.

Material borrowing costs incurred for the construction and acquisition of property, plant and equipment are included in the cost of the related asset if they are significant.

Property, plant and equipment are considered as having no residual value, as they chiefly consist of industrial assets that are intended to be used until the end of their useful lives.

Property, plant and equipment other than land are depreciated using the components approach on a straight-line basis over the following estimated useful lives, which are regularly reviewed:

- Major factories and offices 30-40 years
- Other buildings 15-25 years
- Production machinery and equipment 5-16 years
- Vehicles 3-5 years
- Furniture, fixtures, office and computer equipment 4-16 years

Gypsum quarries are depreciated over their estimated useful lives, based on the quantity of gypsum extracted during the year compared with extraction capacity.

Provisions for site restoration are recognized as a component of assets whenever the Group has a legal or constructive obligation to restore a site in accordance with contractually determined conditions or in the event of a sudden deterioration in site conditions. These provisions are reviewed periodically and may be discounted over the expected useful lives of the assets concerned. The component is depreciated over the same useful life as that used for mines and quarries.

Government grants for purchases of property plant and equipment are recorded under “Other payables” and taken to the income statement over the estimated useful lives of the relevant assets. They are included within operating items on the line corresponding to the nature of the asset.

Changes in property, plant and equipment in 2021 and 2020 are analyzed below:

(in EUR millions)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total property, plant and equipment
At January 1, 2020					
Gross value	2,485	8,444	20,031	1,552	32,512
Accumulated depreciation and impairment	(719)	(5,232)	(14,809)	(45)	(20,805)
NET VALUE	**1,766**	**3,212**	**5,222**	**1,507**	**11,707**
Changes during the year					
Acquisitions	13	47	216	846	1,122
Disposals	(61)	(28)	(30)	(5)	(124)
Translation adjustments and restatement for hyperinflation	(70)	(201)	(330)	(91)	(692)
Depreciation	(31)	(242)	(819)		(1,092)
Impairment	(11)	(19)	(60)	(5)	(95)
Transfers		266	723	(989)	0
Changes in Group structure and other	46	83	118	31	278
Assets held for sale	(11)	(15)	(6)	0	(32)
TOTAL CHANGES	**(125)**	**(109)**	**(188)**	**(213)**	**(635)**
At December 31, 2020					
Gross value	2,293	7,925	19,169	1,312	30,699
Accumulated depreciation and impairment	(652)	(4,822)	(14,135)	(18)	(19,627)
NET VALUE	**1,641**	**3,103**	**5,034**	**1,294**	**11,072**
Changes during the year					
Acquisitions	46	70	249	1,116	1,481
Disposals	(32)	(26)	(34)	(3)	(95)
Translation adjustments and restatement for hyperinflation	49	104	166	53	372
Depreciation	(33)	(241)	(837)	(2)	(1,113)
Impairment	(5)	(30)	(64)	(5)	(104)
Transfers		185	668	(853)	0
Changes in Group structure and other	38	12	29	(2)	77
Assets held for sale	(1)	(14)	(9)	(3)	(27)
TOTAL CHANGES	**62**	**60**	**168**	**301**	**591**
At December 31, 2021					
Gross value	2,380	8,161	19,848	1,611	32,000
Accumulated depreciation and impairment	(677)	(4,998)	(14,646)	(16)	(20,337)
NET VALUE	**1,703**	**3,163**	**5,202**	**1,595**	**11,663**

In 2021, changes in Group structure relate mainly to the first-time consolidation of Chryso. Translation adjustments and restatement for hyperinflation primarily reflect the impacts of fluctuations in the US dollar, pound sterling, Chinese renminbi, Indian rupee, Mexican peso, Czech koruna, Norwegian krone, Argentine peso, Brazilian real, Canadian dollar and Turkish lira.

In 2020, changes in Group structure related mainly to the first-time consolidation of Continental Building Products. Translation adjustments and restatement for hyperinflation primarily reflected the impacts of fluctuations in the Brazilian real, US dollar, Mexican peso, Indian rupee, pound sterling, Polish zloty, Russian ruble and Argentine peso.

7.4 Right-of-use assets linked to leases

The Saint-Gobain Group has chosen to apply IFRS 16 using the full retrospective method at January 1, 2019 (*i.e.*, with effect from January 1, 2018) and has restated all of its leases that were identified ahead of first-time application of the standard. Entities' historical lease contracts were restated with effect from the date on which the entities were first consolidated by the Group.

The following recognition exemptions proposed by IFRS 16 have been used by the Group:

- leases with a lease term of 12 months or less;
- leases where the underlying asset has a value of less than USD 5,000 when new.

Property leases

The lease term corresponds to the non-cancelable period of the lease, plus any renewal (or termination) options that the Group is reasonably certain to exercise (or not to exercise). The Group determined whether or not lease renewal (or termination) options were reasonably certain to be exercised based on the location of, and any improvements inseparable from, the leased asset. The lease term at inception for "3/6/9-year" commercial leases in France is generally nine years. The Group did not identify any material leases with similar characteristics in other countries.

At December 31, 2019 and with retroactive effect from January 1, 2018, Saint-Gobain took account of the IFRIC's November 2019 agenda decision in reviewing the terms of its automatically renewable leases, considering the importance of the underlying assets to its operations.

The discount rate used to calculate the lease liability is the incremental borrowing rate. This rate is applied at the commencement of the lease or at the date of the decision to renew the lease. The Group calculated the rate applicable to each lease contract on the basis of its duration, which reflects the payment profile of the lease liability.

The useful life of non-movable leasehold improvements cannot exceed the useful life of the right-of-use assets to which they relate.

Leases other than property leases

The main leases identified correspond to leases of vehicles, machinery and production equipment.

The lease capitalization period (lease term) represents the non-cancelable period of the lease. Where leases provide for a renewal (or termination) option, the Group determined whether or not that option was reasonably certain to be exercised based on the ease with which the leased asset could be replaced and its criticality.

The discount rate used to determine the lease liability is calculated using the same approach as for property leases.

The interest rate implicit in the lease is used as the discount rate only in the case of non-property leases and only if this is expressly stipulated in the lease contract.

Although leases can generally incorporate indexation clauses, lease liabilities are measured based solely on indexes known at the end of the reporting period.

At December 31, 2021, right-of-use assets under leases relate mainly to land and buildings for €2,419 million (€2,367 million at December 31, 2020) and to machinery and equipment for €540 million (€535 million at December 31, 2020).

Lease payments made under low-value and/or short-term leases, along with variable lease payments or lease payments falling outside the scope of IFRS 16, totaled €169 million in 2021 (€158 million in 2020).

The table below presents right-of-use assets for lease contracts by category:

(in EUR millions)	Land and buildings	Machinery and equipment	Total
At January 1, 2020			
Gross value	5,786	1,118	6,904
Accumulated depreciation and impairment	(3,389)	(561)	(3,950)
NET VALUE	**2,397**	**557**	**2,954**
Changes during the year			
New leases	589	244	833
Lease modifications	49	0	49
Disposals	(63)	(14)	(77)
Translation adjustments	(67)	(19)	(86)
Depreciation	(462)	(213)	(675)
Impairment	(23)	(7)	(30)
Assets held for sale	0	0	0
Changes in Group structure and other	(53)	(13)	(66)
TOTAL CHANGES	**(30)**	**(22)**	**(52)**
At December 31, 2020			
Gross value	5,549	1,070	6,619
Accumulated depreciation and impairment	(3,182)	(535)	(3,717)
NET VALUE	**2,367**	**535**	**2,902**
Changes during the year			
New leases	538	231	769
Lease modifications	10	0	10
Disposals	(46)	(18)	(64)
Translation adjustments	47	13	60
Depreciation	(463)	(216)	(679)
Impairment	(11)	(3)	(14)
Changes in Group structure and other	17	8	25
Assets held for sale	(40)	(10)	(50)
TOTAL CHANGES	**52**	**5**	**57**
At December 31, 2021			
Gross value	5,761	1,133	6,894
Accumulated depreciation and impairment	(3,342)	(593)	(3,935)
NET VALUE	**2,419**	**540**	**2,959**

7.5 Impairment review

7.5.1 Impairment of property, plant and equipment, intangible assets, goodwill and right-of-use assets

Property, plant and equipment, right-of-use assets, goodwill and other intangible assets are tested for impairment on a regular basis and at least annually for the December 31 closing. These tests consist of comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the net present value of the future cash flows expected to be derived from the asset.

For property, plant and equipment, amortizable intangible assets and right-of-use assets, an impairment test is performed whenever revenues from the asset decline or the asset generates operating losses due to either internal or external factors, and no material improvement is forecast in the relevant business plan.

For goodwill and other unamortized intangible assets (including brands with indefinite useful lives), an impairment test is performed at least annually based on financial forecasts. Goodwill is reviewed systematically and exhaustively at the level of each cash-generating unit (CGU).

In 2021, the number of CGUs was reduced from 27 to 23, following various disposals and reorganizations within the Group.

Assets and liabilities held for sale are carried at the lower of their fair value less costs to sell and their net carrying amount.

The method used for these impairment tests is consistent with that used by the Group to value companies acquired in business combinations or acquisitions of equity interests. The carrying amount of the CGUs is compared to their value in use, corresponding to the net present value of future cash flows excluding interest but including tax. It is determined using assumptions made by management based on estimates and judgments including future changes in sales, profitability, investments and other cash flows arising from the use of the corresponding assets, as well as the discount rate applied to future cash flows. Cash flows for the last year of the business plan beyond the three-year forecast period are rolled forward over the following two years. For impairment tests of goodwill, normative cash flows (corresponding to cash flows at the mid-point in the business cycle) are then projected to perpetuity using an annual growth rate (between 1.5% and

2% barring exceptional cases). The average cost of capital remained unchanged in 2021, at 6.85%. This rate corresponds to the Group's average cost of capital, plus a country risk premium where applicable, depending on the geographic area concerned.

The rates applied in 2021 were 6.85% for Western Europe and North America, 7.85% for Eastern Europe and emerging Asia-Pacific, 8.35% for Latin America, and 9.35% for Russia and Turkey.

7.5.2 CGU impairment tests

When the annual impairment test reveals that the recoverable amount of an asset is less than its carrying amount, an impairment loss is recorded.

Impairment losses on goodwill can never be reversed through income. For property, plant and equipment and other intangible assets, an impairment loss recognized in prior periods may be reversed, taking into account depreciation/amortization adjustments, if there is an indication that the impairment no longer exists and that the recoverable amount of the asset concerned exceeds its carrying amount.

During the impairment tests, different assumptions measuring the method's sensitivity are systematically tested using the following inputs:

- 0.5-point increase in the discount rate applied to cash flows;
- 0.5-point decrease in the annual average rate of growth in cash flows projected to perpetuity;
- 1-point decrease in the operating income rate for Industry activities and 0.5-point decrease for Distribution activities.

On the basis of the sensitivity tests carried out at December 31, 2021 (*i.e.*, sensitivity to changes in the discount rate, perpetuity growth rate and profitability rate), three CGUs were identified as sensitive: the United Kingdom Distribution CGU and the two Pipe CGUs.

As the outlook improved for the Southern Europe – Flat Glass and Brazil Distribution businesses, these CGUs are no longer considered sensitive.

At December 31, 2021, a 0.5-point increase in the discount rate for all CGUs would have led to approximately €28 million in additional impairment of non-current assets, concerning mainly the Pipe Europe CGU.

A 0.5-point decrease in the average annual cash flow growth rate projected to perpetuity for all CGUs would have resulted in additional non-current asset impairment of around €22 million, also mainly affecting the Pipe Europe CGU.

The impact of a 1-point decrease in the operating income rate for all Industry CGUs would have generated additional non-current asset impairment of approximately €154 million, primarily affecting the two Pipe CGUs. A 0.5-point decrease in the rate for Distribution activities would have generated additional impairment of around €132 million for the United Kingdom Distribution CGU.

Owing to the Covid-19 pandemic, the Group decided to perform an additional one-off sensitivity analysis, incorporating broader criteria, *i.e.*:

- 0.75-point increase in the discount rate applied to cash flows;
- 1.5-point decrease in the operating income rate for Industry activities and a 1-point decrease for Distribution activities.

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The following table presents the results of the sensitivity analysis for the various CGUs at December 31, 2021:

	Impact of changes in the						
	discount rate		growth rate	operating income rate			
(in EUR millions)	0.5-point increase	0.75-point increase	0.5-point decrease	1-point decrease Industry CGUs	0.5-point decrease Distribution CGUs	1.5-point decrease Industry CGUs	1.0-point decrease Distribution CGUs
High Performance Solutions							
Northern Europe		(16)			(132)		(315)
Southern Europe – ME & Africa	(27)	(40)	(22)	(143)		(217)	
Americas	(1)	(3)		(11)		(18)	
Asia-Pacific							
TOTAL	**(28)**	**(59)**	**(22)**	**(154)**	**(132)**	**(235)**	**(315)**

The breakdown of asset impairment by region for 2021 and 2020 is provided in the segment information tables in note 5 "Information concerning the Group's operating activities".

In 2021, the Group reviewed its impairment tests in light of the current situation and the outlook for certain businesses and countries.

The sale of the plumbing, heating and sanitaryware operations of the United Kingdom Distribution CGU was part of Saint-Gobain's continuing portfolio optimization strategy to improve its growth and profitability profile in line with the objectives of the "Grow & Impact" plan. Although turnaround plans have been put in place and are ongoing, we continue to adopt a cautious outlook for this CGU, which is sensitive to a change in the profitability rate.

In 2021, the Pipe Europe CGU saw strong inflation in raw materials needed to manufacture cast iron (iron ore, scrap metal, coke). The outlook for 2022 is better, thanks in particular to the favorable impact of sales price increases generated in the last four months of 2021. The CGU remains sensitive to a change in the discount rate, perpetuity growth rate and profitability rate.

The planned privatization of water distribution companies in Brazil has confirmed the prospects of recovery and medium-term profitability for the Latin America Pipe CGU. The CGU remains sensitive to a change in the discount or profitability rate.

2021 confirmed the prospects of recovery and profitability for the Brazil Distribution CGU. At the end of 2021, the CGU is no longer sensitive to any of the changes in the discount rate, perpetuity growth rate or profitability rate tested.

The assumptions used in the asset impairment tests take into account the actions envisaged in connection with the Group's commitment to reduce by 2030 its scope 1 and 2 net carbon emissions by 33% compared to 2017 in order to limit its impact on the environment and contribute to the decarbonization of its markets, in particular an annual amount of €100 million in capital expenditure and research and development expenditure set aside to further its environmental strategy to reduce CO_2 emissions.

In addition, although the current legal environment in the various countries in which the Group operates does not tax, outside the European Union, tonnes of CO_2 emitted in excess of any allowances allocated, and in line with its emissions reduction strategy, the Group has carried out sensitivity tests on the value of its CGUs, assuming a carbon price of €75 and €95 per tonne as of 2022, as well as the maintenance or development of government support mechanisms such as the allocation of CO_2 emissions allowances. If these assumptions were to prove accurate, no significant additional impairment would need to be recognized against fixed assets.

NOTE 8 Investments in equity-accounted companies and other non-current assets

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement, and decisions about the relevant activities require the unanimous consent of the parties sharing control. The parties that have joint control of the arrangement have rights to the net assets of the arrangement. By contrast, an associate is an entity over which a partner has significant influence over the power to participate in decisions, but not control.

Under IAS 28, investments in both associates and joint ventures must be recognized using the same equity-accounting consolidation method.

8.1 Changes in investments in equity-accounted companies

Changes in investments in equity-accounted companies in 2021 and 2020 can be analyzed as follows:

(in EUR millions)	**2021**	**2020**
At January 1		
Group share in:		
Associates	185	182
Joint ventures	246	236
TOTAL	**431**	**418**
Goodwill	31	19
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**462**	**437**
Changes during the year		
Group share in net income of associates	31	11
Group share in net income of joint ventures	25	4
Dividends paid	(33)	(14)
Translation adjustments and restatement for hyperinflation	27	(33)
Acquisitions and capital increases	4	55
Changes in Group structure, transfers and other variations	20	2
TOTAL CHANGES	**74**	**25**
At December 31		
Group share in:		
Associates	221	185
Joint ventures	283	246
TOTAL	**504**	**431**
Goodwill	32	31
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**536**	**462**

Investments in non-core business equity-accounted companies represented €62 million at December 31, 2021 (€57 million at end-2020).

The principal financial aggregates of equity-accounted companies are as follows:

	2021			**2020**		
(in EUR millions)	**Associates**	**Joint ventures**	**Total**	**Associates**	**Joint ventures**	**Total**
Sales	1,182	781	1,963	813	633	1,446
Net income	107	50	157	52	8	60
Non-current assets	536	514	1,050	469	430	899
Current assets	785	285	1,070	526	262	788
Non-current liabilities	959	673	1,632	811	596	1,407
Current liabilities	362	126	488	184	96	280
Shareholders' equity	754	597	1,351	607	520	1,127

8.2 Transactions with equity-accounted companies – related parties

The consolidated financial statements include transactions conducted by the Group in the normal course of its businesses with associates and joint ventures. These transactions are carried out on an arm's length basis.

The assets and liabilities of equity-accounted companies at December 31 are as follows:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Financial receivables	33	5
Inventories	2	2
Short-term receivables	15	11
Cash and cash equivalents	0	0
Provisions for asset impairment	0	0
Short-term debt	8	6
Cash advances	0	0

Purchases and sales transactions with equity-accounted companies are as follows:

(in EUR millions)	2021	2020
Purchases	63	54
Sales	38	36

8.3 Other non-current assets

Changes in other non-current assets in 2021 and 2020 are analyzed below:

(in EUR millions)	Equity investments and other	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2020				
Gross value	2,685	574	288	3,547
Provisions for impairment	(27)	(9)		(36)
NET VALUE	**2,658**	**565**	**288**	**3,511**
Changes during the year				
Increases (decreases)	(2,376)	(97)	61	(2,412)
Provisions for impairment		(1)		(1)
Translation adjustments and restatement for hyperinflation	(6)	(22)	(15)	(43)
Transfers and other movements		2		2
Changes in Group structure	(49)			(49)
Changes in fair value	(157)			(157)
Assets held for sale		(6)		(6)
TOTAL CHANGES	**(2,588)**	**(124)**	**46**	**(2,666)**
At December 31, 2020				
Gross value	92	446	334	872
Provisions for impairment	(22)	(5)		(27)
NET VALUE	**70**	**441**	**334**	**845**
Changes during the year				
Increases (decreases)	30	(77)	524	477
Provisions for impairment	(1)			(1)
Translation adjustments and restatement for hyperinflation	3	10	36	49
Transfers and other movements	17	2		19
Changes in Group structure	(1)	22		21
Changes in fair value	12			12
TOTAL CHANGES	**60**	**(43)**	**560**	**577**
At December 31, 2021				
Gross value	152	403	894	1,449
Provisions for impairment	(22)	(5)		(27)
NET VALUE	**130**	**398**	**894**	**1,422**

In 2020, changes in the fair value of equity investments related mainly to Sika shares. The decrease in other non-current assets at December 31, 2020 chiefly resulted from the sale of Sika shares (see note 4.2, "Changes in Group structure").

NOTE 9 Other current and non-current liabilities and provisions, contingent liabilities and litigation

A provision is booked when (i) the Group has a present legal or constructive obligation towards a third party as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

If the amount or due date of the obligation cannot be estimated reliably, it is classified as a contingent liability and reported as an off-balance sheet commitment.

Provisions for other material liabilities and charges whose timing can be estimated reliably are discounted to present value.

9.1 Provisions for other liabilities and charges

The table below provides a breakdown by type along with details of changes in other provisions and current and non-current liabilities:

(in EUR millions)	Provisions for claims, litigation and environmental risks	Provisions for restructuring costs and personnel expenses	Provisions for customer warranties	Provisions for other contingencies	Total provisions for other liabilities	Investment-related liabilities	Total provisions for other liabilities and investment-related liabilities
At January 1, 2020							
Current portion	88	72	106	65	331	12	343
Non-current portion	643	127	95	97	962	164	1,126
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**731**	**199**	**201**	**162**	**1,293**	**176**	**1,469**
Changes during the year							
Additions	65	142	84	61	352		352
Reversals	(7)	(19)	(13)	(22)	(61)		(61)
Utilizations	(58)	(91)	(45)	(44)	(238)		(238)
Changes in Group structure	(500)	(1)		419	(82)		(82)
Translation adjustments and reclassifications	(5)	(5)	(4)	(52)	(66)	(37)	(103)
Liabilities held for sale	0	(3)	(8)		(11)		(11)
TOTAL CHANGES	**(505)**	**23**	**14**	**362**	**(106)**	**(37)**	**(143)**
At December 31, 2020							
Current portion	64	96	108	82	350	11	361
Non-current portion	162	126	107	442	837	128	965
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**226**	**222**	**215**	**524**	**1,187**	**139**	**1,326**
Changes during the year							
Additions	193	73	94	83	443		443
Reversals	(8)	(27)	(16)	(22)	(73)		(73)
Utilizations	(72)	(121)	(44)	(41)	(278)		(278)
Changes in Group structure	4	(2)	(5)	8	5		5
Translation adjustments and reclassifications	11	3	13	35	62	57	119
Liabilities held for sale	(5)	15		(7)	3		3
TOTAL CHANGES	**123**	**(59)**	**42**	**56**	**162**	**57**	**219**
At December 31, 2021							
Current portion	165	61	135	92	453	26	479
Non-current portion	184	102	122	488	896	170	1,066
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**349**	**163**	**257**	**580**	**1,349**	**196**	**1,545**

9.1.1 Provisions for claims, litigation and environmental risks

These provisions cover costs relating to litigation, environmental protection measures, as well as site rehabilitation and clean-up costs.

They cover in particular PFOA-related proceedings and the antitrust lawsuit in the Distribution sector in Switzerland.

Litigation provisions amounted to €155 million at December 31, 2021. These provisions are described in further detail in note 9.2 "Contingent liabilities and litigation".

The decrease in provisions for claims and litigation at December 31, 2020 primarily reflected the deconsolidation of DBMP LLC, which carried on its books the legacy asbestos-related claims against the former CertainTeed Corporation. The offsetting entry for this decrease was a rise in provisions for other risks, which mainly results from the financing commitments undertaken by CertainTeed LLC in favor of DBMP LLC (see note 9.2.2.2 discussing asbestos-related liabilities in the United States).

9.1.2 Provisions for restructuring costs and personnel expenses

Provisions for restructuring costs and personnel expenses amounted to €163 million at December 31, 2021 (December 31, 2020: €222 million).

These provisions cover restructuring transactions (personnel costs and other charges linked to reorganization plans), as well as provisions for personnel expenses unrelated to restructuring plans, in particular provisions for severance payments.

9.1.3 Provisions for customer warranties

These provisions cover the Group's commitments under warranties granted to customers mainly in the United States. They are determined on a statistical basis using a range of criteria and take into account contractual warranty payments made in prior years in the business and region concerned. In addition, specific provisions may be set aside for identified contingencies in the context of a specific claim.

9.1.4 Provisions for other contingencies

At December 31, 2021, provisions for other contingencies amount to €580 million (December 31, 2020: €524 million) and mainly concern the United States (€427 million), France (€52 million) and Brazil (€68 million).

9.1.5 Investment-related liabilities

Investment-related liabilities correspond to commitments to purchase minority interests, liabilities relating to the acquisition of shares in Group companies, and minority shareholder puts.

In 2021, changes in investment-related liabilities primarily concerned liabilities relating to the acquisition of equity interests.

9.2 Contingent liabilities and litigation

9.2.1 Antitrust law and related proceedings

9.2.1.1 Investigation by the Swiss Competition Commission in the sanitary products wholesale industry

In November 2011, the Swiss Competition Commission (*Commission suisse de la concurrence*) opened an investigation into anti-competitive practices in the sanitary products wholesale industry. In May 2014, the Commission Secretariat issued a notice of complaints against Sanitas Troesch and other wholesalers in the industry alleging that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The total fine imposed on all companies involved is CHF 80 million. For Sanitas Troesch, the fine is CHF 28.8 million. Sanitas Troesch appealed this decision on May 2, 2016 and continues to firmly refute the claims made. The hearing took place before the Federal Administrative Court on January 21, 2020 and the date on which the Federal Administrative Court will issue its decision is not yet known. However, a provision for claims and litigation was recognized at December 31, 2015 in an amount equivalent to the fine (unchanged as at December 31, 2021).

9.2.1.2 Investigation by the French Competition Authority in the building insulation products industry

On July 28, 2014, the French Competition Authority sent a statement of objections to Saint-Gobain Isover and Compagnie de Saint-Gobain (as parent company of the Saint-Gobain Group). A hearing took place on May 11, 2016, whereupon the Competition Authority sent the case back for further investigation in light of the arguments put forward by Saint-Gobain Isover and Compagnie de Saint-Gobain. In October 2018, Saint-Gobain Isover and Compagnie de Saint-Gobain received a second statement of objections, in which the Competition Authority alleges anti-competitive practices in the building insulation products market, between 2001 and 2013.

Saint-Gobain Isover and Compagnie de Saint-Gobain rejected the allegations in their response to the second statement of objections filed in January 2019.

A new report was sent by the Authority at the end of 2019, which gave rise to comments in response from Saint-Gobain Isover and Compagnie de Saint-Gobain on February 11, 2020.

The hearing before the Competition Authority was held on October 6, 2020. By decision dated January 14, 2021, the French Competition Authority considered that the alleged anti-competitive practices were not established and dismissed all the objections notified.

Actis appealed this decision to the Paris Court of Appeal on February 26, 2021, following which the other parties, including Saint-Gobain Isover and Compagnie de Saint-Gobain filed incidental appeals. Hearing is expected to occur end of 2022.

On the civil law front, Actis served in March 2013 a damages claim on Saint-Gobain Isover, the Centre scientifique et technique du bâtiment, and the FILMM before the Paris Civil Court (*Tribunal judiciaire de Paris*) based on the facts being investigated by the Competition Authority. A stay of proceedings has been declared and following the dismissal decided by the Competition Authority and the appeal filed by Actis against such dismissal, Actis requested that the proceeding remain stayed until the Paris Court of Appeal's decision to be made in relation to the appeal filed by Actis against the dismissal decision of the Competition Authority.

9.2.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

9.2.2.1 Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, where Everite and Saint-Gobain PAM had carried out fiber-cement operations in the past, seven additional lawsuits to those brought since 1996 were filed in 2021 by former employees (or persons claiming through them) for recognition of inexcusable fault resulting from exposure for asbestos-related occupational diseases.

As of December 31, 2021, a total of 844 lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of the same date, 812 of these 844 lawsuits had been completed, the employer's inexcusable fault having been upheld in all of these cases. 32 actions are still pending against Everite and Saint-Gobain PAM.

Compensation paid by Everite and Saint-Gobain PAM since the outset of these litigations in settlement of these lawsuits totaled approximately €6.6 million as of December 31, 2021 (compared to €6.2 million as of December 31, 2020).

In addition, as of December 31, 2021, a total of 272 similar suits had been filed since the outset of the litigation by current or former employees, or persons claiming through them, of 13 French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who in the past used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2021, 230 of this 272 lawsuits had been completed, with the employer's inexcusable fault having been upheld in 147 of them. 42 actions were still pending at the same date.

The total amount of compensation paid since the outset of the litigation by these companies was approximately €10.5 million as of December 31, 2021 (compared to approximately €8.7 million as of December 31, 2020).

Anxiety claims

Eight of the Group's subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, were the subject of anxiety claims.

"Facilities classified as containing asbestos" are defined as industrial facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and that are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefit paid to asbestos workers (ACAATA).

As of December 31, 2021, a total of 824 lawsuits had been brought by current or former employees – benefiting from ACAATA or not – claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. These 824 suits have all been definitely completed, representing a total amount of compensation of €8.5 million as of December 31, 2021 (compared to €7.6 million as at December 31, 2020).

It should be clarified that the above figures do not take into account suits filed against companies that are no longer part of the Group.

The provision related to asbestos-related litigation in France amounted to around €6.9 million as of December 31, 2021 (compared to €5.5 million as of December 31, 2020).

9.2.2.2 Situation in the United States

Action taken to achieve equitable and permanent Resolution of the former CertainTeed Corporation's legacy asbestos liabilities in the United States

DBMP LLC, an affiliate of CertainTeed LLC based in North Carolina, that holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed, on January 23, 2020, a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Western District of North Carolina in Charlotte. The purpose of the filing is to achieve a certain, final and equitable Resolution of all current and future claims arising from asbestos-containing products manufactured and sold by the former CertainTeed Corporation.

DBMP LLC intends to seek court authority to establish a trust under Section 524(g) of the US Bankruptcy Code – a specific provision that is applicable to companies that face substantial numbers of asbestos-related claims – to achieve a fair and equitable Resolution of its asbestos-related liabilities. Upon establishment of the trust, current and future plaintiffs with qualifying claims will be able to receive faster payment of their claims without the delay, stress and uncertainty of litigation in the tort system; at the same time, the creation and funding of such a trust will permanently and finally resolve DBMP LLC's asbestos liability.

During the course of this bankruptcy process, which is expected to take approximately three to eight years, all asbestos litigation will be stayed and all related costs suspended, providing DBMP LLC with the time and protection to negotiate an agreement to be approved on behalf of all claimants and by the court.

This action was taken as a result of the increasing risks presented in the US tort system. Despite the passage of time, the aging of the population and lessening opportunity for claimants to assert legitimate claims of exposure to the asbestos-containing products of the former CertainTeed Corporation, naming practices in the tort system continued to result in a steady volume of claims against DBMP LLC, with no foreseeable end in sight. In addition, there has been, in general, an escalation of settlement demands and verdicts in the tort system

Impact on the Group's financial statements

Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC, and in particular the provision for asbestos-related litigation in the United States, are no longer consolidated in the Group's financial statements.

Nonetheless, because of a funding agreement between CertainTeed LLC and DBMP LLC by which CertainTeed LLC has agreed to fund the costs of the Chapter 11 case and, ultimately, the 524(g) trust, in both cases solely to the extent DBMP LLC is unable to do so in full, the Group recorded in its consolidated financial statements a debt against DBMP LLC amounting to $417 million as of December 31, 2021.

The Group's consolidated income for 2021 is not impacted by the ongoing Chapter 11 proceeding described above.

As a result of this bankruptcy proceeding, all legal costs and indemnity payments related to DBMP LLC's asbestos tort claims have been suspended, and no further charges in relation to such claims have been taken in 2021 (as in 2020).

9.2.2.3 Situation in Brazil

In Brazil, former employees of Brasilit, that once manufactured fiber cement containing asbestos, suffering from asbestos-related occupational illnesses are offered, depending on the case, either financial compensation alone or lifetime medical assistance combined with financial compensation. Around 1,200 contractual instruments have accordingly been signed to date.

Two class actions were initiated against Brasilit in 2017 by two associations defending former employees exposed to asbestos at the São Caetano (São Paulo state) and Recife (Pernambouc state) plants, asking for their medical assistance and compensation to be revised. First and second instance decisions were rendered in connection with the first suit respectively in July 2020 and July 2021, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the second instance decision. The suit related to Recife is still at an early stage and there is no court decision issued so far.

A third class action was initiated against Brasilit in 2019 in Capivari (State of São Paulo) by the Labor prosecutor asking for health insurance, as well as collective moral damages, in favor of employees, former employees and their respective families, as well as subcontractors who were exposed to asbestos. A first instance decision was rendered in September 2020 partly in favor of the plaintiffs. In particular, collective moral damages were granted to the plaintiffs, for an amount reduced to BRL 5 million (€0.8 million). Brasilit has appealed the decision.

Brasilit is subject to controls by the Ministry of Labor and continues to comply with all of its legal obligations with regard to medical assistance for its current and former employees.

In November 2017, the Supreme Court of Brazil decided to ban asbestos definitively across the country. Brasilit stopped using asbestos voluntarily as early as 2002

9.2.3 Environmental disputes

PFOA matters in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of US Environmental Protection Agency (EPA) health advisories or state maximum contaminant levels for drinking water have been found in municipal water systems and private wells near current Saint-Gobain Performance Plastics (SG PPL) facilities in Hoosick Falls (New York) and Merrimack (New Hampshire), and two former facilities in North Bennington (Vermont) in the United States. PFOA and PTFE (polytetrafluorethylene) have never been manufactured by these plants. SG PPL is a processor of PTFE which it purchases from third-party suppliers and which in the past contained some PFOA.

SG PPL has voluntarily provided bottled water in all three communities, installed point-of-entry treatment systems to residents and businesses in all three communities, installed carbon filtration systems on the municipal water supply in Hoosick Falls and funded the installation of a carbon filtration system on the Merrimack Valley District's municipal water supply. In addition, it has voluntarily funded construction of water line extensions in certain communities in the Merrimack and Bennington areas. The investigations are on-going and the scope of responsibility for SG PPL arising from environmental remediation in New Hampshire and New York and clean-up obligations at these sites has not yet been established. The scope of the remediation in Vermont is defined and largely completed; future operation and maintenance obligations remain. Without admitting liability, SG PPL has signed consent orders with the environmental regulators in New York in 2016, in Vermont in 2017 and 2019 with respect to two different areas, and in New Hampshire in 2018, pursuant to which SG PPL has agreed to complete investigations, implement interim or final remediation measures at its current and former facilities and in the case of Vermont and New Hampshire, fund construction of water lines. Responsibility, if any, is expected to be shared with other parties as regards in particular the Hoosick Falls site.

PFOA-related lawsuits alleging both health-related and economic damages claims have been filed in civil courts in New York, New Hampshire and Vermont, some of which are in the form of proposed or certified class actions. It is difficult to predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against SG PPL, however, both the New York and Vermont class actions have signed settlements, the Vermont settlement remaining under final review by the courts.

On December 31, 2021, the provision recorded by the Company in respect of this matter amounts to €116 million (compared to €31 million as of December 31, 2020). This provision covers fully the amount of the New York and Vermont class action settlements, as well as various other costs related to PFOA matters including remediation works.

9.2.4 Other contingent liabilities

Grenfell Tower fire in the United Kingdom

Celotex provides insulation materials for specific applications for the building and construction industry.

Insulation materials from two Celotex ranges were purchased *via* distributors and used in refurbishing Grenfell Tower, London in 2015/2016, including as one component of the rainscreen cladding system designed and installed (by third parties) on the tower's external facade.

Following the Grenfell Tower fire on June 14, 2017, a Public Inquiry is underway, which is considering, among other things, the modifications made to the building as part of the refurbishment, the role played by the various construction professionals, and the information provided by the manufacturers of the products used. The Inquiry is conducting its work in two phases: its phase 1 report was published on October 30, 2019, phase 2 commenced in January 2020 – public hearings are expected to continue until July 2022, with a final report to follow some time thereafter. A criminal investigation into the circumstances of the fire is also in progress.

There are a large number of issues and circumstances that need to be explored and the implications for Celotex are unlikely to be known for some time. Civil proceedings in connection with Grenfell Tower brought against Celotex Limited and/or Saint-Gobain Construction Products UK Limited (which respectively held the Celotex business until or after December 31, 2015) and a number of other defendants – who are also core participants in the Public Inquiry – have been issued and are stayed prior to the service of full pleadings. No figure has yet been put on the quantum claimed.

The extent to which Celotex may incur civil or criminal liability in connection with the production, marketing, supply or use of its products is currently unclear and Celotex Limited and Saint-Gobain Construction Products UK are currently unable to make a reliable estimate of their potential liability in this respect.

9.2.5 Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities, or in the context of the enforcement of seller's warranties granted by the Group to the buyers of divested businesses (see note 5.5.2). Apart from the proceedings and litigation described above, to the best of the Company's knowledge, no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or have had, in the last 12 months, a significant impact on the financial position or profitability of the Company and/or Group.

NOTE 10 Financing and financial instruments

10.1 Financial risks

10.1.1 Liquidity risk

10.1.1.1 Liquidity risk on financing

In a crisis environment, the Group might be unable to raise the financing or refinancing needed to cover its investment plans on the credit or capital markets, or to obtain such financing or refinancing on acceptable terms.

The Group's overall exposure to liquidity risk on its net debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain, the Group's parent company. The subsidiaries generally enter into short- or long-term financing arrangements with Compagnie de Saint-Gobain or with the regional cash pools.

The Group's policy is to ensure that the Group's financing will be rolled over at maturity and to optimize borrowing costs. Long-term debt therefore systematically represents a high percentage of overall debt. At the same time, the maturity schedules of long-term debt are set in such a way that replacement capital market issues are spread over time.

The Group's main source of long-term financing is constituted by bonds, which are generally issued under the Medium Term Notes program. The Group also uses lease financing, perpetual bonds, participating securities, a long-term securitization program and bank borrowings.

Short-term debt is composed of borrowings under Negotiable European Commercial Paper (NEU CP), and occasionally Euro Commercial Paper and US Commercial Paper, but also includes receivables securitization programs and bank financing. The Group also has factoring programs. Financial assets comprise marketable securities and cash and cash equivalents.

Compagnie de Saint-Gobain's liquidity position is secured by confirmed syndicated lines of credit.

A breakdown of long- and short-term debt by type and maturity is provided in note 10.3, which also details the main characteristics of the Group's financing programs and confirmed credit lines.

Saint-Gobain's long-term debt issues have been rated BBB with a stable outlook by Standard & Poor's since April 30, 2014 and Baa2 with a stable outlook by Moody's since June 2, 2014.

There is no guarantee that the Company will be in a position to maintain its credit risk ratings at current levels. Any deterioration in the Group's credit risk rating could limit its capacity to raise funds and could lead to higher rates of interest on future borrowings.

10.1.1.2 Liquidity risk on investments

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity and high volatility risks, the Group invests in money market funds and/or bonds whenever possible.

10.1.2 Financial counterparty credit risk

The Group is exposed to the risk of default by the financial institutions that manage its cash or other financial instruments, since such default could lead to losses for the Group.

The Group limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. However, the credit quality of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, the Group's policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

To limit Compagnie de Saint-Gobain's exposure to counterparty credit risk, the Treasury and Financing Department deals primarily with counterparties with a long-term rating of A- or above from Standard & Poor's or A3 or above from Moody's. Concentrations of credit risk are also closely monitored to ensure that they remain at reasonable levels, taking into account the relative CDS ("Credit Default Swap") level of each counterparty.

10.1.3 Market risks

10.1.3.1 Energy and commodity risk

The Group is exposed to changes in the price of the energy it consumes and the raw materials used in its activities. Its energy and commodity hedging programs may be insufficient to protect the Group against significant or unforeseen price swings that could result from the prevailing financial and economic environment.

The Group may limit its exposure to energy price fluctuations by using swaps and options to hedge part of its fuel oil, natural gas and electricity purchases. The swaps and options are mainly contracted in the functional currency of the entities concerned. Hedges of fuel oil, gas and electricity purchases are contracted in accordance with the Group's purchasing policy.

These hedges (excluding fixed-price purchases negotiated directly with suppliers by the Purchasing Department) are generally arranged by the Group Treasury and Financing Department (or with regional Treasury Departments) in accordance with instructions received from the Purchasing Department.

From time to time, the Group may enter into contracts to hedge purchases of certain commodities or engage in the CO_2 emissions market, in accordance with the same principles as those outlined above for energy purchases.

Note 10.4 provides a breakdown of instruments used to hedge energy and commodity risks.

10.1.3.2 Interest rate risk

The Group's overall exposure to interest rate risk on consolidated debt is managed by the Treasury and Financing Department of Compagnie de Saint-Gobain.

The Group's policy is aimed at fixing and optimizing its medium-term borrowing costs by hedging interest rate risk. According to Group policy, the derivative financial instruments used to hedge interest rate risk can include interest rate swaps, cross-currency swaps, options – including caps, floors and swaptions – and forward rate agreements.

The table below shows the sensitivity at December 31, 2021 of pre-tax income and pre-tax equity to fluctuations in the interest rate on the Group's net debt after hedging:

(in EUR millions)	Impact on pre-tax income	Impact on pre-tax equity
Interest rate increase of 50 basis points	23	7
Interest rate decrease of 50 basis points	(23)	(7)

Note 10.4 provides a breakdown of instruments used to hedge interest rate risk and of gross debt by type of interest (fixed or variable) after hedging.

10.1.3.3 Foreign exchange risk

The currency hedging policies described below could be insufficient to protect the Group against unexpected or sharper than expected fluctuations in exchange rates resulting from economic and financial market conditions.

Foreign exchange risks are managed by hedging virtually all transactions entered into by Group entities in currencies other than the functional currency of the particular entity. Compagnie de Saint-Gobain and its subsidiaries may use forward contracts and options to hedge exposures arising from current and forecast transactions.

The subsidiaries generally set up contracts through the Group's parent company, Compagnie de Saint-Gobain, which then carries out the corresponding forex hedging transactions on their behalf, or through the regional cash pools. Failing this, contracts are taken out with one of the subsidiary's banks.

Most forward contracts have short maturities of around three months. However, forward contracts taken out to hedge firm orders may have longer terms.

The Group monitors its exposure to foreign exchange risk using a monthly reporting system that captures the foreign exchange positions taken by its subsidiaries. At December 31, 2021, 98% of the Group's foreign exchange exposure was hedged.

The residual net foreign exchange exposure of subsidiaries for the currencies presented below was as follows at December 31, 2021:

(in millions of euro equivalent)	Long	Short
EUR	3	4
USD	18	4
Other currencies	0	2
TOTAL	**21**	**10**

The table below gives an analysis, as of December 31, 2021, of the sensitivity of the Group's pre-tax income to a 10% increase in the exchange rates of the following currencies given the subsidiaries' residual net foreign exchange exposure:

Currency of exposure *(in millions of euro equivalent)*	**Impact on pre-tax income**
EUR	(0.1)
USD	1.4
Other currencies	(0.2)
TOTAL	**1.1**

Assuming that all other variables remained unchanged, a 10% fall in the exchange rates for these currencies at December 31, 2021 would have the opposite impact.

Note 10.4 provides a breakdown of instruments used to hedge foreign exchange risk.

10.1.3.4 Saint-Gobain share price risk

The Group is exposed to changes in the Saint-Gobain share price as a result of its performance unit incentive plans. To reduce its exposure to fluctuations in the share price, the Group uses hedging instruments such as equity swaps.

As a result, if the price of the Saint-Gobain share changes, any changes in the expense recorded in the income statement will be fully offset by the hedges in place.

Note 10.4 provides a breakdown of instruments used to hedge share price risk.

10.2 Net financial income (expense)

Net financial income (expense) includes borrowing and other financing costs, income from cash and cash equivalents, interest on lease liabilities, interest cost for pension and other post-employment benefit plans net of the return on plan assets, and other financial income and expense.

Net financial income (expense) in 2021 and 2020 includes:

(in EUR millions)	**2021**	**2020**
Borrowing costs, gross	(240)	(274)
Income from cash and cash equivalents	7	6
BORROWING COSTS, NET, EXCLUDING LEASE LIABILITIES	**(233)**	**(268)**
Interest on lease liabilities	(54)	(58)
TOTAL BORROWING COSTS, NET	**(287)**	**(326)**
Interest cost – pension and other post-employment benefit obligations	(190)	(234)
Return on plan assets	160	204
INTEREST COST – PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS, NET	**(30)**	**(30)**
Other financial expense	(106)	(105)
Other financial income*	16	42
OTHER FINANCIAL INCOME AND EXPENSE	**(90)**	**(63)**
NET FINANCIAL INCOME (EXPENSE)	**(407)**	**(419)**

* *Including €33 million of dividends received from Sika in 2020.*

10.3 Net debt

10.3.1 Long- and short-term debt

10.3.1.1 Long-term debt

Long-term debt includes bonds, perpetual bonds, participating securities, long-term securitization and all other types of long-term financial liabilities, including the fair value of interest rate hedging derivatives.

Under IAS 32, the distinction between financial liabilities and equity is based on the substance of the contracts concerned rather than their legal form. As a result, participating securities are classified as debt.

At the end of the reporting period, long-term debt (excluding interest rate derivatives) is measured at amortized cost. Premiums and issuance costs are amortized using the effective interest method.

10.3.1.2 Short-term debt

Besides the current portion of long-term debt described above, short-term debt includes financing programs such as commercial paper, short-term securitization, bank overdrafts and other short-term financial liabilities including the fair value of derivatives related to debt and accrued interest on borrowings.

Short-term debt, excluding derivatives related to debt, is measured at amortized cost at the end of the reporting period. Premiums and issuance costs are amortized using the effective interest method.

10.3.1.3 Lease liabilities

Lease liabilities represent obligations to make lease payments in accordance with IFRS 16.

10.3.1.4 Cash and cash equivalents

Cash and cash equivalents mainly consist of bank accounts and marketable securities that are short-term (*i.e.*, generally with maturities of less than three months), highly liquid investments readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Marketable securities are measured at fair value through profit or loss.

Long- and short-term debt consists of the following:

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Bond issues	8,521	9,469
Perpetual bonds and participating securities	203	203
Long-term securitization	280	280
Other long-term financial liabilities	190	227
NON-CURRENT PORTION OF LONG-TERM DEBT	**9,194**	**10,179**
Bond issues	1,000	1,500
Long-term securitization	220	220
Other long-term financial liabilities	116	126
CURRENT PORTION OF LONG-TERM DEBT	**1,336**	**1,846**
Short-term financing programs (NEU CP, US CP, Euro CP)	0	0
Short-term securitization	263	144
Bank overdrafts and other short-term financial liabilities	282	357
SHORT-TERM DEBT	**545**	**501**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES	**11,075**	**12,526**
Lease liabilities	3,155	3,098
TOTAL GROSS DEBT	**14,230**	**15,624**
Cash at banks	(1,725)	(1,559)
Mutual funds and other marketable securities	(5,218)	(6,884)
CASH AND CASH EQUIVALENTS	**(6,943)**	**(8,443)**
TOTAL NET DEBT	**7,287**	**7,181**

Changes in the Group's long-term debt (excluding lease liabilities) can be analyzed as follows:

	Dec. 31, 2020	Cash impact		No cash impact			Dec. 31, 2021
(in EUR millions)		Increases	Decreases	Changes in Group structure	Translation adjustments	Other	
Non-current portion of long-term debt	10,179	42	(77)	0	66	(1,016)	9,194
Current portion of long-term debt	1,846	10	(1,507)	1	1	985	1,336
TOTAL LONG-TERM DEBT	**12,025**	**52**	**(1,584)**	**1**	**67**	**(31)**	**10,530**

The main changes with an impact on cash are described in note 10.3.3. The main change with no cash impact in the "Other" column relates to the reclassification of debt maturing within 12 months in the current portion of long-term debt.

The fair value of gross long-term debt (including the current portion), excluding lease liabilities, managed by Compagnie de Saint-Gobain amounts to €10.4 billion at December 31, 2021 (carrying amount: €9.8 billion). The fair value of bonds corresponds to the market price at the last cotation of the year. For other borrowings, fair value is considered equal to the amount repayable.

10.3.2 Gross debt repayment schedule

The schedule of the Group's total gross debt as of December 31, 2021 is as follows:

(in EUR millions)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	1,000	3,943	3,925	8,868
	GBP		357	296	653
Perpetual bonds and participating securities	EUR			203	203
Long-term securitization	EUR	220	280		500
Other long-term financial liabilities	All currencies	13	58	132	203
Accrued interest on long-term debt	All currencies	103			103
TOTAL LONG-TERM DEBT		**1,336**	**4,638**	**4,556**	**10,530**
SHORT-TERM DEBT	**All currencies**	**545**	**0**	**0**	**545**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES		**1,881**	**4,638**	**4,556**	**11,075**
Lease liabilities	All currencies	681	1,630	844	3,155
TOTAL GROSS DEBT		**2,562**	**6,268**	**5,400**	**14,230**

At December 31, 2021, future interest payments on gross long-term debt (including the current portion), excluding lease liabilities, managed by Compagnie de Saint-Gobain can be broken down as follows:

(in EUR millions)	Within 1 year	1 to 5 years	Beyond 5 years	Total
Future interest payments on gross long-term debt	184	513	427	1,124

Interest on perpetual bonds and on participating securities is calculated up to 2049.

10.3.3 Bonds

Compagnie de Saint-Gobain also redeemed the following instruments at maturity:

- a €750 million private placement paying variable-rate interest at 3-month Euribor +0.35% on March 22, 2021;
- €750 million worth of 3.625% bonds on June 15, 2021.

10.3.4 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000 (€5,000 today).

A total of 18,496 perpetual bonds have since been bought back and canceled, and 6,504 perpetual bonds are outstanding at December 31, 2021, representing a total face value of €33 million.

The bonds bear interest at a variable rate (average of interbank rates offered by the five reference banks for six-month euro deposits). The amount paid out per bond in 2021 was €0.

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

10.3.5 Participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At December 31, 2021, 606,883 securities are still outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond yield (TMO), based on the Group's consolidated income. The amount paid out per bond in 2021 was €0.18.

In April 1984, 194,633 non-voting participating securities were issued by Compagnie de Saint-Gobain with a face value of ECU 1,000 (€1,000 today).

A certain number of these participating securities has been bought back over the years. At December 31, 2021, 77,516 securities are still outstanding, with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the reference six-month Euribor rate +7/8%. The amount paid per security in 2021 was €61.30, settled in two installments (€27.95 and €33.35).

These participating securities are not redeemable and the interest paid on them is classified as a component of finance costs.

10.3.6 Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper).

At December 31, 2021, the state of these programs is as follows:

(in EUR millions)	Authorized drawings	Authorized limits at Dec. 31, 2021	Balance outstanding at Dec. 31, 2021	Balance outstanding at Dec. 31, 2020
Medium-Term Notes	any duration	15,000	9,649	11,149
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	883*	0	0
Euro Commercial Paper	up to 12 months	883*	0	0

* *Equivalent of USD 1,000 million based on the exchange rate at December 31, 2021.*

In accordance with market practices, Negotiable European Commercial Paper (NEU CP), US Commercial Paper and Euro Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt since they are rolled over at frequent intervals.

10.3.7 Syndicated lines of credit

Compagnie de Saint-Gobain has two syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its NEU CP, US Commercial Paper and Euro Commercial Paper programs):

- a €2.5 billion syndicated line of credit, maturing in December 2024 after the exercise of the two one-year rollover options;
- a second €1.5 billion syndicated line of credit, also maturing in December 2024 after the exercise of the two one-year rollover options.

Based on the Group's current credit rating for long-term debt, the two facilities are not subject to any covenants. Neither of these two lines of credit was drawn down at December 31, 2021.

10.3.8 Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary Point.P Finances GIE, and the other through its US subsidiary, Saint-Gobain Receivables Corporation.

The French program, covering an amount of up to €500 million, represented €500 million at both December 31, 2021 and December 31, 2020.

Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €280 million of this amount is classified as non-current and the remaining balance as current.

Under the US program, covering a maximum of up to USD 400 million, a total of USD 298 million had been drawn down at December 31, 2021. Its value amounts to an equivalent in euros of €263 million compared to €144 million at December 31, 2020.

10.3.9 Collateral

At December 31, 2021, €2 million of Group debt is secured by various non-current assets (real estate and securities).

10.3.10 Factoring

The Group has set up several trade receivables factoring programs. Based on an analysis of the risks and rewards as defined by IFRS 9, the Group has derecognized virtually all of the receivables sold under these programs. In all, €492 million in factored receivables were derecognized at December 31, 2021, compared to €368 million at December 31, 2020.

10.3.11 IBOR reform

The Group analyzed the impact of the reform of interbank offered rates (IBOR) on its financial instruments. No significant impact was identified for the instruments used. However, certain contracts were revised and information systems are being adapted accordingly.

10.4 Financial instruments

The Group uses interest rate, foreign exchange, energy, commodity and equity derivatives to hedge its exposure to changes in interest rates, exchange rates, and energy, commodity and equity prices that may arise in the normal course of business.

In accordance with IAS 32 and IFRS 9, all such instruments are recognized in the balance sheet and measured at fair value, irrespective of whether or not they are part of a hedging relationship that qualifies for hedge accounting under IFRS 9.

Changes in the fair value of both derivatives that are designated and qualified as fair value hedges and derivatives that do not qualify for hedge accounting during the period are taken to the income statement (in business income and expense for operational foreign exchange derivatives and commodity derivatives not qualifying for hedge accounting, and in financial income and expense for all other derivatives). However, in the case of derivatives that qualify as cash flow hedges, the effective portion of the gain or loss arising from changes in fair value is recognized directly in equity, and only the ineffective portion is recognized in the income statement.

Fair value hedges

Fair value hedge accounting is applied by the Group mainly for derivative instruments which swap fixed rates against variable rates (fixed-for-floating interest rate swaps). These derivatives hedge fixed-rate debt exposed to a fair value risk. In accordance with hedge accounting principles, debt included in a designated fair value hedging relationship is remeasured at fair value to the extent of the risk hedged. As the loss or gain on the underlying hedged item offsets the effective portion of the gain or loss on the fair value hedge, the income statement is only impacted by the ineffective portion of the hedge.

Cash flow hedges

Cash flow hedge accounting is applied by the Group mainly for derivative instruments which fix the cost of future investments (financial assets or property, plant and equipment) and the price of future purchases, mostly gas and fuel oil (commodity swaps) or foreign currencies (foreign exchange forwards). Transactions hedged by these instruments are qualified as highly probable. The application of cash flow hedge accounting allows the Group to defer the impact on the income statement of the effective portion of changes in the fair value of these derivatives by recording them in a hedging reserve in equity. This reserve is reclassified to the income statement when the hedged transaction occurs and the hedged item itself affects income. In the same way as for fair value hedges, cash flow hedging limits the Group's exposure to changes in the fair value of these derivatives to the ineffective portion of the hedge.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement. The instruments concerned are primarily foreign exchange swaps and foreign exchange forwards.

Fair value of financial instruments

The fair value of financial assets and financial liabilities corresponds to their quoted price on an active market (if any): this represents level 1 in the fair value hierarchy defined in IFRS 7 and IFRS 13. The fair value of instruments not quoted in an active market, such as derivatives or financial assets and liabilities, is determined by reference to commonly used valuation techniques such as the fair value of another recent and similar transaction, or discounted cash flow analysis based on observable market inputs. This represents level 2 in the fair value hierarchy defined in IFRS 7 and IFRS 13.

The fair value of short-term financial assets and liabilities is considered as being the same as their carrying amount due to their short maturities.

The following table presents a breakdown of the main derivatives used by the Group:

	Fair value				Nominal amount by maturity			
(in EUR millions)	Derivatives recorded in assets	Derivatives recorded in liabilities	Dec. 31, 2021	Dec. 31, 2020	Within 1 year	1 to 5 years	Beyond 5 years	Dec. 31, 2021
FAIR VALUE HEDGES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash flow hedges								
Currency	9	(3)	6	1	520	12	0	532
Interest rate	0	(60)	(60)	(92)	0	95	378	473
Energy and commodities	6	0	6	0	16	1	0	17
Other risks: equities	12	0	12	0	5	25	0	30
CASH FLOW HEDGES – TOTAL	**27**	**(63)**	**(36)**	**(91)**	**541**	**133**	**378**	**1,052**
Derivatives not qualifying for hedge accounting mainly contracted by Compagnie de Saint-Gobain								
Currency	18	(4)	14	(4)	3,021	0	0	3,021
Interest rate	0	0	0	0	0	0	0	0
Energy and commodities	0	0	0	0	0	0	0	0
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING – TOTAL	**18**	**(4)**	**14**	**(4)**	**3,021**	**0**	**0**	**3,021**
TOTAL	**45**	**(67)**	**(22)**	**(95)**	**3,562**	**133**	**378**	**4,073**

10.4.1 Currency instruments

Currency swaps

The Group uses currency swaps mainly to convert euro-denominated funds into foreign currencies for cash management purposes.

Forward foreign exchange contracts and currency options

Forward foreign exchange contracts and currency options are used to hedge foreign currency transactions, particularly commercial transactions (purchases and sales) and investments.

10.4.2 Interest rate instruments

Interest rate swaps

The Group uses interest rate swaps to convert part of its fixed/variable-rate bank debt and bond debt to variable/fixed rates.

Cross-currency swaps

The Group uses cross-currency swaps to convert foreign currency (euro) debt into euro (foreign currency) debt.

10.4.3 Energy and commodities

Energy and commodity swaps

Energy and commodity swaps are used to hedge the risk of changes in the price of certain purchases used in Group subsidiaries' operating activities, particularly energy (fuel oil, natural gas and electricity) purchases.

10.4.4 Other risks

Equity derivatives

Equity derivatives are used to hedge the risk of changes in the Saint-Gobain share price in connection with the performance units long-term incentive plan.

10.4.5 Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At December 31, 2021, credit value adjustments were not material.

10.4.6 Impact on equity of financial instruments qualifying for cash flow hedge accounting

At December 31, 2021, the IFRS cash flow hedge reserve carried in equity has a debit balance of €32 million, consisting mainly of:

- a debit balance of €27 million in relation to cross-currency swaps designated as cash flow hedges that are used to convert a GBP bond issue into euros;
- a debit balance of €17 million corresponding to changes in the fair value of interest rate hedges classified as cash flow hedges;
- a credit balance of €6 million corresponding to changes in fair value of energy hedges qualified as cash flow hedges;
- a credit balance of €6 million corresponding to changes in fair value of currency derivatives qualified as cash flow hedges.

The ineffective portion of cash flow hedge derivatives is not material.

10.4.7 Impact on income of financial instruments not qualifying for hedge accounting

The fair value of derivatives classified as "Financial assets and liabilities at fair value through profit or loss" represents a gain of €14 million in 2021 compared to a loss of €4 million in 2020.

10.4.8 Embedded derivatives

The Saint-Gobain Group regularly analyzes its contracts in order to separately identify financial instruments classified as embedded derivatives under IFRS.

At December 31, 2021, no embedded derivatives deemed to be material at Group level were identified.

10.4.9 Group debt structure (excluding lease liabilities)

The weighted average interest rate on total gross debt under IFRS and after hedging (interest rate swaps and cross-currency swaps) was 2.1% at December 31, 2021, compared with 2.0% at December 31, 2020.

The average internal rate of return for the main component of the Group's long-term debt before hedging (bonds) was 2.5% at December 31, 2021, compared with 2.4% at December 31, 2020.

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at December 31, 2021, taking into account interest rate and cross-currency swaps.

	Gross debt, excluding lease liabilities		
(in EUR millions)	Variable rate	Fixed rate	Total
EUR	826	8,640	9,466
Other currencies	549	906	1,455
TOTAL	**1,375**	**9,546**	**10,921**
(in %)	13%	87%	100%
Accrued interest and other			154
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES			**11,075**

10.5 Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 9:

At December 31, 2021

		Financial instruments				Financial instruments at fair value			
(in EUR millions)	Notes	Fair value through profit or loss	Fair value through the statement of recognized income and expense	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				6,573	6,573				0
Loans, deposits and surety	(8)			398	398				0
Equity investments and other	(8)		130		130			130	130
Derivatives recorded in assets		18	27		45		45		45
Cash and cash equivalents		5,218		1,727	6,945	5,218			5,218
TOTAL FINANCIAL ASSETS		**5,236**	**157**	**8,698**	**14,091**	**5,218**	**45**	**130**	**5,393**
Trade and other accounts payable				(11,708)	(11,708)				0
Long- and short-term debt				(11,022)	(11,022)				0
Long- and short-term lease liabilities				(3,155)	(3,155)				0
Derivatives recorded in liabilities		(4)	(63)		(67)		(67)		(67)
TOTAL FINANCIAL LIABILITIES		**(4)**	**(63)**	**(25,885)**	**(25,952)**	**0**	**(67)**	**0**	**(67)**
FINANCIAL ASSETS AND LIABILITIES – NET		**5,232**	**94**	**(17,187)**	**(11,861)**	**5,218**	**(22)**	**130**	**5,326**

At December 31, 2020

		Financial instruments				Financial instruments at fair value			
(in EUR millions)	Notes	Fair value through profit or loss	Fair value through the statement of recognized income and expense	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				5,768	5,768				0
Loans, deposits and surety	(8)			441	441				0
Equity investments and other	(8)		70		70			70	70
Derivatives recorded in assets		96	3		99		99		99
Cash and cash equivalents		6,884		1,559	8,443	6,884			6,884
TOTAL FINANCIAL ASSETS		**6,980**	**73**	**7,768**	**14,821**	**6,884**	**99**	**70**	**7,053**
Trade and other accounts payable				(9,723)	(9,723)				0
Long- and short-term debt				(12,418)	(12,418)				0
Long- and short-term lease liabilities				(3,098)	(3,098)				0
Derivatives recorded in liabilities		(100)	(94)		(194)		(194)		(194)
TOTAL FINANCIAL LIABILITIES		**(100)**	**(94)**	**(25,239)**	**(25,433)**	**0**	**(194)**	**0**	**(194)**
FINANCIAL ASSETS AND LIABILITIES – NET		**6,880**	**(21)**	**(17,471)**	**(10,612)**	**6,884**	**(95)**	**70**	**6,859**

IFRS 13 ranks the inputs used to determine fair value:

- level 1: inputs resulting from quoted prices on an active market for identical instruments;
- level 2: inputs other than level 1 inputs that can be observed directly or indirectly;
- level 3: all other non-observable inputs.

NOTE 11 Shareholders' equity and earnings per share

11.1 Equity

11.1.1 Equity

At December 31, 2021, the capital stock of Compagnie de Saint-Gobain comprised a total of 524,017,595 shares, each with a par value of €4 (December 31, 2020: 532,683,713 shares).

11.1.2 Additional paid-in capital and legal reserve

This item includes capital contributions in excess of the par value of capital stock as well as the legal reserve, which corresponds to a cumulative portion of the yearly net income of Compagnie de Saint-Gobain.

11.1.3 Retained earnings and consolidated net income

Retained earnings and consolidated net income correspond to the Group's share in the undistributed earnings of all consolidated companies.

11.1.4 Treasury stock

Treasury stock is measured at cost and recorded as a deduction from equity. Gains and losses on disposals of treasury stock are recognized directly in equity and have no impact on net income for the period.

Forward purchases of treasury stock are treated in the same way. When a fixed number of shares is purchased forward at a fixed price, this amount is recorded in "Other liabilities" against a deduction from equity under "Retained earnings and net income for the year".

Saint-Gobain shares held or controlled by Compagnie de Saint-Gobain and Saint-Gobain Corporation are shown as a deduction from equity under "Treasury stock" at acquisition cost.

The liquidity agreement signed with Exane BNP Paribas on November 16, 2007 and implemented on December 3, 2007 for a period up to December 31, 2007 has been automatically renewed since that date.

At December 31, 2021, 2,746,687 shares were held in treasury (December 31, 2020: 2,650,208 shares). In 2021, the Group acquired 16,865,006 shares (2020: 20,733,422 shares) directly on the market, and sold 2,525,353 shares (2020: 2,578,937 shares). Lastly, 14,243,174 shares were canceled in 2021 and 18,100,000 shares in 2020.

For the purposes of a compensation plan set up in January 2008 for certain employees in the United States, Compagnie de Saint-Gobain shares are held by the trustee, Wachovia Bank, National Association. In the consolidated financial statements, these shares are treated as being controlled by Saint-Gobain Corporation.

11.1.5 Number of shares

	Number of shares	
	Issued	Outstanding
NUMBER OF SHARES AT DECEMBER 31, 2019	**544,683,451**	**542,087,728**
Group Savings Plan	6,099,996	6,099,996
Stock subscription option plans	266	266
Shares purchased		(20,733,422)
Shares sold		2,578,937
Shares canceled	(18,100,000)	
NUMBER OF SHARES AT DECEMBER 31, 2020	**532,683,713**	**530,033,505**
Group Savings Plan	5,562,855	5,562,855
Stock subscription option plans	14,201	14,201
Shares purchased		(16,865,006)
Shares sold		2,525,353
Shares canceled	(14,243,174)	
NUMBER OF SHARES AT DECEMBER 31, 2021	**524,017,595**	**521,270,908**

11.1.6 Dividends

The Annual Shareholders' Meeting of June 3, 2021 approved the recommended dividend payout for 2020 representing €1.33 per share. The ex-dividend date was June 7 and the dividend was paid on June 9, 2021.

11.2 Earnings per share

11.2.1 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of shares of the Group outstanding during the period.

Basic earnings per share are as follows:

	2021	2020
Group share of net income *(in EUR millions)*	2,521	456
Weighted average number of shares in issue	526,244,506	536,452,195
BASIC EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in EUR)*	**4.79**	**0.85**

11.2.2 Diluted earnings per share

Diluted earnings per share are calculated by adjusting earnings per share and the average number of shares outstanding for the effects of all potential dilutive common shares, such as stock options and performance shares.

Diluted earnings per share are as follows:

	2021	2020
Group share of net income *(in EUR millions)*	2,521	456
Weighted average number of shares assuming full dilution	529,905,261	539,325,415
DILUTED EARNINGS (LOSS) PER SHARE, GROUP SHARE *(in EUR)*	**4.76**	**0.85**

The weighted average number of shares assuming full dilution is calculated based on the weighted average number of shares outstanding, assuming conversion of all dilutive instruments. The Group's dilutive instruments include stock options and performance share grants, corresponding to a weighted average of 170,339 and 3,490,416 instruments, respectively, at December 31, 2021.

NOTE 12 Tax

12.1 Income taxes

Current income tax is the estimated amount of tax payable in respect of income for a given period, calculated by reference to the tax rates that have been enacted or substantively enacted at the end of the reporting period, plus any adjustments to current taxes recorded in previous financial periods.

Income tax expense breaks down as follows:

(in EUR millions)	2021	2020
CURRENT TAXES	**(843)**	**(519)**
France	(104)	(67)
Outside France	(739)	(452)
DEFERRED TAXES	**(76)**	**(7)**
France	(13)	(72)
Outside France	(63)	65
TOTAL INCOME TAX EXPENSE	**(919)**	**(526)**

Theoretical tax expense was reconciled with current tax expense using a tax rate of 28.41% in 2021 and 32.02% in 2020, and can be analyzed as follows:

(in EUR millions)	2021	2020
Net income	2,614	489
Less:		
Share in net income of equity-accounted companies	56	15
Income taxes	(919)	(526)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**3,477**	**1,000**
French tax rate	28.41%	32.02%
Theoretical tax expense at French tax rate	(988)	(320)
Impact of different tax rates	117	73
Asset impairment, capital gains and losses on asset disposals	(34)	(129)
Deferred tax assets not recognized and provisions for deferred tax assets	75	(75)
Liability method	(106)	(27)
Research tax credit and value-added contribution for businesses (CVAE)	(6)	(16)
Deduction of interest not deductible in France	15	(3)
Costs related to dividends	(39)	(54)
Other taxes and changes in provisions	47	25
TOTAL INCOME TAX EXPENSE	**(919)**	**(526)**

The increase in future tax rates for the United Kingdom from 19% to 25% (applicable as of April 1, 2023) led the Group to recognize a tax expense of €106 million for 2021 in connection with the liability method.

The contribution of countries with low tax rates explains the impact of the different tax rates applicable outside France. The main contributors are the United States, Sweden, Norway, Poland, Switzerland, the Czech Republic, Ireland, the United Kingdom, China and India.

12.2 Deferred tax

Deferred tax assets and liabilities are recorded using the balance sheet method for temporary differences between the carrying amount of assets and liabilities and their tax basis. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability settled, based on the tax laws that have been enacted or substantively enacted at the end of the reporting period.

No deferred tax liability is recognized in respect of undistributed earnings of subsidiaries that are not intended to be distributed.

For investments in subsidiaries, deferred tax is recognized on the difference between the consolidated carrying amount of the investments and their tax basis when it is probable that the temporary difference will reverse in the foreseeable future.

Deferred taxes are recognized as income or expense in the income statement, unless they relate to items that are recognized directly in equity, in which case they are also recognized in equity. Income tax resulting from changes in tax rates is recognized in income, except where it relates to items initially recognized in equity.

In the balance sheet, changes in net deferred tax assets and liabilities break down as follows:

(in EUR millions)	**Net deferred tax asset/(liability)**
NET VALUE AT JANUARY 1, 2020	**385**
Deferred tax (expense)/benefit	(7)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	4
Liability method on actuarial gains and losses	16
Translation adjustments and restatement for hyperinflation	(1)
Assets and liabilities held for sale	(3)
Changes in Group structure and other	(89)
NET VALUE AT DECEMBER 31, 2020	**305**
Deferred tax (expense)/benefit	(76)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	(196)
Liability method on actuarial gains and losses *	60
Translation adjustments and restatement for hyperinflation	(11)
Assets and liabilities held for sale	0
Changes in Group structure and other	(61)
NET VALUE AT DECEMBER 31, 2021	**21**

* *In 2021, the liability method on actuarial gains and losses mainly concerns the United Kingdom.*

Changes in Group structure relate mainly to the first-time consolidation of Chryso.

The table below shows the main deferred tax components:

(in EUR millions)	**Dec. 31, 2021**	**Dec. 31, 2020**
Pensions	246	465
Brands, customer relationships and intellectual property	(512)	(432)
Depreciation and amortization, accelerated capital allowances and tax-driven provisions	(693)	(644)
Tax loss carry-forwards	410	440
Other	570	476
NET DEFERRED TAX	**21**	**305**
Of which:		
Deferred tax assets	576	665
Deferred tax liabilities	(555)	(360)

Deferred taxes are offset at the level of each tax entity, *i.e.*, by tax group where applicable (mainly in France, the United Kingdom, Spain, Germany, the United States and the Netherlands).

Deferred tax assets of €576 million were recognized at December 31, 2021 (€665 million at December 31, 2020), primarily in France (€89 million), the United States (€43 million), Germany (€183 million) and Italy (€53 million). Deferred tax liabilities of €555 million were recognized at December 31, 2021 (€360 million at December 31, 2020), including €309 million in the United Kingdom, €59 million in Switzerland, €40 million in India, and €39 million in Denmark. Deferred tax liabilities in other countries were not material.

12.3 Tax loss carry-forwards

Deferred tax assets are recognized only if it is considered probable that there will be sufficient future taxable income against which the temporary difference can be utilized. They are reviewed at the end of each reporting period and written down to the extent that it is no longer probable that there will be sufficient taxable income against which the temporary difference can be utilized. In determining whether to recognize deferred tax assets for tax loss carry-forwards, the Group applies a range of criteria that take into account the probable recovery period based on business plans and the strategy for the long-term recovery of tax losses applied in each country.

The Group recognized deferred tax assets for tax loss carry-forwards for a net amount of €410 million at December 31, 2021 and €440 million at December 31, 2020. This principally relates to the United States, for which the recovery period is shorter than the maximum utilization period of 20 years, and to France, Germany and Spain, where tax consolidation generally ensures that deferred tax can be recovered. In these countries, tax losses may be carried forward indefinitely. Nevertheless, after analyzing each situation, the Group may decide not to recognize them.

At December 31, 2021, deferred tax assets whose recovery is not considered probable totaled €299 million (December 31, 2020: €374 million) and a provision had been accrued for the full amount. Unrecognized deferred tax assets chiefly relate to France, China, Germany, Spain and the United States.

In light of the improved situation in France, €53 million of the €60 million provision recognized at December 31, 2020 was written back in 2021.

NOTE 13 Subsequent events

None.

NOTE 14 Fees paid to the Statutory Auditors

Total fees paid to the Statutory Auditors and recognized in the income statement in 2021 and 2020 are detailed in the “Additional information and cross-reference tables” section of the Universal Registration Document.

NOTE 15 Principal consolidated companies

The table below shows the Group's principal consolidated companies, typically those with annual sales of over €100 million.

High Performance Solutions	Country	Consolidation method	Percentage held directly and indirectly
Saint-Gobain Diamantwerkzeuge GmbH, Norderstedt*	Germany	Full consolidation	100.00%
Saint-Gobain Abrasives GmbH, Wesseling*	Germany	Full consolidation	100.00%
Supercut Europe GmbH, Baesweiler*	Germany	Full consolidation	100.00%
Ernst Winter & Sohn Norderstedt GmbH & Co. KG, Norderstedt*	Germany	Full consolidation	100.00%
Saint-Gobain Performance Plastics Isofluor GmbH, Neuss*	Germany	Full consolidation	100.00%
Saint-Gobain Performance Plastics MG Silikon GmbH, Lindau*	Germany	Full consolidation	100.00%
Saint-Gobain Performance Plastics Pampus GmbH, Willich*	Germany	Full consolidation	100.00%
Saint-Gobain Performance Plastics L+S GmbH, Wertheim*	Germany	Full consolidation	100.00%
Saint-Gobain Performance Plastics Biolink GmbH, Waakirchen*	Germany	Full consolidation	100.00%
Saint-Gobain Adfors Deutschland GmbH, Neustadt an der Donau*	Germany	Full consolidation	100.00%
H.K.O. Isolier- und Textiltechnik GmbH, Oberhausen*	Germany	Full consolidation	100.00%
BEUHKO Fasertechnik GmbH, Leinefelde-Worbis*	Germany	Full consolidation	100.00%
SEPR Keramik GmbH & Co. KG, Aachen*	Germany	Full consolidation	100.00%
Freudenberger Autoglas GmbH, München*	Germany	Full consolidation	99.99%
Freeglass GmbH & Co. KG, Schwaikheim*	Germany	Full consolidation	99.99%
Saint-Gobain Sekurit Deutschland GmbH, Herzogenrath*	Germany	Full consolidation	99.99%
Saint-Gobain Sekurit Deutschland Beteiligungen GmbH, Herzogenrath*	Germany	Full consolidation	99.99%
FABA Autoglas Technik GmbH & Co. Betriebs-KG, Berlin*	Germany	Full consolidation	99.99%
Saint-Gobain Autover Deutschland GmbH, Kerpen*	Germany	Full consolidation	99.99%
Saint-Gobain Innovative Materials Belgium	Belgium	Full consolidation	99.98%
Saint-Gobain Do Brasil Produtos Industriais e Para Construçao Ltda	Brazil	Full consolidation	100.00%
Saint-Gobain Canada, Inc.	Canada	Full consolidation	100.00%
Saint-Gobain Performance Plastics (Shanghai) Co., LTD	China	Full consolidation	100.00%
Saint-Gobain Abrasives (Shanghai) Co., LTD	China	Full consolidation	99.99%
SG Hanglas Sekurit (Shanghai) Co., Ltd	China	Full consolidation	99.81%
Hankuk Sekurit Limited	South Korea	Full consolidation	99.63%
Saint-Gobain Cristaleria S.L	Spain	Full consolidation	99.83%
Saint-Gobain Adfors America, Inc.	United States	Full consolidation	100.00%
Saint-Gobain Performance Plastics Corporation	United States	Full consolidation	100.00%
Saint-Gobain Abrasives, Inc.	United States	Full consolidation	100.00%
Saint-Gobain Ceramics & Plastics, Inc.	United States	Full consolidation	100.00%
Saint-Gobain Corporation	United States	Full consolidation	100.00%
Chryso	France	Full consolidation	100.00%
Saint-Gobain Abrasifs	France	Full consolidation	99.98%
Société Européenne des Produits Réfractaires – SEPR	France	Full consolidation	100.00%
Saint-Gobain Sekurit France	France	Full consolidation	100.00%
Grindwell Norton Ltd	India	Full consolidation	51.59%
Saint-Gobain Sekurit Italia S.R.L.	Italy	Full consolidation	100.00%
Saint-Gobain K.K.	Japan	Full consolidation	100.00%
Saint-Gobain America S.A De C.V	Mexico	Full consolidation	99.83%
Saint-Gobain Mexico	Mexico	Full consolidation	99.83%
Saint-Gobain Abrasives BV	Netherlands	Full consolidation	100.00%
Saint-Gobain HPM Polska Sp. Zoo	Poland	Full consolidation	100.00%
Saint-Gobain Innovative Materials Polska Sp. Zoo	Poland	Full consolidation	99.97%
Saint-Gobain Adfors CZ S.R.O.	Czech Republic	Full consolidation	100.00%
Saint-Gobain Sekurit CZ, Spol S.R.O	Czech Republic	Full consolidation	99.99%

Northern Europe	Country	Consolidation method	Percentage held directly and indirectly
Saint-Gobain Glass Deutschland GmbH, Stolberg*	Germany	Full consolidation	99.99%
Flachglas Torgau GmbH, Torgau*	Germany	Full consolidation	99.99%
Saint-Gobain Weisswasser GmbH, Aachen*	Germany	Full consolidation	99.99%
Saint-Gobain Deutsche Glas GmbH, Stolberg*	Germany	Full consolidation	99.99%
Vetrotech Saint-Gobain Würselen GmbH, Würselen*	Germany	Full consolidation	99.99%
Saint-Gobain Glassolutions Isolierglas-Center GmbH, Bamberg*	Germany	Full consolidation	99.99%
Kaimann GmbH	Germany	Full consolidation	100.00%
Saint-Gobain Isover G+H Aktiengesellschaft*	Germany	Full consolidation	99.91%
Saint-Gobain Rigips GmbH*	Germany	Full consolidation	100.00%
Saint-Gobain Weber GmbH*	Germany	Full consolidation	100.00%
Saint-Gobain PAM Deutschland GmbH*	Germany	Full consolidation	100.00%
Saint-Gobain Glassolutions Augustdorf, Augustdorf*	Germany	Full consolidation	99.99%
Saint-Gobain Brüggemann Holzbau GmbH, Neuenkirchen*	Germany	Full consolidation	100.00%
Brüggemann Dach- & Wandtechnik GmbH, Neuenkirchen*	Germany	Full consolidation	100.00%
Brüggemann Effizienzhaus GmbH, Neuenkirchen*	Germany	Full consolidation	100.00%
Saint-Gobain Austria GmbH	Austria	Full consolidation	100.00%
Saint-Gobain Denmark A/S	Denmark	Full consolidation	100.00%
Saint-Gobain Distribution Denmark	Denmark	Full consolidation	100.00%
Saint-Gobain Finland OY	Finland	Full consolidation	100.00%
Dahl Suomi OY	Finland	Full consolidation	100.00%
Saint-Gobain Construction Products (Ireland) Limited	Ireland	Full consolidation	100.00%
Glava As	Norway	Full consolidation	100.00%
Saint-Gobain Byggevarer AS	Norway	Full consolidation	100.00%
Brødrene Dahl As (Norway)	Norway	Full consolidation	100.00%
Optimera As	Norway	Full consolidation	100.00%
Saint-Gobain Polska Sp. Zoo	Poland	Full consolidation	99.98%
Saint-Gobain Construction Products Polska Sp Zoo	Poland	Full consolidation	100.00%
Saint-Gobain Construction Products CZ AS	Czech Republic	Full consolidation	100.00%
Saint-Gobain Construction Products Romania Srl	Romania	Full consolidation	100.00%
Saint-Gobain Glass Romania Srl	Romania	Full consolidation	100.00%
Saint-Gobain Glass (United Kingdom) Limited	United Kingdom	Full consolidation	100.00%
Saint-Gobain Construction Products United Kingdom Ltd	United Kingdom	Full consolidation	100.00%
Saint-Gobain Building Distribution Ltd	United Kingdom	Full consolidation	100.00%
Saint-Gobain Construction Products Russia ooo	Russia	Full consolidation	100.00%
Saint-Gobain Ecophon AB	Sweden	Full consolidation	100.00%
Saint-Gobain Sweden AB	Sweden	Full consolidation	100.00%
Dahl Sverige AB	Sweden	Full consolidation	100.00%
Vetrotech Saint-Gobain International	Switzerland	Full consolidation	100.00%
Saint-Gobain Weber AG	Switzerland	Full consolidation	100.00%
Sanitas Troesch AG	Switzerland	Full consolidation	100.00%

Southern Europe – ME & Africa	Country	Consolidation method	Percentage held directly and indirectly
Saint-Gobain Construction Products South Africa (Pty) Ltd	South Africa	Full consolidation	100.00%
Saint-Gobain Construction Products Belgium	Belgium	Full consolidation	100.00%
Saint-Gobain Cristaleria S.L	Spain	Full consolidation	99.83%
Saint-Gobain Placo Iberica	Spain	Full consolidation	99.83%
Saint-Gobain Idaplac, S.L.	Spain	Full consolidation	99.83%
Saint-Gobain Distribucion Construccion, S.L	Spain	Full consolidation	99.83%
SG PAM Espana S.A.	Spain	Full consolidation	99.83%
Saint-Gobain Glass Solutions Menuisiers Industriels	France	Full consolidation	100.00%
Saint-Gobain Glass France	France	Full consolidation	100.00%
Eurofloat	France	Full consolidation	100.00%
Placoplatre SA	France	Full consolidation	99.80%
Saint-Gobain Isover	France	Full consolidation	100.00%
Saint-Gobain Weber	France	Full consolidation	100.00%
Saint-Gobain PAM Canalisation	France	Full consolidation	100.00%
Distribution Sanitaire Chauffage	France	Full consolidation	100.00%
Saint-Gobain Distribution Bâtiment France	France	Full consolidation	100.00%
Saint-Gobain Glass Italia S.p.a	Italy	Full consolidation	100.00%
Saint-Gobain Italia S.p.a	Italy	Full consolidation	100.00%
Saint-Gobain Construction Products Nederland BV	Netherlands	Full consolidation	100.00%
Izocam Ticaret VE Sanayi A.S.	Turkey	Full consolidation	50.00%

Asia-Pacific	Country	Consolidation method	Percentage held directly and indirectly
Saint-Gobain India Private Limited	India	Full consolidation	99.03%
Mag-Isover K.K.	Japan	Full consolidation	99.98%
Saint-Gobain Vietnam Ltd	Vietnam	Full consolidation	100.00%

Americas	Country	Consolidation method	Percentage held directly and indirectly
Saint-Gobain Argentina S.A	Argentina	Full consolidation	100.00%
Cebrace Cristal Plano Ltda	Brazil	Full consolidation	50.00%
Saint-Gobain Do Brasil Produtos Industriais e Para Construçao Ltda	Brazil	Full consolidation	100.00%
Saint-Gobain Canalizaçao Ltda	Brazil	Full consolidation	100.00%
Saint-Gobain Distribuiçao Brasil Ltda	Brazil	Full consolidation	100.00%
Saint-Gobain Mexico	Mexico	Full consolidation	99.83%
CertainTeed Canada, Inc.	Canada	Full consolidation	100.00%
Certain Teed LLC	United States	Full consolidation	100.00%
Saint-Gobain Gypsum USA, Inc.	United States	Full consolidation	100.00%
CertainTeed Ceilings Corporation	United States	Full consolidation	100.00%

* *German consolidated subsidiary or sub-group with corporate or limited liability status and meeting the criteria under Articles 264 paragraph 3, 264b and 291 of the German Commercial Code (HGB) exempting the relevant entities and sub-groups from publishing their statutory and consolidated financial statements or notes to the financial statements and management reports (entities or sub-groups above or below the €100 million threshold).*

2. Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Compagnie de Saint-Gobain ("the Group") for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill, intangible assets and property, plant & equipment

Description of risk

The carrying amounts of goodwill, intangible assets and property, plant & equipment were significant at December 31, 2021, representing €11,181 million, €2,705 million and €11,663 million, respectively. These assets may be impaired due to internal or external factors, including decisions to change the Group's strategy in certain markets, a decline in Group performance, the Group's commitments to carbon neutrality, changes in competition, unfavorable market conditions particularly in the context of the Covid-19 pandemic and changes in legislation or regulations. These changes are likely to have an impact on the Group's forecast cash flow and, consequently, the assets' recoverable amounts.

The impairment tests performed by Management using the method described in Note 7.5 to the consolidated financial statements led to the recognition of impairment losses of €213 million in the year ended December 31, 2021 (including impairment on assets held for sale), as indicated in Note 5 to the consolidated financial statements.

Determining the assets' recoverable amounts is a key audit matter given the potentially significant nature of any impairment and the high degree of estimation and judgment required by Management in assessing impairment losses. Management exercises judgment when making assumptions regarding future changes in sales (in both volume and value terms), profitability, investments and the other cash flows required to operate the assets, and when determining an appropriate discount rate to apply to future cash flows.

How our audit addressed this risk

We familiarized ourselves with the procedures implemented within the Group for impairment testing purposes particularly with regard to take into account the impacts of the Group's commitments to carbon neutrality, and tested the effectiveness of the controls implemented by the Group to ensure the quality and reliability of the aforementioned procedures and their consistency with data from the budget and the medium-term business plan prepared by Management.

We also assessed the consistency and relevance of Management's approach to determine the cash-generating units for asset impairment testing. We adapted our audit approach to the risk of impairment, which varies depending on the cash-generating unit.

Our valuation specialists performed an independent analysis of certain key assumptions used by Management for impairment testing purposes, in particular the discount rate, by referring to both external market data and comparable company analyses.

For a selection of cash-generating units, we analyzed the consistency of future cash flow projections with regard to past performance and our knowledge of the business, confirmed by interviews with the Heads of the relevant Segments and Businesses and qualitative and quantitative parameters relating to the depth and potential duration of the health crisis triggered by Covid-19.

We carefully examined the calculation of the normalized amount of the terminal cash flows projected to perpetuity. We performed our own sensitivity analyses of certain key variables of the measurement model, particularly with regard to take into account the impacts of the Group's commitments to carbon neutrality, to assess the materiality of their potential impact on the recoverable amounts of the most high-risk assets.

We verified that the disclosures provided in the notes to the consolidated financial statements on the measurement of goodwill, intangible assets and property, plant & equipment, the underlying assumptions and sensitivity analyses were appropriate and in particular that, given the context related to Covid-19, the sensitivity ranges communicated have remained extended.

Measurement of provisions for liabilities and litigation related to asbestos

Description of risk

The Group is exposed to various legal risks, including asbestos-related litigation in the United States.

As indicated in Note 9 to the consolidated financial statements, provisions amounting to €1,349 million were recognized at December 31, 2021 for contingent liabilities and litigation. Significant contingent liabilities, whose amount or timing cannot be estimated with sufficient reliability, are disclosed in the notes to the consolidated financial statements.

With regard to asbestos-related risks in the United States, determining and measuring the provisions recognized for contingent liabilities and litigation and assessing the appropriateness of the related disclosures in the notes to the consolidated financial statements are a key audit matter given the amounts involved and the high degree of estimation and judgment required by Management in determining those provisions. Judgment is required, in particular, to assess the status and resolution of the ongoing legal proceedings (in particular the voluntary petition for relief under Chapter 11 in the United States): duration, cost, estimation of the number of current and future cases covered, definition of the damages by the judicial authority, etc.

How our audit addressed this risk

To obtain an understanding of contingent liabilities and litigation regarding asbestos in the United States and the related judgments made, we held discussions with Management and lawyers chosen by Management, at the Group and country level as well as at the main subsidiaries concerned. We also contacted certain law firms and external experts chosen by Management to assist them with the monitoring of these risks.

We:

- examined the minutes of the Board of Directors' meetings and the Group's risk mapping prepared by Management and presented to the Audit and Risk Committee;
- familiarized ourselves with the procedures implemented by Management when measuring the provisions for asbestos-related risks in the United States and determining the disclosures thereon in the notes to the consolidated financial statements;
- assessed the permanence of methods and performed a critical review of internal analyses relating to the probability and possible impact of these contingent liabilities and new items of litigation by examining the available information relating to the proceedings (correspondence, judgments, notifications, etc.). We also reviewed the responses to the confirmation letters of the law firms chosen by Management, particularly in terms of their experience at resolving comparable situations in the past. We also used our professional judgment to assess the positions adopted by Management, to see where they fell within risk assessment ranges and the consistency of those positions over time;
- verified the arithmetical accuracy of the calculations of changes in provisions and the consistency of the main items of change in relation to the underlying data, in particular the payments made during the year in respect of these risks.

We assessed if the appropriateness of the disclosures provided in the notes to the consolidated financial statements regarding these items of litigation and contingent liabilities identified.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared unde the responsibility of the General Manager, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of 17 Decembre 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Compagnie de Saint-Gobain by the Shareholders' Meeting held on June 26, 1986 for Petiteau Scacchi and subsequently PricewaterhouseCoopers Audit and on June 10, 2004 for KPMG Audit.

At December 31, 2021 PricewaterhouseCoopers Audit and KPMG Audit were respectively in the thirty-sixth and eighteenth consecutive year of their engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit and Risk Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, February 24, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit *Department of KPMG SA*
Edouard Sattler	Pierre-Antoine Duffaud Bertrand Pruvost

3. Compagnie de Saint-Gobain 2021 annual financial statements (parent company)

Income statement

(in EUR millions)		2021	2020
Operating revenue			
SALES		**301**	**281**
Other operating income		69	12
	TOTAL	**370**	**293**
Operating expenses			
Other purchases and external charges		(283)	(237)
Taxes other than on income		(10)	(9)
Payroll costs		(86)	(73)
Depreciation, amortization, impairment and provisions		(19)	(21)
Other operating expenses		(2)	(2)
	TOTAL	**(400)**	**(342)**
OPERATING INCOME/(LOSS) (NOTE 2)		**(30)**	**(49)**
Financial income			
Income from investments in subsidiaries and affiliates		927	690
Income from loans and other investments		279	293
Other financial income		359	36
	TOTAL	**1,566**	**1,018**
Financial expense			
Interest expense		(245)	(264)
Other financial expense		(25)	(26)
	TOTAL	**(271)**	**(291)**
NET FINANCIAL INCOME (NOTE 3)		**1,295**	**728**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**1,265**	**679**
NET EXCEPTIONAL INCOME/(EXPENSE) (NOTE 4)		**(68)**	**(2)**
INCOME TAXES (NOTE 5)	**TOTAL**	**261**	**185**
NET INCOME		**1,458**	**862**

Balance sheet

Assets

(in EUR millions)	Dec. 31, 2021 Gross	Dec. 31, 2021 Depreciation, amortization, and impairment	Dec. 31, 2021 Net	Dec. 31, 2020
INTANGIBLE ASSETS (Note 6)	**57**	**(51)**	**6**	**9**
PROPERTY, PLANT AND EQUIPMENT (Note 7)	**89**	**(18)**	**71**	**78**
Investments in subsidiaries and affiliates	13,893	(56)	13,837	12,602
Loans and advances to subsidiaries and affiliates	12,766	0	12,766	13,686
Other financial investments	825	0	825	469
FINANCIAL INVESTMENTS (Note 8)	**27,484**	**(56)**	**27,428**	**26,757**
NON-CURRENT ASSETS	**27,630**	**(125)**	**27,505**	**26,844**
Other receivables	752	0	752	705
Marketable securities	4,748	0	4,748	6,538
Cash and cash equivalents	1,060	0	1,060	993
CURRENT ASSETS (Note 11)	**6,560**	**0**	**6,560**	**8,235**
Accruals	**72**	**0**	**72**	**81**
TOTAL ASSETS	**34,262**	**(125)**	**34,137**	**35,161**

Shareholders' equity and liabilities

(in EUR millions)	Dec. 31, 2021	Dec. 31, 2020
Capital stock	2,096	2,131
Additional paid-in capital	4,335	4,891
Revaluation reserve	45	45
Other reserves	3,129	3,132
Unappropriated retained earnings	6,546	6,382
Net income for the year	1,458	862
UNTAXED PROVISIONS (NOTE 14)	**3**	**3**
Shareholders' equity (Note 12)	17,612	17,447
Other equity (Note 13)	170	170
Provisions (Note 14)	331	321
Bonds	9,686	11,158
Other debt	6,135	5,762
Other payables	192	292
Accruals	11	12
TOTAL LIABILITIES	**34,137**	**35,161**

Notes to the 2021 annual financial statements

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The financial statements cover the 12-month period from January 1 to December 31, 2021.

The following notes are an integral part of the annual financial statements.

These financial statements were adopted on February 24, 2022 by the Board of Directors.

NOTE 1 Accounting principles and methods

The financial statements of Compagnie de Saint-Gobain have been drawn up in accordance with the French Chart of Accounts, French law, and accounting principles generally accepted in France.

The financial statements include the accounts of Compagnie de Saint-Gobain's German branch.

Change in the method for calculating certain retirement benefits

In May 2021, the response of the International Financial Reporting Interpretations Committee (IFRIC) to a question raised concerning the method to be used to recognize benefit obligations under certain defined-benefit plans over various reporting periods, led the Group to revise the calculation method it had used since the outset to value this type of plan in France in its financial statements prepared under IFRS.

For plans under which benefits are based on length of service and are conditional on the beneficiary being employed by the Company at the retirement date, the provision is recognized based on the vesting formula and over a period equal to the maximum years of service, rather than over the period representing the employee's service to the Company.

In accordance with the November 17, 2021 revision to ANC Recommendation no. 2013-02 issued by the French accounting standards-setter on November 7, 2013 regarding the rules for measuring and recognizing pension and other benefit obligations, the Company has also chosen to apply this accounting method in its financial statements prepared in accordance with French accounting principles.

This change concerns retirement bonuses (*indemnités de fin de carrière*) and represents a change in accounting policy at January 1, 2021. Accordingly, at that date, Compagnie de Saint-Gobain reduced the provision for retirement bonuses by €226 thousand against an increase in retained earnings for the same amount.

Intangible assets

Intangible assets are carried at acquisition cost (including incidental expenses) and are amortized over their estimated useful lives, ranging from three to ten years.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost (purchase price plus incidental expenses). They are depreciated over their estimated useful lives using the straight-line method. The most commonly used useful lives are as follows:

■ Buildings	40 to 50 years Straight-line
■ Improvements and additions	12 years Straight-line
■ Fixtures and fittings	5 to 12 years Straight-line
■ Office furniture	10 years Straight-line
■ Office equipment	5 years Straight-line
■ Vehicles	4 years Straight-line
■ IT equipment	3 years Straight-line

Financial investments

On initial recognition, investments in subsidiaries and affiliates are stated at cost including incidental expenses. Periodically, and particularly when an inventory is performed, the net carrying amount of the investments is compared with their fair value (value in use). Fair value is estimated based on various criteria: the Company's equity in the underlying net assets, proportion of consolidated net assets, net present value of future cash flows, excluding interest expense but after tax, based on business plans (or long-term budget projections), or a multiple of a normative performance basis.

When the fair value of the investments falls below their carrying amount, a provision is set aside for impairment. No unrealized capital gain is recorded if their fair value exceeds their carrying amount, and unrealized capital gains and losses are not offset.

Treasury shares

Treasury shares held by the Company for cancellation are recorded in the balance sheet under "Other investment securities". They are carried at acquisition cost and are not revalued or provisioned.

At December 31, 2021, treasury shares held by the Company for allocation upon exercise of stock options are recorded in the balance sheet under "Marketable securities".

Treasury shares held by the Company for allocation under performance share plans are also recorded in the balance sheet under "Marketable securities". These shares are valued in accordance with the first in/first out (FIFO) method, and are not revalued or provisioned.

Where appropriate, a provision for contingencies and charges is recognized in respect of these plans, corresponding to the outflow of resources expected by the Company. This is calculated based on the number of shares likely to be delivered to the beneficiaries and the acquisition cost of the shares at the date they are allocated to the plan or the likely cost of repurchasing the shares as measured at the reporting date. The provision is recognized on a *pro rata* basis over the vesting period.

Receivables

Receivables are stated at nominal value. A provision is set aside for impairment when their realizable value is less than their book value.

Marketable securities

Marketable securities mainly include units in money market funds (OPCVM and FCP) and are stated at the lower of acquisition cost and market value at year-end.

Treasury shares other than those classified as financial investments are also classified as marketable securities (see “Treasury shares” above).

Foreign currency transactions

Income and expenses in foreign currencies are recorded at the euro exchange rate prevailing on the transaction date. Receivables, payables and bank balances in foreign currencies are translated at the year-end exchange rate, along with the related hedging instruments, and differences arising on translation are recorded under translation gains or losses. Provisions are booked for any exceptional unrealized translation losses that are not hedged.

Risk management/Financial instruments

Liquidity risk is managed with the main objective of ensuring the timely rollover of the Group’s financing at an optimal cost. Long-term debt therefore systematically represents a high proportion of overall debt. At the same time, the maturity schedules of long-term debt are set in such a way that replacement capital market issues are spread over time.

Currency, interest rate and commodity (energy and raw material price) risks arising from the Group’s international operations are hedged by Compagnie de Saint-Gobain, mainly on behalf of subsidiaries. Currency risk is primarily hedged through forward purchase and sale contracts and currency options, while interest rate risk is hedged mainly through swaps and cross-currency swaps.

Compagnie de Saint-Gobain applies regulation no. 2015-05 of July 2, 2015 issued by the French accounting standards-setter (*Autorité des normes comptables* – ANC) on forward financial instruments and hedging operations.

Pension obligations

The Company’s obligations under supplementary pension plans and retirement bonuses are measured by independent actuaries using the projected unit credit method (based on final salary and benefit obligations as determined at the measurement date). Pension obligations are included within provisions for contingencies and charges.

Actuarial gains and losses arising in the year under defined-benefit retirement plans are recognized immediately and in full in the income statement.

Tax consolidation agreements

Compagnie de Saint-Gobain is the parent company of a tax consolidation group under the group relief regime provided for in Articles 223 A *et seq.* of the French Tax Code.

The tax consolidation agreements between Compagnie de Saint-Gobain and its subsidiaries provide for tax neutrality for consolidated subsidiaries. In their relationship with Compagnie de Saint-Gobain, the consolidating parent company, the subsidiaries discharge their taxes as if they had been taxed on a stand-alone basis. When loss-making companies leave the Group, they are not, in principle, entitled to any payments for losses transferred to the consolidating parent company during the consolidation period.

NOTE 2 Operating income/(loss)

The operating loss improved by €19 million compared to 2020, due mainly to a reduction in pension and other employee benefit costs.

NOTE 3 Net financial income

Net financial income increased by €567 million to €1,295 million in 2021 from €728 million in 2020.

The year-on-year change is mainly attributable to the €237 million increase in investment income. Dividends received from subsidiaries rose by €96 million to €815 million in 2021, while 2021 profit transferred from subsidiaries of the German branch increased by €141 million. Lastly, an amount of €345 million of the provision for impairment of securities was written back in 2021.

NOTE 4 Exceptional items

The Company recorded a net exceptional expense of €68 million in 2021 compared to a net exceptional expense of €2 million in 2020. The net exceptional expense in 2021 is mainly due to the increase in provisions for the Group's long-term compensation plans following the rise in the Saint-Gobain share price.

NOTE 5 Income taxes

The Company recorded an income tax benefit of €261 million, breaking down as:

- an income tax benefit of €281 million under the tax consolidation regime (France);
- an income tax expense of €20 million for the German entity.

The French tax group generated a tax profit in 2021. 50% of the 2021 tax profit is therefore charged against tax losses carried forward from prior years. Total cumulative tax losses (including losses arising from tax rules on the deductibility of financial expenses) were estimated at €802 million at December 31, 2021.

Compagnie de Saint-Gobain's permanent German establishment is the head of the Group's *Organschaft* local tax consolidation regime.

At December 31, 2021, future tax savings corresponding to the branch's unused tax loss carry-forwards amounted to €27 million.

NOTE 6 Intangible assets

	Intangible assets					Amortization				Net value
(in EUR million)	Gross at Jan. 1, 2021	Additions	Disposals (retire-ments)	Transfer of intangible assets under construction	Gross at Dec. 31, 2021	Accumu-lated at Jan. 1, 2021	Increases	Decreases	Accumu-lated at Dec. 31, 2021	at Dec. 31, 2021
Purchased goodwill	1				1	1			1	
Other intangible assets	56				56	47	3		50	6
Intangible assets in progress										
TOTAL	**56**	**0**	**0**	**0**	**57**	**48**	**3**	**0**	**51**	**6**

NOTE 7 Property, plant and equipment

	Property, plant and equipment					Depreciation				Net value
(in EUR million)	Gross at Jan. 1, 2021	Additions	Disposals (retire-ments)	Transfer of PPE under construction	Gross at Dec. 31, 2021	Accumu-lated at Jan. 1, 2021	Increases	Decreases	Accumu-lated at Dec. 31, 2021	at Dec. 31, 2021
Land										
Buildings	1				1	1			1	
Other	89	1	(3)	1	88	11	9	(3)	17	71
Assets under construction		1		(1)						
Prepayments										
TOTAL	**90**	**3**	**(4)**	**0**	**89**	**12**	**9**	**(3)**	**18**	**71**

The change in property, plant and equipment reflects the disposal of furniture and fixtures and fittings at the German branch.

NOTE 8 Financial investments

	Financial investments			
(in EUR million)	Gross at Jan. 1, 2021	Increases	Decreases	Gross at Dec. 31, 2021
Investments in subsidiaries and affiliates	13,003	1,302	(412)	13,893
Loans and advances to subsidiaries and affiliates	13,685	3,195	(4,114)	12,766
Other investment securities	12	793	(805)	0
Loans	457	806	(439)	824
Other financial investments	1	1	(1)	1
TOTAL	**27,158**	**6,097**	**(5,771)**	**27,484**

	Impairment			
(in EUR million)	Gross at Jan. 1, 2021	Increases	Decreases	Gross at Dec. 31, 2021
Investments in subsidiaries and affiliates	400	1	(345)	56
Loans and advances to subsidiaries and affiliates				0
Other investment securities	1		(1)	0
Loans				0
Other financial investments				0
TOTAL	**401**	**1**	**(346)**	**56**

In 2021, changes in the gross value of investments in subsidiaries and affiliates mainly result from the €412 million capital reduction at SG Benelux, the €1,100 million capital increase at SG Europe du Nord and the €200 million capital increase at Partidis.

Most loans and advances to subsidiaries and affiliates are due in more than one year.

Movements in other investment securities correspond mainly to treasury shares (see the section below).

In 2021, the change in provisions for impairment of investments is mainly due to a write-back of €345 million from the provision, including €333 million relating to SG Europe du Nord and €12 million to SG Innovative Materials Belgium.

Movements in treasury shares (outside the scope of the liquidity agreement)

Number	Treasury shares allocated to stock option plans	Treasury shares allocated for cancelation	Total other financial assets	Treasury shares allocated to performance share plans	Treasury shares allocated to stock option plans	Total marketable securities	Total treasury shares
AT DECEMBER 31, 2019	**182,889**	**0**	**182,889**	**1,724,595**	**0**	**1,724,595**	**1,907,484**
Shares purchased in 2020	68,727	17,417,470	17,486,197	1,391,945		1,391,945	18,878,142
Shares canceled in 2020		(18,100,000)	(18,100,000)			0	(18,100,000)
Transfer of marketable securities in 2020		709,434	709,434	(709,434)		(709,434)	0
Deliveries			0	(733,024)		(733,024)	(733,024)
AT DECEMBER 31, 2020	**251,616**	**26,904**	**278,520**	**1,674,082**	**0**	**1,674,082**	**1,952,602**
Shares purchased in 2021		14,216,260	14,216,260	976,332	200,625	1,176,957	15,393,217
Shares canceled in 2021		(14,243,174)	(14,243,174)			0	(14,243,174)
Other movements	(251,616)	10	(251,606)		251,616	251,616	10
Deliveries			0	(904,712)	(136,972)	(1,041,684)	(1,041,684)
AT DECEMBER 31, 2021	**0**	**0**	**0**	**1,745,702**	**315,269**	**2,060,971**	**2,060,971**

Gross value *(in EUR million)*	Treasury shares allocated to stock option plans	Treasury shares allocated for cancelation	Total other financial assets	Treasury shares allocated to performance share plans	Treasury shares allocated to stock option plans	Total marketable securities	Total treasury shares
AT DECEMBER 31, 2019	**8**	**0**	**8**	**75**		**75**	**83**
Shares purchased in 2020	2	601	603	47		47	650
Shares canceled in 2020		(635)	(635)			0	(635)
Transfer of marketable securities in 2020		35	35	(35)		(35)	0
Deliveries			0	(30)		(30)	(30)
AT DECEMBER 31, 2020	**10**	**1**	**11**	**57**	**0**	**57**	**68**
Shares purchased in 2021		793	793	60	11	71	864
Shares canceled in 2021		(794)	(794)			0	(794)
Transfer of marketable securities in 2021	(10)		(11)		10	10	0
Deliveries			0	(33)	(6)	(39)	(39)
AT DECEMBER 31, 2021	**0**	**0**	**(1)**	**84**	**15**	**99**	**99**

In all, 5,700,000 shares were canceled on June 11, 2021 and 8,543,174 shares were canceled on November 30, 2021, representing a total of 14,243,174 shares canceled.

In 2021, 904,712 treasury shares were remitted under existing performance share plans (of which 898,992 in November under the 2017 performance share plan), *versus* 733,024 shares in 2020, and 136,972 treasury shares were remitted under existing stock option plans.

At December 31, 2021, 2,060,971 treasury shares were held, of which:

- 315,269 treasury shares to cover stock option plans;
- 1,745,702 treasury shares to cover employee share plans.

NOTE 9 Investment portfolio

	Country	Net book value (in EUR millions)	% interest	Number of shares
SPAFI	France	5,768	100.00%	251,014,618
Partidis	France	2,266	100.00%	58,597,751
Saint-Gobain Europe du Nord (formerly Saint-Gobain Matériaux de Construction)	France	3,224	100.00%	191,307,214
Vertec	France	892	100.00%	11,790,699
Saint-Gobain Benelux	Belgium	401	100.00%	3,296,475
Saint-Gobain Do Brasil	Brazil	260	55.31%	93,891,494
Saint-Gobain Cristaleria	Spain	211	16.35%	3,660,417
Saint-Gobain Isover G+H AG	Germany	155	100.00%	3,200,000
Saint-Gobain PPL Isofluor GmbH	Germany	154	100.00%	23,008,200
Saint-Gobain Innovative Materials	Belgium	136	15.00%	1,667,698
Saint-Gobain Glass Deutschland GmbH	Germany	87	60.00%	119,999,970
Saint-Gobain Beteiligungen GmbH	Germany	76	100.00%	15,358,100
Saint-Gobain Autoglas GmbH	Germany	73	60.00%	120,000,000
Saint-Gobain Diamant Werkzeuge GmbH	Germany	61	100.00%	20,000,000
SEPR	France	54	25.73%	407,600
Saint-Gobain PAM	France	16	8.10%	360,255
Unterstützungskasse GmbH	Germany	0	95.00%	28,500
Saint-Gobain Immobilien GmbH	Germany	0	100.00%	25,000
Saint-Gobain Vertex	Germany	0	0.10%	20,000
SCI Ile-de-France	France	3	94.00%	22,560
Miscellaneous French companies		0	0.37%	80,000
Miscellaneous foreign companies		0	99.72%	2,219,656
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**13,837**		
Compagnie de Saint-Gobain (treasury stock)	France	0	-	0
Compagnie de Saint-Gobain (treasury stock held for cancellation)	France	0	-	0
Miscellaneous French companies		0	-	
OTHER INVESTMENT SECURITIES		**0**		
TOTAL		**13,837**		

NOTE 10 Information about subsidiaries and affiliates

Information on direct holdings of Compagnie de Saint-Gobain whose book value exceeds 1% of capital:

				Book value of shares held						
COMPANY *(in EUR million or millions of local currency units)*	**Capital stock**	**Reserves**	**% interest**	**Gross** *(in EUR million)*	**Net** *(in EUR million)*	**Loans and advances granted by the Company** *(in EUR million)*	**Guarantees given by the Company** *(in EUR million)*	**2021 sales**	**2021 net income/ (loss)**	**Dividends received by the Company in 2021** *(in EUR million)*
1 – SUBSIDIARIES										*
At least 50%-owned by the Company										
SPAFI										
12, place de l'Iris	€M	€M						€M	€M	
92400 Courbevoie	3,012	4,670	100.00	5,768	5,768	2,070		0	443	801
Partidis										
12, place de l'Iris	€M	€M						€M	€M	
92400 Courbevoie	259	448	100.00	2,266	2,266	895		4	342	0
S-G Europe du Nord										
12, place de l'Iris	€M	€M						€M	€M	
92400 Courbevoie	813	895	100.00	3,224	3,224	3,424		6	104	0
Vertec										
12, place de l'Iris	€M	€M						€M	€M	
92400 Courbevoie	189	703	100.00	892	892	48		0	78	0
S. G. Benelux										
6, Avenue Einstein,	€M	€M						€M	€M	
1300 Wavre, Belgium	400	12	100.00	400	400	0		0	4	4
S. G. Isover G+H AG										
1 Burgermeister-Grünzweig Strasse	€M	€M						€M	€M	
D-67059 Ludwigshafen	82	11	100.00	155	155	0		418	(1)	(1)
S. G. PPL Isofluor GmbH										
Ziegeleistrasse 2/Kreitzweg	€M	€M						€M	€M	
D-41472, Neuss	23	133	100.00	154	154	0		14	132	132
S. G. Glass Deutschland GmbH										
Nikolausstrasse 1	€M	€M						€M	€M	
D-52222, Stolberg	102	32	60.00	87	86	0		366	34	34
S G Do Brasil										
482, avenida Santa Marina – Agua Branca	€M	€M						€M	€M	
05036-903 São Paulo-SP, Brésil	1,698	988	55.31	259	259	0		5,508	827	7
Saint-Gobain Autoglas GmbH										
Glasstrasse 1	€M	€M						€M	€M	
D-52134, Herzogenrath	102	20	60.00	73	73	0		101	(26)	(26)
Saint-Gobain Diamant Werkzeuge GmbH										
Schuetzenwall 13-17	€M	€M						€M	€M	
D-22844, Norderstedt	10	51	100.00	61	61	0		39	(6)	(6)
Saint-Gobain Beteiligungen GmbH										
Krefelder Straße 195	€M	€M						€M	€M	
D-52070, Aachen	15	0	100.00	76	76	0		0	0	0

COMPANY *(in EUR million or millions of local currency units)*	**Capital stock**	**Reserves**	**% interest**	**Book value of shares held**		**Loans and advances granted by the Company** *(in EUR million)*	**Guarantees given by the Company** *(in EUR million)*	**2021 sales**	**2021 net income/ (loss)**	**Dividends received by the Company** *(in EUR million)*
				Gross *(in EUR million)*	**Net** *(in EUR million)*					
2 – AFFILIATES										*
10%- to 50%-owned by the Company										
S. G. Cristaleria										
132, Principe de Vergara	€M	€M						€M	€M	
28002 Madrid, Espagne	135	644	16.35	211	211	600		257	32	0
S. G. Innovative Materials										
6, Avenue Einstein,	€M	€M						€M	€M	
1300 Wavre, Belgium	391	(257)	15.00	161	136	0		155	21	0
SEPR										
12, place de l'Iris	€M	€M						€M	€M	
92400 Courbevoie	63	8	25.73	54	54	10		167	11	4
OTHER COMPANIES										
Subsidiaries (over 50%-owned)										
Total French companies				3	3					0
Total foreign companies				0	0					
Affiliates (10%- to 50%-owned)										
Total French companies										
Total foreign companies										
Other investments				**47**	**16**					
Treasury stock				**0**	**0**					
Treasury stock held for cancelation				**0**	**0**					
TOTAL				**13,893**	**13,837**	**7,047**	**0**	**7,036**	**1,995**	**948**

* *The amounts shown for subsidiaries of the German branch corresponds to the 2021 profit or loss transferred under the tax consolidation system.*

NOTE 11 Current assets

Other receivables

This item includes receivables and loans granted by the Company with a maturity of less than one year. Other receivables totaled €752 million at December 31, 2021 and €705 million at December 31, 2020. At December 31, 2021, other receivables mainly comprise €584 million in current account advances to subsidiaries (€157 million at end-2020), €50 million in accounts receivable – Group (€484 million at end-2020), €16 million in mark-to-market adjustments on swap and option contracts (€26 million at end-2020) and €42 million in tax receivables (€4 million at end-2020).

Maturities of receivables reported under "Current assets"

(in EUR millions)	**Gross**	**Due**	
		Within 1 year	**Beyond 1 year**
Other receivables	752	752	0
Prepayments	37	2	35
Deferred charges	35	10	25
TOTAL PREPAYMENTS AND DEFERRED CHARGES	**72**	**12**	**60**
Provision for doubtful receivables	-	-	-

Marketable securities

Marketable securities represent €4,748 million at December 31, 2021 (€6,538 million at December 31, 2020).

They consist mainly of €4,643 million worth of units in money market funds (OPCVM and FCP), representing the investment of funds held by the cash pool managed by the Company on behalf of the Group to yield a return on temporary cash surpluses.

Marketable securities also include 2,060,971 treasury shares held to cover employee stock option and performance share plans (see Note 8).

Lastly, marketable securities include securities held within the scope of a liquidity agreement that complies with the Code of Ethics adopted by the French financial markets association (AMAFI) and with AMF decision no. 2018-01 of July 2, 2018.

Under this liquidity agreement, at December 31, 2021 the Company held:

- €4.2 million worth of units in a euro-denominated money-market fund (FCP);
- 24,477 treasury shares.

In 2021, 1,471,779 shares were purchased under this agreement (2020: 1,847,040 shares) and 1,483,669 shares were sold (2020: 1,847,233 shares).

Deferred charges

Deferred charges mainly correspond to bond issuance costs for €31 million (€40 million at December 31, 2020).

In 2021, new debt issuance costs recorded under "Deferred charges" totaled €0.5 million (2020: €21.3 million) and amortization for the year amounted to €10.7 million (2020: €21.3 million). The corresponding refinancing transactions are presented in Note 15.

NOTE 12 Shareholders' equity

12.1 Changes in shareholders' equity

	Date	Number of shares *(Number)*	Capital stock *(in EUR million)*	Additional paid-in capital, reserves and other *(in EUR million)*	Unappropriated retained earnings *(in EUR million)*	Net income *(in EUR million)*	Total equity *(in EUR million)*
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020		**532,683,713**	**2,131**	**8,072**	**6,382**	**862**	**17,447**
Appropriation of 2020 net income					862	(862)	0
Dividend					(698)		(698)
Shares issued upon exercise of stock options	5/10/21	11,239	0	0			0
Shares issued under the Group Savings Plan	5/11/21	5,562,855	22	177			199
Shares canceled	6/11/21	(5,700,000)	(23)	(274)			(297)
Shares canceled	11/30/21	(8,543,174)	(34)	(463)			(497)
Shares issued upon exercise of stock options	12/31/21	2,962	0	0			0
Net income for 2021						1,458	1,458
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2021		**524,017,595**	**2,096**	**7,512**	**6,546**	**1,458**	**17,612**

At December 31, 2021, capital stock amounted to €2,096 million, comprising 524,017,595 shares of common stock with a par value of €4 each.

The principal events that contributed to changes in capital stock and shareholders' equity were as follows:

- the May 2021 increase in capital stock through the subscription of 5,562,855 shares under the Group Savings Plan at a price of €35.81 for a gross and net amount of €199 million;
- the capital reductions of June 11, 2021 and November 30, 2021 through the cancellation of 5,700,000 and 8,543,174 shares, respectively, for a total gross and net amount of €794 million.

12.2 Stock option plans

Until 2018, Compagnie de Saint-Gobain operated stock option plans for certain employees.

Under these plans, the Board of Directors granted options allowing beneficiaries to obtain Saint-Gobain shares at a price set, at no discount, by reference to the average of the opening prices for the Saint-Gobain share over the 20 stock market trading days preceding the date of the decision by the Board of Directors.

For all of the plans, beneficiaries must wait at least four years from the grant date to exercise any options. None of the options received may be exercised until this four-year period has lapsed. Options must be exercised within 10 years of the grant date. Except in specified circumstances, grantees forfeit these options if they leave the Group.

Among the plans outstanding at December 31, 2021, the 2012 plan offers subscription options, while the 2013, 2015, 2016 and 2017 plans offer purchase options. For plans launched in 2018, the Board of Directors has decided that it would determine the type of option (subscription or purchase) at the latest on the day before the start of the exercise period, with any options exercised prior to such decision considered as subscription options.

Since 2009, a performance condition has applied for all grantees in plans.

No new stock option plans have been launched since 2019.

The following table presents changes in the number of outstanding options:

	€4 par value exercise shares	Average exercise *(in EUR)*
OPTIONS OUTSTANDING AT DECEMBER 31, 2019	**1,057,522**	**40.12**
Options granted	0	-
Options exercised	0	-
Options forfeited	(212,998)	40.43
OPTIONS OUTSTANDING AT DECEMBER 31, 2020	**844,524**	**40.04**
Options granted	0	-
Options exercised	(151,173)	38.59
Options forfeited*	(83,875)	49.38
OPTIONS OUTSTANDING AT DECEMBER 31, 2021	**609,476**	**39.11**

* *Including 66,875 options granted in 2017 that lapsed because the performance conditions were not met, and 17,000 options relating to rights under said plan that were withdrawn.*

The table below summarizes information about stock options outstanding at December 31, 2021, after taking into account partial fulfillment of the performance criteria attached to certain plans:

	Exercisable options			Non-exercisable options		Total outstanding options	
Grant date	**Exercise price** *(in EUR)*	**Number of options**	**Weighted ave. residual life** *(in months)*	**Exercise price** *(in EUR)*	**Number of options**	**Number of options**	**Type of option**
2012	27.71	5,432	11	-	-	5,432	Subscription
2013	38.80	36,707	23	-	-	36,707	Purchase
2014	34.13	-	35	-	-	-	Purchase
2015	39.47	38,018	47	-	-	38,018	Purchase
2016	40.43	45,244	59	-	-	45,244	Purchase
2017	49.38	193,575	71	-	-	193,575	Purchase
2018	-	-	83	32.24	290,500	290,500	See 12.2 above
TOTAL	**-**	**318,976**	**-**	**-**	**290,500**	**609,476**	**-**

At December 31, 2021, 318,976 stock options were exercisable (at an average exercise price of €45.34) and 290,500 options (with an average exercise price of €32.24) had not yet vested.

12.3 Performance share plans

Various performance share plans have been set up by Saint-Gobain since 2009. These plans concern both managerial-grade employees and senior managers of the Group both within and outside France.

At December 31, 2021, there were four outstanding performance share plans, approved by the Board of Directors in 2018, 2019 and 2020 and on November 25, 2021.

All plans are subject to service and performance conditions. The vesting period for the plans is four years and the shares will be delivered on the fourth day after the end of the vesting period.

The table below shows changes in the number of performance share rights:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS (NOT YET VESTED) AT DECEMBER 31, 2019	**4,927,869**
■ performance share rights granted in November 2020	1,268,295
■ shares issued/delivered	(733,024)
■ lapsed and canceled rights	(497,306)
NUMBER OF PERFORMANCE SHARE RIGHTS (NOT YET VESTED) AT DECEMBER 31, 2020	**4,965,834**
■ performance share rights granted in November 2021	1,184,475
■ shares issued/delivered	(904,712)
■ lapsed and canceled rights*	(324,838)
NUMBER OF PERFORMANCE SHARE RIGHTS (NOT YET VESTED) AT DECEMBER 31, 2021	**4,920,759**

* *Rights granted under the 2017 plan including 237,758 rights that lapsed because the performance condition had only been partly met and 87,080 rights that lapsed after they had been withdrawn.*

The following table shows the expected dates when shares under the four performance share plans outstanding at December 31, 2021 will be delivered (except in the case of early release following the grantee's death or disability, along with the service and performance conditions remaining to be fulfilled):

Performance share plans

Information on the number of performance share rights (not yet vested) at December 31, 2021

Grant date	Number of rights granted at inception of Plan	Deliveries	Outstanding rights at Dec. 31, 2021*	11/25/2022	11/24/2023	11/29/2024	11/28/2025	Type of shares
11/22/2018	1,219,619	2,500	1,217,119	1,217,119				existing
11/21/2019	1,251,770	500	1,251,270		1,251,270			existing
11/26/2020	1,268,295	400	1,267,895			1,267,895		existing
11/25/2021	1,184,475	0	1,184,475				1,184,475	existing
TOTAL	**4,924,159**	**3,400**	**4,920,759**	**1,217,119**	**1,251,270**	**1,267,895**	**1,184,475**	

* *Subject to fulfillment of the service and performance conditions applicable to each plan.*

12.4 Performance unit plans

Performance unit plans subject to service and performance conditions were set up every year between 2012 and 2015 for certain management-grade employees and senior managers of the Group in France. These plans do not give rise to the delivery of shares, but entitle grantees to receive cash compensation deferred over the long term (exercise period between four and ten years after the grant date), the amount of which will be determined by reference to Saint-Gobain's share price.

No long-term compensation plan in the form of performance units has been set up since 2016, as all beneficiaries received rights to performance shares (see above).

As of 2019, there are no more unvested performance unit plans.

12.5 Compagnie de Saint-Gobain Group Savings Plan (PEG)

The Group Savings Plan (*Plan Epargne Group* – PEG) is an employee stock purchase plan open to all Group employees in France and most other countries where the Group is present. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation, and are subject to a mandatory five- or ten-year lock-up, except following the occurrence of certain events. The Board of Directors delegates authorization for setting the subscription price to the Chief executive officer of Compagnie de Saint-Gobain. It corresponds to the average of the opening prices for the Saint-Gobain share on Euronext Paris over the 20 trading days preceding the date of the decision, subject to a 20% discount, in accordance with applicable laws, the Shareholders' Meeting Resolutions and the deliberations of the Board of Directors.

In 2021, 5,562,855 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €35.81 (2020: 6,099,996 shares at an average price of €23.03), representing a total share capital increase of €199 million (€140 million in 2020).

12.6 Potential number of shares

At the Shareholders' Meeting of June 6, 2019, shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- grant stock purchase or subscription options exercisable for new or existing shares, subject in particular to performance conditions, representing up to 1.5% of capital stock on the date of the Shareholders' Meeting, with a sub-limit of 10% of this limit for corporate officers of Compagnie de Saint-Gobain, *i.e.*, 8,288,775 options, including a maximum of 828,878 options for corporate officers (23rd Resolution/38-month authorization commencing June 6, 2019). It should be noted that this limit of 1.5% of the capital stock will be set off against the threshold set in the 24th Resolution for the performance share grants mentioned below, and that this 1.5% limit represents the aggregate limit for shares resulting from the exercise of options granted under and within the limit of the 23rd Resolution and shares granted under and within the limit of the 24th Resolution;
- grant free existing shares, subject in particular to performance conditions, representing up to 1.2% of the capital stock on the date of the Shareholders' Meeting, with a sub-limit of 10% of this limit for corporate officers of Compagnie de Saint-Gobain, *i.e.*, 6,631,020 free shares, including a maximum of 663,102 free shares for corporate officers (24th Resolution/38-month authorization commencing June 6, 2019). The limit of 1.2% and sub-limit of 10% are being set off against the limits specified under the 23rd Resolution of the Shareholders' Meeting referred to above regarding stock options. The Board of Directors made partial use of this authorization by granting 1,268,295 performance shares (including 147,500 for corporate officers) on November 24, 2020, and 1,184,475 performance shares (including 64,000 for corporate officers) on November 25, 2021 (see Note 12.3).

At the Shareholders' Meeting of June 3, 2021, shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- issue, on one or several occasions, up to 106,500,000 new shares or securities giving access to the share capital of the Company or its subsidiaries, with preferential subscription rights, or without preferential subscription rights but with a priority period for existing shareholders, by public offering, or without preferential subscription rights by private placement, or to issue new shares through the capitalization of share premiums, reserves, profits or other amounts, or without preferential subscription rights in consideration of contributions in kind (18th to 23th Resolutions/26-month authorization commencing June 3, 2021);
- issue, on one or several occasions, up to 13,000,000 new shares to members of the Group Savings Plan (25th Resolution/26-month authorization commencing June 3, 2021).

If all outstanding stock options whose type has not yet been decided by the Board of Directors were to be exercised *via* the issue of new shares, this would potentially have the effect of increasing the number of shares outstanding to 524,313,527 shares. In addition, if the authorizations described above were to be used in full by the Board of Directors, this would potentially have the effect of increasing the number of shares outstanding to 648,397,762 shares.

NOTE 13 Other equity

Non-voting participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At December 31, 2021, 606,883 securities are still outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond yield (TMO), based on the Group's consolidated income. The amount paid out per bond in 2021 was €0.18.

In April 1984, 194,633 non-voting participating securities were issued by Compagnie de Saint-Gobain with a face value of ECU 1,000 (€1,000 today).

A certain number of these participating securities has been bought back over the years. At December 31, 2021, 77,516 securities are still outstanding, with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the reference six-month Euribor rate +7/8%. The amount paid per security in 2021 was €61.30, settled in two installments (€27.95 and €33.35).

None of these securities are redeemable and the interest is classified as a component of finance costs.

NOTE 14 Provisions

(in EUR millions)	At Jan. 1, 2021	Charge for the year	Write-backs of utilized provisions	Write-backs of surplus provisions	Other (transfer, method change)	At Dec. 31, 2021
Untaxed provisions						
Reinvested capital gains	3	0	0	0	0	3
Other	0	0	0	0	0	0
	3	**0**	**0**	**0**	**0**	**3**
Provisions for contingencies						
Provisions for taxes	22	1	15	0	0	8
Other risks	4	0	2	0	0	2
	26	**1**	**17**	**0**	**0**	**10**
Provisions for charges						
Pensions	155	7	57	0	0	105
Retirement bonuses	10	1	2	0	0	9
Provisions for performance share and performance unit plan costs	110	87	8	0	0	189
Provisions for other charges	20	0	2	0	0	18
	295	**95**	**69**	**0**	**0**	**321**
Provisions for impairment						
Investments in subsidiaries and affiliates	400	1	345	0	0	56
Other investment securities	1	0	1	0	0	0
Doubtful receivables	0	0	0	0	0	0
Marketable securities	0	0	0	0	0	0
	401	**1**	**346**	**0**	**0**	**56**

(1) The discount rate used in 2021 to calculate benefit obligations was 1.06% for terms of 14 years or less (0.70% in 2020), and 1.42% for terms over 14 years (1.11% in 2020).

NOTE 15 Debt and payables

The net €1,199 million decrease in total debt and payables (€16,024 million) is mainly attributable to the net €1.5 billion decrease in bonds.

Analysis of debt and payables

MATURITIES OF DEBT AND PAYABLES

		Due	
(in EUR millions)	**Gross**	**Within 1 year**	**Beyond 1 year**
Bonds (1)	9,686	1,102	8,585
Bank borrowings (1) (2)	19	19	
Other borrowings (3)	6,116	6,116	
DEBT	**15,821**	**7,237**	**8,585**
Tax and social charges payable	58	58	
Other payables (3)	134	134	
Deferred income	11	1	9
TOTAL DEBT AND PAYABLES(4)	**16,024**	**7,430**	**8,594**
(1) New borrowings and debt for the year – non-Group			
Borrowings and debt repaid during the year – non-Group	1,500		
(2) Of which:			
■ debt with original maturity of up to two years	19		
■ debt with original maturity of more than two years			
(3) Of which:			
■ shareholder loans	None		
■ new loans from subsidiaries*	415		
■ loans from subsidiaries repaid during the year	(55)		
(4) Debt due beyond five years	4,271		

* *Including the net change in current accounts with Group entities.*

Long- and short-term debt

(in EUR million)	**2021**	**2020**
1. MEDIUM- AND LONG-TERM DEBT		
LONG-TERM PORTION		
Due between January 1 and December 31		
2022	0	1,000
2023	1,612	1,612
2024	1,202	1,179
2025	750	750
2026 and beyond	4,988	4,968
No fixed maturity	33	33
Total long- and medium-term debt excluding short-term portion	**8,585**	**9,542**
Short-term portion	**1,102**	**1,616**
TOTAL	**9,686**	**11,158**
2. SHORT-TERM DEBT		
Borrowings from Group entities	6,113	5,751
Bank overdrafts and other short-term borrowings	19	7
Other	3	4
TOTAL	**6,135**	**5,762**
TOTAL LONG- AND SHORT-TERM DEBT	**15,821**	**16,920**

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Long-term debt can be analyzed as follows by currency:

(in EUR million)	2021	2020
Euro	9,026	10,541
Pound sterling	660	617
TOTAL	**9,686**	**11,158**

The amortization of expenses incurred to set up borrowings is recognized on a *pro rata* basis over the term of the borrowings in question. These expenses are shown on the "Deferred charges" line of the balance sheet (see Note 11 "Deferred charges").

15.1 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000 (€5,000 today).

A total of 18,496 perpetual bonds have since been bought back and canceled, and 6,504 perpetual bonds are outstanding at December 31, 2021, representing a total face value of €33 million.

The bonds bear interest at a variable rate (average of interbank rates offered by the five reference banks for six-month euro deposits). The amount paid out per bond in 2021 was €0.

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

15.2 Main changes in bond debt in 2020

Compagnie de Saint-Gobain also redeemed the following instruments at maturity:

- a €750 million private placement paying variable-rate interest at 3-month Euribor +0.35% on March 22, 2021;
- €750 million worth of 3.625% bonds on June 15, 2021.

15.3 Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper).

At December 31, 2021, the state of these programs was as follows:

(in EUR millions)	Authorized drawings	Authorized limits at Dec. 31, 2021	Balance outstanding at Dec. 31, 2021	Balance outstanding at Dec. 31, 2020
Medium-Term Notes	any duration	15,000	9,649	11,149
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	883*	0	0
Euro Commercial Paper	up to 12 months	883*	0	0

* *Equivalent to USD 1,000 million based on the exchange rate at December 31, 2021.*

In accordance with market practices, Negotiable European Commercial Paper (NEU CP), US Commercial Paper and Euro Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt since they are rolled over at frequent intervals.

Syndicated lines of credit

Compagnie de Saint-Gobain has two syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its NEU CP, US Commercial Paper and Euro Commercial Paper programs):

- a €2.5 billion syndicated line of credit, maturing in December 2024 after the exercise of the two one-year rollover options;
- a second €1.5 billion syndicated line of credit, also maturing in December 2024 after the exercise of the two one-year rollover options.

Based on the Group's current credit rating for long-term debt issues, the two facilities are not subject to any covenants. Neither of these two lines of credit had been drawn down at December 31, 2021.

NOTE 16 Related-party transactions

16.1 Transactions with related companies

(in EUR millions)	Net amount concerning related companies: Subsidiaries (1)	Other related companies (2)	Other companies	Net balance sheet amount at Dec. 31, 2021
BALANCE SHEET ITEMS				
Investments in subsidiaries and affiliates	13,837			13,837
Loans and advances to subsidiaries and affiliates	12,766			12,766
Other investment securities	0			0
Loans	801		24	825
Other receivables	637		115	752
Marketable securities	101		4,647	4,748
Cash and cash equivalents			1,060	1,060
Bonds			9,686	9,686
Bank borrowings			19	19
Other borrowings	6,112	3	1	6,116
Tax and social charges payable			58	58
Other payables	33		101	134
INCOME STATEMENT ITEMS				
Income from investments in subsidiaries and affiliates	927			927
Income from loans and other investments	279			279
Other interest income	1		5	6
Interest expense	14		232	246

(1) Fully consolidated companies.
(2) Companies that are not fully consolidated.

16.2 Transactions with other related parties

There are no material transactions with other related parties that were not entered into under arm's length conditions.

NOTE 17 Off-balance sheet Commitments

Off-balance sheet commitments given on behalf of consolidated companies

Off-balance sheet commitments given on behalf of consolidated companies	Date	Counterparty	2021 amount *(in EUR millions)*	2020 amount *(in EUR millions)*
Guarantee for new Saint-Gobain tower lease	01/09/2032	SCI Iris La Défense	6	6
Guarantee given on behalf of Saint-Gobain Isover (electricity purchases)	12/31/2025	Exeltium	12	14
Commitments given to other members of economic interest groupings (GIE)	indefinite	GIE counterparts	9	8
Commitment given to the Saint-Gobain Initiatives foundation	multiple	SG Initiatives counterparts	0	2
Commitment given to employees of the German companies in the Group (early retirement plan)	05/31/2022	Sparkasse Aachen	2	0

Financing-related off-balance sheet commitments

Financing-related off-balance sheet commitments given	Date	Counterparty	2021 amount (in EUR millions)	2020 amount (in EUR millions)
Liquidity agreement guarantee	jan-2022	Exane	1	0
Euro equivalent of forward currency sale contracts	multiple	multiple	1,844	5,811
Euro equivalent of foreign currencies payable under currency swaps	multiple	multiple	3,214	3,900
Equity swaps acquired as hedges of performance units	multiple	multiple	0	1

Financing-related off-balance sheet commitments received	Date	Counterparty	2021 amount (in EUR millions)	2020 amount (in EUR millions)
Liquidity agreement guarantee	jan-2022	Exane	1	0
Euro equivalent of forward currency purchase contracts	multiple	multiple	1,844	5,812
Euro equivalent of foreign currencies receivable under currency swaps	multiple	multiple	3,240	3,939
2013/2023 undrawn line of credit	12/20/2023	multiple	2,480	2,480
2017/2023 undrawn line of credit	12/20/2023	multiple	1,520	1,520
Equity swaps acquired as hedges of performance units	multiple	multiple	12	0

Financing-related off-balance sheet commitments given and received	Date	Counterparty	2021 amount (in EUR millions)	2020 amount (in EUR millions)
Interest-rate swaps: fixed-rate borrower/fixed-rate lender	multiple	multiple	298	278
Interest-rate swaps: variable-rate borrower/fixed-rate lender	multiple	multiple	175	175
Commodity swaps: fixed-price buyer/variable-price seller	multiple	multiple	4	0
Commodity swaps: variable-price buyer/fixed-price seller	multiple	multiple	4	0

Operations-related off-balance sheet commitments

None.

Other off-balance sheet commitments

In the context of tax disputes, the French tax authorities have been granted liens on assets in their favor in an amount of €52 thousand. These liens were appealed on the grounds that the taxation in question has already been paid by the Group. The appeal is currently being examined by the tax authorities.

In some cases Compagnie de Saint-Gobain, or other Group companies, may grant seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

NOTE 18 Information on fees paid to the Statutory Auditors

Total fees (excluding VAT) paid and payable to the Statutory Auditors in 2021, as reflected in the income statement for the year, may be broken down as follows:

- statutory audit fees: €1.8 million in 2021;
- fees for non-audit services: €0.3 million in 2021.

Non-audit services provided by the Statutory Auditors to Compagnie de Saint-Gobain relate mainly to audit procedures carried out as an independent third party on the management report on CSR information, due diligence in the context of planned acquisitions or divestments, and procedures related to the issuance of comfort letters in the case of new bond issues.

NOTE 19 Employees

Monthly average number of employees

Paris HQ (Tour Saint-Gobain, La Défense)	2021	2020
Managerial-grade employees	167	166
Supervisors	15	18
Administrative staff	3	4
TOTAL	**185**	**188**
of which employees under fixed-term contracts	3	1

German branch (Aix la Chapelle)	2021	2020
Managerial-grade employees	82	85
Supervisors	106	110
Administrative staff	0	0
TOTAL	**188**	**195**
of which employees under fixed-term contracts	9	13

Management compensation

Total gross compensation and benefits paid in 2021 by the French and foreign companies in the Group to members of the Executive Committee as it stood at December 31, 2021 (excluding any long-term compensation) amounted to €14.2 million (2020: €13.3 million), including €5.5 million in gross variable compensation (2020: €5.2 million).

Provisions for pensions and other post-employment benefit obligations (defined-benefit obligations [DBO] in respect of length-of-service awards and pensions) accruing to Group management totaled €31.0 million in 2021 (2020: €46.3 million). The decrease in this item reflects changes during the year as well as the transfer of obligations to a third-party insurer falling within the scope of Article L. 137-11 of the French Social Security Code, as taken up in the PACTE Law.

Compensation paid to members of the Board of Directors for 2021 totaled €1.1 million (2020: €1.0 million).

NOTE 20 Litigation

The lawsuits described below involve Group subsidiaries and the related costs and provisions are recorded in the accounts of the subsidiaries concerned.

20.1 Competition law and related proceedings

Competition laws apply to the Group companies in countries in which it operates. Violation of competition law exposes the Group to fines and, in certain countries, potential criminal sanctions on the Group and its employees involved. Any litigation filed by a competition authority could, in the event of conviction, give rise to the payment of fines and potentially damages, which is likely to have significant impact on the Group's reputation, financial position and operating results.

The Saint-Gobain Group is firmly committed to opposing any practice that might violate competition rules and has long applied the principle of zero tolerance. A plan for compliance with competition law has been in place within the Group since 2007.

Investigation by the Swiss Competition Commission in the sanitary products wholesale industry

In November 2011, the Swiss Competition Commission (Commission suisse de la concurrence) opened an investigation into anti-competitive practices in the sanitary products wholesale industry. In May 2014, the Commission Secretariat issued a notice of complaints against Sanitas Troesch and other wholesalers in the industry alleging that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The total fine imposed on all companies involved is CHF 80 million. For Sanitas Troesch, the fine is CHF 28.8 million. Sanitas Troesch appealed this decision on May 2, 2016 and continues to firmly refute the claims made. The hearing took place before the Federal Administrative Court on January 21, 2020 and the date on which the Federal Administrative Court will issue its decision is not yet known. However, a provision for claims and litigation was recognized at December 31, 2015 in an amount equivalent to the fine (unchanged as at December 31, 2021).

Investigation by the French Competition Authority in the building insulation products industry

On July 28, 2014, the French Competition Authority sent a statement of objections to Saint-Gobain Isover and Compagnie de Saint-Gobain (as parent company of the Saint-Gobain Group). A hearing took place on May 11, 2016, whereupon the Competition Authority sent the case back for further investigation in light of the arguments put forward by Saint-Gobain Isover and Compagnie de Saint-Gobain. In October 2018, Saint-Gobain Isover and Compagnie de Saint-Gobain received a second statement of objections, in which the Competition Authority alleges anti-competitive practices in the building insulation products market, between 2001 and 2013.

Saint-Gobain Isover and Compagnie de Saint-Gobain rejected the allegations in their response to the second statement of objections filed in January 2019.

A new report was sent by the Authority at the end of 2019, which gave rise to comments in response from Saint-Gobain Isover and Compagnie de Saint-Gobain on February 11, 2020.

The hearing before the Competition Authority was held on October 6, 2020. By decision dated January 14, 2021, the French Competition Authority considered that the alleged anti-competitive practices were not established and dismissed all the objections notified.

Actis appealed this decision to the Paris Court of Appeal on February 26, 2021, following which the other parties including Saint-Gobain Isover and Compagnie de Saint-Gobain filed incidental appeals. Hearing is expected to occur end of 2022.

On the civil law front, Actis served in March 2013 a damages claim on Saint-Gobain Isover, the Centre scientifique et technique du bâtiment, and the FILMM before the Paris Civil Court (Tribunal judiciaire de Paris) based on the facts being investigated by the Competition Authority. A stay of proceedings has been declared and following the dismissal decided by the Competition Authority and the appeal filed by Actis against such dismissal, Actis requested that the proceeding remain stayed until the Paris Court of Appeal's decision to be made in relation to the appeal filed by Actis against the dismissal decision of the Competition Authority.

20.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, where Everite and Saint-Gobain PAM had carried out fiber-cement operations in the past, seven additional lawsuits to those brought since 1996 were filed in 2021 by former employees (or persons claiming through them) for recognition of inexcusable fault resulting from exposure for asbestos-related occupational diseases.

As of December 31, 2021, a total of 844 lawsuits had been issued against the two companies since 1996 with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of the same date, 812 of these 844 lawsuits had been completed, the employer's inexcusable fault having been upheld in all of these cases. 32 actions are still pending against Everite and Saint-Gobain PAM.

Compensation paid by Everite and Saint-Gobain PAM since the outset of these litigations in settlement of these lawsuits totaled approximately €6.6 million as of December 31, 2021 (compared to €6.2 million as of December 31, 2020).

In addition, as of December 31, 2021, a total of 272 similar suits had been filed since the outset of the litigation by current or former employees, or persons claiming through them, of 13 French companies of the Group (excluding suits against companies that are no longer part of the Group), in particular by current or former employees who in the past used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2021, 230 of this 272 lawsuits had been completed, with the employer's inexcusable fault having been upheld in 147 of them. 42 actions were still pending at the same date.

The total amount of compensation paid since the outset of the litigation by these companies was approximately €10.5 million as of December 31, 2021 (compared to approximately €8.7 million as of December 31, 2020).

Anxiety claims

Eight of the Group's subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, were the subject of anxiety claims.

"Facilities classified as containing asbestos" are defined as industrial facilities, that have been closed or are still operating, which previously manufactured materials containing asbestos or used protection and insulation equipment containing asbestos and that are included by ministerial decree on the official list of facilities whose current or former employees are entitled to the early-retirement benefit paid to asbestos workers (ACAATA).

As of December 31, 2021, a total of 824 lawsuits had been brought by current or former employees – benefiting from ACAATA or not – claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. These 824 suits have all been definitely completed, representing a total amount of compensation of €8.5 million as of December 31, 2021 (compared to €7.6 million as at December 31, 2020).

It should be clarified that the above figures do not take into account suits filed against companies that are no longer part of the Group.

The provision related to asbestos-related litigation in France amounted to around €6.9 million as of December 31, 2021 (compared to €5.5 million as of December 31, 2020).

Situation in the United States

Action taken to achieve equitable and permanent Resolution of the former CertainTeed Corporation's legacy asbestos liabilities in the United States

DBMP LLC, an affiliate of CertainTeed LLC based in North Carolina, that holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed, on January 23, 2020, a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Western District of North Carolina in Charlotte. The purpose of the filing is to achieve a certain, final and equitable resolution of all current and future claims arising from asbestos-containing products manufactured and sold by the former CertainTeed Corporation.

DBMP LLC intends to seek court authority to establish a trust under Section 524(g) of the US Bankruptcy Code – a specific provision that is applicable to companies that face substantial numbers of asbestos-related claims – to achieve a fair and equitable resolution of its asbestos-related liabilities. Upon establishment of the trust, current and future plaintiffs with qualifying claims will be able to receive faster payment of their claims without the delay, stress and uncertainty of litigation in the tort system; at the same time, the creation and funding of such a trust will permanently and finally resolve DBMP LLC's asbestos liability.

During the course of this bankruptcy process, which is expected to take approximately three to eight years, all asbestos litigation will be stayed and all related costs suspended, providing DBMP LLC with the time and protection to negotiate an agreement to be approved on behalf of all claimants and by the court.

This action was taken as a result of the increasing risks presented in the US tort system. Despite the passage of time, the aging of the population and lessening opportunity for claimants to assert legitimate claims of exposure to the asbestos-containing products of the former CertainTeed Corporation, naming practices in the tort system continued to result in a steady volume of claims against DBMP LLC, with no foreseeable end in sight. In addition, there has been, in general, an escalation of settlement demands and verdicts in the tort system.

Impact on the Group's financial statements

Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly owned subsidiary Millwork & Panel LLC, and in particular the provision for asbestos-related litigation in the United States, are no longer consolidated in the Group's financial statements.

Nonetheless, because of a funding agreement between CertainTeed LLC and DBMP LLC by which CertainTeed LLC has agreed to fund the costs of the Chapter 11 case and, ultimately, the 524(g) trust, in both cases solely to the extent DBMP LLC is unable to do so in full, the Group recorded in its consolidated financial statements a debt against DBMP LLC amounting to $417 million as of December 31, 2021.

The Group's consolidated income for 2021 is not impacted by the ongoing Chapter 11 proceeding described above.

As a result of this bankruptcy proceeding, all legal costs and indemnity payments related to DBMP LLC's asbestos tort claims have been suspended, and no further charges in relation to such claims have been taken in 2021 (as in 2020).

Situation in Brazil

In Brazil, former employees of Brasilit, that once manufactured fiber cement containing asbestos, suffering from asbestos-related occupational illnesses are offered, depending on the case, either financial compensation alone or lifetime medical assistance combined with financial compensation. Around 1,200 contractual instruments have accordingly been signed to date.

Two class actions were initiated against Brasilit in 2017 by two associations defending former employees exposed to asbestos at the São Caetano (São Paulo state) and Recife (Pernambouc state) plants, asking for their medical assistance and compensation to be revised. First and second instance decisions were rendered in connection with the first suit respectively in July 2020 and July 2021, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the second instance decision. The suit related to Recife is still at an early stage and there is no court decision issued so far.

A third class action was initiated against Brasilit in 2019 in Capivari (State of São Paulo) by the Labor prosecutor asking for health insurance, as well as collective moral damages, in favor of employees, former employees and their respective families, as well as subcontractors who were exposed to asbestos. A first instance decision was rendered in September 2020 partly in favor of the plaintiffs. In particular, collective moral damages were granted to the plaintiffs, for an amount reduced to BRL 5 million (€0.8 million). Brasilit has appealed the decision.

Brasilit is subject to controls by the Ministry of Labor and continues to comply with all of its legal obligations with regard to medical assistance for its current and former employees.

In November 2017, the Supreme Court of Brazil decided to ban asbestos definitively across the country. Brasilit stopped using asbestos voluntarily as early as 2002.

20.3 Environmental disputes

PFOA matters in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of US Environmental Protection Agency (EPA) health advisories or state maximum contaminant levels for drinking water have been found in municipal water systems and private wells near current Saint-Gobain Performance Plastics (SG PPL) facilities in Hoosick Falls (New York) and Merrimack (New Hampshire), and two former facilities in North Bennington (Vermont) in the United States. PFOA and PTFE (polytetrafluorethylene) have never been manufactured by these plants. SG PPL is a processor of PTFE which it purchases from third-party suppliers and which in the past contained some PFOA.

SG PPL has voluntarily provided bottled water in all three communities, installed point-of-entry treatment systems to residents and businesses in all three communities, installed carbon filtration systems on the municipal water supply in Hoosick Falls and funded the installation of a carbon filtration system on the Merrimack Valley District's municipal water supply. In addition, it has voluntarily funded construction of water line extensions in certain communities in the Merrimack and Bennington areas. The investigations are ongoing and the scope of responsibility for SG PPL arising from environmental remediation in New Hampshire and New York and clean-up obligations at these sites has not yet been established. The scope of the remediation in Vermont is defined and largely completed; future operation and maintenance obligations remain. Without admitting liability, SG PPL has signed consent orders with the environmental regulators in New York in 2016, in Vermont in 2017 and 2019 with respect to two different areas, and in New Hampshire in 2018, pursuant to which SG PPL has agreed to complete investigations, implement interim or final remediation measures at its current and former facilities and in the case of Vermont and New Hampshire, fund construction of water lines. Responsibility, if any, is expected to be shared with other parties as regards in particular the Hoosick Falls site.

PFOA-related lawsuits alleging both health-related and economic damages claims have been filed in civil courts in New York, New Hampshire and Vermont, some of which are in the form of proposed or certified class actions. It is difficult to predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against SG PPL, however, both the New York and Vermont class actions have signed settlements, the Vermont settlement remaining under final review by the courts.

On December 31, 2021, the provision recorded by the Company in respect of this matter amounts to €116 million (compared to €31 million as of December 31, 2020). This provision covers fully the amount of the New York and Vermont class action settlements, as well as various other costs related to PFOA matters including remediation works.

20.4 Other contingent liabilities

Grenfell Tower fire in the United Kingdom

Celotex provides insulation materials for specific applications for the building and construction industry.

Insulation materials from two Celotex ranges were purchased *via* distributors and used in refurbishing Grenfell Tower, London in 2015/2016, including as one component of the rainscreen cladding system designed and installed (by third parties) on the tower's external facade.

Following the Grenfell Tower fire on June 14, 2017, a Public Inquiry is underway, which is considering, among other things, the modifications made to the building as part of the refurbishment, the role played by the various construction professionals, and the information provided by the manufacturers of the products used. The Inquiry is conducting its work in two phases: its phase 1 report was published on October 30, 2019, phase 2 commenced in January 2020 – public hearings are expected to continue until July 2022, with a final report to follow some time thereafter. A criminal investigation into the circumstances of the fire is also in progress.

There are a large number of issues and circumstances that need to be explored and the implications for Celotex are unlikely to be known for some time. Civil proceedings in connection with Grenfell Tower brought against Celotex Limited and/or Saint-Gobain Construction Products UK Limited (which respectively held the Celotex business until or after December 31, 2015) and a number of other defendants – who are also core participants in the Public Inquiry – have been issued and are stayed prior to the service of full pleadings. No figure has yet been put on the quantum claimed.

The extent to which Celotex may incur civil or criminal liability in connection with the production, marketing, supply or use of its products is currently unclear and Celotex Limited and Saint-Gobain Construction Products UK are currently unable to make a reliable estimate of their potential liability in this respect.

20.5 Other proceedings and disputes

Some of the Group's companies may also be the subject of other claims made by their employees or by the tax authorities, or in the context of the enforcement of seller's warranties granted by the Group to the buyers of divested businesses. Apart from the proceedings and litigation described above, to the best of the Company's knowledge, no other government, court or arbitration proceedings exist (including pending proceedings or proceedings where the Company and/or the Group might be threatened) which could have or have had, in the last 12 months, a significant impact on the financial position or profitability of the Company and/or Group.

NOTE 21 Subsequent events

No material events have occurred since the balance sheet date.

4. Statutory Auditors' report on the financial statements

For the year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

COMPAGNIE DE SAINT-GOBAIN

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie cedex

France

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Compagnie de Saint-Gobain for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

1. Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the following matter described in Note 1 "Accounting principles and methods" to the financial statements relating to the change in the method for calculating certain retirement benefits following the first application of the IFRIC's decision issued in May 2021 regarding the rules for measuring and recognizing pension and other benefit obligations. Our opinion is not modified in respect of this matter.

2. Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and affiliates and related loans and advances

Description of risk

At December 31, 2021, the carrying amount of the Company's investments in subsidiaries and affiliates and related loans and advances stood at €26,603 million, representing 78% of the net assets of the company. Investments in subsidiaries and affiliates are initially stated at cost and are impaired based on their value in use, corresponding to the amount the Company would be prepared to pay for the investment if it were to acquire it. A decline in the performance of certain subsidiaries or affiliates or risks relating to the international locations of those companies could lead to impairment losses.

We deemed the measurement of the value in use of these investments, which is performed each year by Management using the multi-criteria approach described in Note 1 to the financial statements, to be a key audit matter in light of the potential materiality of any impairment and the high degree of estimation and judgment required from Management to assess impairment losses, especially in the context of Covid-19's crisis. Management's judgment is based in part on assumptions relating, on the one hand, to the multiples applicable to the valuation of the investments and, on the other, to future changes in the cash flows relating to the investments, as well as to the calculation of the appropriate discount rate applied to future cash flows.

The impairment tests performed by Management have led to book a reversal of impairment amounting to €345 million and impairment losses amounting to €1 million for the year ended December 31, 2021.

How our audit addressed this risk

We examined the impairment test procedure applied by the Company's financial management team, especially the consideration of the impacts of the Covid's 19 health crisis, verified the consistency of the method used and tested the effectiveness of the controls implemented by Management to ensure the quality and reliability of the procedure.

We carried out an independent analysis of certain key assumptions used by Management to perform the tests, pertaining, as appropriate, to the multiple deemed applicable to the valuation of the investments or to the discount rate and average perpetual growth rate used to project future cash flows, referring both to external market data and analyses of comparable companies.

For each investment selected for our tests of detail, we corroborated the calculation parameters applied in Management's multi-criteria approach with the accounting and budget data available for that investment. Where projected future cash flows were used, we analyzed the consistency of the projections with past performance and our knowledge of the Company's business, supported by interviews with managers from the various businesses, we also analyzed qualitative and quantitative parameters related to the depth and the potential length of the Covid-19's crisis and, in so far as they were available, external data relating to markets or competitors. We paid particularly close attention to the calculation of the normalized amount of the terminal cash flows projected to perpetuity.

We verified the disclosures provided in the notes to the financial statements concerning the valuation of investments in subsidiaries and affiliates and related loans and advances to ensure their appropriateness.

3. Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (code de commerce).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

4. Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Compagnie de Saint-Gobain by the Shareholders' Meeting held on June 26, 1986 for Petiteau Scacchi and subsequently PricewaterhouseCoopers Audit and on June 10, 2004 for KPMG Audit.

As at December 31, 2021, PricewaterhouseCoopers Audit and KPMG Audit were in the thirty-six year and the eighteenth consecutive year of their engagement, respectively.

5. Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

6. Statutory Auditors Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Neuilly-sur-Seine and Paris La Défense, February 24, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Edouard Sattler

KPMG Audit
Department of KPMG SA

Pierre-Antoine Duffaud   Bertrand Pruvost

5. Management report Compagnie de Saint-Gobain annual financial statements

Compagnie de Saint-Gobain's net income totaled €1,458 million in 2021 (2020: €862 million). It consisted primarily of financial income from subsidiaries and affiliates (dividends and income transfers from subsidiaries of the German branch) totaling €927 million in 2021 (2020: €690 million), reversals of impairment recognized against investments in subsidiaries and affiliates totaling €345 million (2020: €0), an income tax benefit of €261 million (2020: €185 million) from the French and German tax consolidation groups, less a net exceptional expense of €68 million (2020: €2 million) due mainly to provisions for performance share plans awarded to employees.

Shareholders' equity before the appropriation of income for the year totaled €17,612 million at December 31, 2021 (December 31, 2020: €17,447 million).

Significant events during the year

1.1 Transactions involving shareholders' equity

The principal events that contributed to changes in capital stock and shareholders' equity were:

- the May 11, 2021 increase in capital stock for €199 million through the subscription of 5,562,855 shares under the Group Savings Plan at a price of €35.81;
- a reduction of €794 million in capital following the cancellation of 5,700,000 shares on June 11, 2021 and of 8,543,174 shares on November 30, 2021;
- the payment on June 9, 2021 of the Company dividend of €698 million.

1.2 Sale of Lapeyre

On November 9, 2020, Saint-Gobain announced that it had entered into exclusive negotiations with Mutares, listed in Frankfurt, in preparation for the sale of Lapeyre, its subsidiary specialized in home improvements in France, on the basis of a firm and binding offer which follows a broad competitive process that began in September 2019. On June 1, 2021, Saint-Gobain announced that it had finalized the sale of Lapeyre to Mutares. This transaction is part of the Group's efforts to concentrate its resources on its strategic activities.

Saint-Gobain provided Lapeyre with around €245 million, leaving it with a robust cash position and a healthy financial situation to finance its operations as well as the investments and measures necessary to continue modernizing the brand and the plants, and the return to profitability.

1.3 Sale of Saint-Gobain Building Distribution the Netherlands

On January 4, 2021, Saint-Gobain announced it had entered into exclusive negotiations with BME (Building Materials Europe) in preparation for the sale of Saint-Gobain Building Distribution the Netherlands (SGBD NL). This transaction was finalized in July 2021 following the information and consultation procedures with the employee representatives of the Dutch entities concerned and the approval of the European competition authority. The sale of this business was based on an enterprise value of €150 million.

1.4 Sale of Saint-Gobain PAM China

On April 16, 2021, Saint-Gobain announced that it had signed an agreement concerning PAM China, pursuant to which the Group would sell 67% of its Pipe business in China to a consortium led by local management. The transaction closed in the summer of 2021, valuing the company at approximately €100 million.

1.5 Sale of Graham

On July 12, 2021, Saint-Gobain signed agreements for the sale of Graham, its specialist distributor for plumbing, heating and sanitary products in the United Kingdom. The majority of the Graham outlets, as well as the Graham brand name and website name, were transferred to UK Plumbing Supplies, and a smaller number of branches divested to Wolseley.

1.6 Acquisition of Chryso

After signing an agreement on May 20, 2021, Saint-Gobain completed its acquisition of Chryso on September 29, 2021 from funds advised by the global private equity firm Cinven.

Chryso is a leading global player on the construction chemicals market, providing comprehensive additive solutions for sustainable construction, helping to significantly reduce the carbon footprint of concrete. The company employs 1,300 people and generates approximately €400 million in annual sales and around €85 million in Ebitda.

The enterprise value of just over €1 billion represents a multiple of 12.0x Chryso's last 12 months' Ebitda of €85 million and a multiple of 7.6x post run-rate synergies of €50 million in year 5.

1.7 Acquisition of GCP

On December 6, 2021, Saint-Gobain and GCP Applied Technologies announced that they had entered into a definitive agreement pursuant to which Saint-Gobain will acquire all of the outstanding shares of GCP for USD 32.00 per share, in cash, in a transaction valued at approximately USD 2.3 billion (approximately €2.0 billion). This acquisition is a decisive step in establishing Saint-Gobain's leading position worldwide in construction chemicals with total sales of more than €4 billion (up from €3 billion previously), and furthers the Group's strategy as worldwide leader in light and sustainable construction.

The agreed-upon price represents a multiple (before synergies) of approximately 13.2x GCP's estimated 2022 adjusted Ebitda of USD 170 million, a multiple of 8.8x Ebitda post run-rate synergies of USD 85 million, and a premium of 39% above the volume-weighted average price per GCP share for the 30 unaffected trading days ended November 30, 2021.

The transaction was unanimously approved by the Boards of Directors of both Saint-Gobain and GCP Applied Technologies. Saint-Gobain has obtained undertakings from Starboard and Standard Investments (formerly known as 40North/Standard Industries), to vote their respective stakes of 8.9% and 24.2% in favor of the transaction.

Closing of the transaction is subject to GCP shareholders' approval, antitrust approvals and satisfaction of other customary closing conditions; it is expected to close by year-end 2022.

1.8 New "Grow & Impact" strategic plan

At its Capital Markets Day on October 6, 2021, Saint-Gobain launched "Grow & Impact", its new strategic plan designed to accelerate the Group's profitable growth.

The Group is very well positioned on the structural growth markets of light and sustainable construction.

Thanks to its comprehensive range of solutions and its performance-driven local operating model, Saint-Gobain should outperform its underlying markets, which are accelerating.

Saint-Gobain is a key player in the fight against climate change, aiming to maximize the positive impact that the Group brings to its customers while minimizing its own environmental footprint:

- sustainable solutions represent 72% of Group sales;
- solutions sold by the Group in one year result in the avoidance of around 1,300 million tons of CO_2 over their lifespan.

The Group set new annual financial targets for 2021-2025 on average, including accelerated profit and cash flow generation and attractive value creation for its shareholders:

- organic revenue growth of 3%-5%;
- operating margin of 9%-11%;
- free cash flow conversion ratio above 50%;
- ROCE of 12%-15%;
- annual dividend payout ratio representing 30%-50% of recurring net income;
- €2 billion share buyback program over the 2021-2025 period.

1.9 Financing activities

Compagnie de Saint-Gobain also redeemed the following instruments at maturity:

- a €750 million private placement paying variable-rate interest at 3-month Euribor +0.35% on March 22, 2021;
- €750 million worth of 3.625% bonds on June 15, 2021.

Other mandatory disclosures

2.1 Maturity of amounts owed to suppliers and from customers

Pursuant to Article D.441-6, amounts owed to suppliers and from customers can be analyzed as follows by maturity:

	Article D.441 I.-1: Overdue invoices from suppliers unpaid at Dec. 31, 2021						Article D.441 I.-2: Overdue invoices to customers unpaid at Dec. 31, 2021					
(in EUR thousands)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) OVERDUE BY DELAY												
Number of invoices	86					561	0					1,818
Total value of invoices incl. VAT	3,932	2,621	(1,151)	312	5	1,787	0	13,241	2,830	718	9,426	26,215
Percentage of 2021 total purchases incl. VAT	1.5%	1.0%	-0.4%	0.1%	0.0%	0.7%						
Percentage of 2021 sales incl. VAT							0.0%	4.3%	0.9%	0.2%	3.1%	8.5%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES/RECEIVABLES												
Number of invoices						0						0
(C) METHOD USED TO CALCULATE OVERDUE INVOICES (CONTRACTUAL OR STATUTORY PERIOD – ARTICLE L.441-6 OR L.443-1 OF THE FRENCH COMMERCIAL CODE)												
Method used to calculate overdue invoices	Due date of the invoice						Due date of the invoice					

Compagnie de Saint-Gobain settles its debts by their given due dates. The only invoices not settled by their due dates are those subject to disputes and classified as pending decisions, as well as invoices that were received late.

2.2 Company branch

Compagnie de Saint-Gobain has a German branch.

6. Five year financial summary

(in EUR thousands)	2021	2020	2019	2018	2017
1 – CAPITAL STOCK AT YEAR-END					
Share capital	2,096	2,131	2,179	2,186	2,214
Number of common shares outstanding	524,017,595	532,683,713	544,683,451	546,585,004	553,557,091
2 – RESULTS OF OPERATIONS					
Sales	301	281	297	189	181
Income before tax, depreciation, amortization and provisions	879	695	677	915	864
Income tax	261	185	226	154	14
Income after tax, depreciation, amortization and provisions (net income)	1,458	862	849	669	839
Dividends	851 (1)	698 (2)	0 (3)	716 (4)	707 (5)
3 – EARNINGS PER SHARE *(in EUR)*					
Income before tax, depreciation, amortization and provisions	1.68	1.30	1.24	1.67	1.56
Income after tax, depreciation, amortization and provisions (net income)	2.78	1.62	1.56	1.22	1.52
Net dividend per share	1.63	1.33	0.00	1.33	1.30
4 – EMPLOYEE INFORMATION (6)					
Average number of employees during the year	185	188	201	200	199
Total payroll for the year	40	32	34	31	30
Total benefits paid for the year	24	18	15	15	15

(1) *Estimated amount based on 524,017,595 shares carrying, at January 31, 2022, rights to dividends in respect of 2021, less 2,090,683 treasury shares held at January 31, 2022.*

(2) *Based on 532,695,363 shares carrying rights to dividends in respect of 2020, less 7,637,902 treasury shares held on the ex-dividend date.*

(3) *No dividend was paid in respect of 2019.*

(4) *Based on 546,585,333 shares carrying rights to dividends in respect of 2018, less 7,953,739 treasury shares held on the ex-dividend date.*

(5) *Based on 553,557,091 shares carrying rights to dividends in respect of 2017, less 9,345,487 treasury shares held on the ex-dividend date.*

(6) *Employee numbers only include staff at the Company's head office and exclude the German branch.*

9

Additional information and cross-reference tables

1. Additional information

1.1 Principal statutory provisions and internal rules of the Board of Directors

1.1.1 Principal statutory provisions

The main provisions of Compagnie de Saint-Gobain's bylaws are summarized below.

A complete version of the bylaws may be consulted on the Company's website (www.Saint-Gobain.com). A copy may also be obtained upon request from the Clerk of the Commercial Court of Nanterre and at the Company's headquarters.

Corporate name, form, head office and duration (Articles 1, 2, 4 and 5)

A French *société anonyme* governed by the provisions of Articles L.210-1 *et seq.* of the French Commercial Code, Compagnie de Saint-Gobain's head office is Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie, France (tel: +33 (0) 1 88 54 00 00). It is registered with the Trade and Companies Register of Nanterre under No. 542 039 532.

The Company was founded in 1665 and registered with the Trade and Companies Register on July 21, 1954 for a period that will expire on December 31, 2040, unless it is subject to early dissolution or extension.

Corporate purpose (Article 3)

The Company's corporate purpose is, in summary form, to conduct and manage, in France and internationally, any and all industrial, commercial, financial, securities and real estate transactions related to its manufacturing and contracting activities, through French or foreign subsidiaries or affiliates or otherwise.

Fiscal year (Article 19)

Its fiscal year runs from January 1 to December 31.

Share capital and disclosure thresholds (Articles 6 and 7)

At December 31, 2021, the share capital was set at €2,096,070,380.00 divided among 524,017,595 shares with a par value of €4 each, entirely paid up and all of the same type.

The bylaws (Article 7.4) require shareholders to disclose to the Company within five trading days any direct, indirect or joint interest representing at least 0.50% of the capital or voting rights, or any multiple of this percentage.

The same disclosure requirement applies when a direct, indirect or joint holding falls below any of these thresholds.

Failure to comply with these disclosure rules may result in the undisclosed shares exceeding this percentage being stripped of voting rights for a period of two years from the date when the non-disclosure is remedied, at the request of one or more shareholders representing at least 3% of the capital or voting rights, as recorded in the minutes of the General Meeting.

Furthermore, the Company may request information regarding the composition of its shareholding structure and the ownership of its shares in accordance with current laws and regulations.

Share rights (Article 8)

Each share entitles the owner to ownership of corporate assets and liquidation proceeds in an equal proportion to the share capital it represents.

Whenever it is necessary to hold a certain number of shares in order to exercise a right, it is for the owners who do not possess such number to assume responsibility, as necessary, to create the corresponding grouping up to the required number of shares.

Each share entitles the holder to vote at the General Meetings under the conditions stipulated in the bylaws (see Article 18 below).

Share ownership automatically requires compliance with the Company's bylaws and the decisions taken by the General Shareholders' Meeting.

Company Management (Articles 9 to 12, 14 and 15)

The Company is administered by a Board of Directors comprised of at least three members and no more than eighteen members, subject to the exceptions provided for by law in the event of a merger.

Directors are elected for a four-year term which is renewable, subject to the age limit of 70. The age limit of the Chairman of the Board of Directors is set at 68. The Chairman of the Board of Directors may also hold the position of Chief Executive Officer of the Company, at the discretion of the members of the Board. In this case, he has the title of Chairman and Chief Executive Officer and the age limit is 65 (like that of the Chief Executive Officer and the Chief Operating Officer).

One Director representing employee shareholders shall be appointed by the General Shareholders' Meeting, under the conditions of quorum and majority applicable to any appointment of a Director, from among the employee shareholders or, as the case may be, from among the members of the Supervisory Boards of the corporate mutual funds of the Company's Group Savings Plan. It shall be governed by all legal and statutory provisions applicable to the Directors appointed by the General Shareholders' Meeting as well as those specific to it.

Appointment procedure

Candidates for the office of Director representing employee shareholders shall be presented to the General Shareholders' Meeting, in accordance with the following procedures:

- one candidate shall be appointed from among its members by the Supervisory Board of the corporate mutual funds of the Company's Group Savings Plan. If there is more than one corporate mutual fund, each Supervisory Board of such corporate mutual funds shall appoint one candidate from among its members;

- one candidate shall be elected by the employees holding registered shares, as part of a consultation process defined by General Management. Voting may take place by any technical means that ensures the reliability of the vote, whether by electronic means or by mail, with each employee holding a number of votes equal to the number of registered shares he or she holds. The candidate who obtains the highest number of votes shall be presented to the General Shareholders' Meeting.

Election of the Director representing employee shareholders

If there is more than one candidate for the office of Director representing employee shareholders, the Board of Directors may approve the appointment of one of them. The candidate who obtains the highest number of votes at the General Shareholders' Meeting shall be appointed Director representing employee shareholders.

Two employee Directors shall be appointed by the Group Works Council (*Comité de Groupe*) of the Company. The appointment of the employee Directors shall take place within six months of the General Shareholders' Meeting.

The term of office of a Director shall end at the conclusion of the Ordinary Shareholders' Meeting called to approve the financial statements for the previous fiscal year that is held in the calendar year during which the term of office of said Director expires. The duties of an employee Director (including a Director representing employee shareholders) shall also terminate in the event of termination of his or her employment contract, on the date of the termination, subject to intragroup transfer. If the conditions for application of the law are not met, the term of office of the employee Directors (including a Director representing employee shareholders) shall end upon completion of the meeting of the Board of Directors that confirms the Company's exit from the scope of application of the law.

The Board of Directors determines the Company's overall business strategy and examines any issues related to the efficient operation of business.

The Board's activities are organized and led by the Chairman of the Board.

Board meetings may be held using videoconferencing or other interactive telecommunication technology, under the conditions stated by law.

Each Director appointed by the General Shareholders' Meeting must own at least eight hundred shares, with the exception of employee Directors and the Director representing employee shareholders.

General Management (Articles 13 and 15)

At the choice of the Board of Directors, the Company's Senior Management is assumed either by the Chairman of the Board of Directors, in this case in his capacity as Chairman and Chief Executive Officer, or by the Chief Executive Officer.

The Chief Executive Officer, chosen by the Board of Directors, whether or not from among its own members, is vested with the broadest authority to act under any circumstances in the name of the Company within the limits of the corporate purpose and subject to such powers as the law expressly attributes to General Meetings and to the Board of Directors. He represents the Company in its relations with third parties.

General Meetings and voting rights (Article 18)

Any shareholder may participate in General Meetings in person or by proxy, provided that his/her/its shares have been formally recorded in the accounts, subject to the applicable legal provisions.

Where decided by the Board, shareholders may be convened to and vote at a General Meeting by any form of electronic communication. All shareholders may give proxy to another person or entity to represent them at a General Meeting, subject to the applicable legal provisions. Legal entities shareholders are represented at a General Meeting by their legal representative or by any person designated by such legal representative.

At all General Meetings, voting rights are exercisable by the beneficial owner of the shares. Each shareholder has a number of voting rights corresponding to the number of shares held, without limitation.

However, double voting rights are allocated to fully paid-up shares registered in the name of the same holder for at least two years.

In addition, in the case of a capital increase through capitalization of reserves, profits or share premiums, registered shares allocated free of charge to a shareholder carry double voting rights from the date on which they are issued on the basis of shares already held by the shareholder carrying such entitlement.

Double voting rights are forfeited when the shares are converted to bearer form or sold. However, double voting rights are not forfeited when title is transferred by way of an inheritance or as a result of the liquidation of the marital estate or an *inter vivos* donation to a spouse or a relative in the direct line of succession, and the transfer is not taken into account for the purpose of calculating the two-year qualifying period.

Shareholders may vote by mail in accordance with applicable laws and regulations.

Allocation and appropriation of net income (Article 20)

An appropriation of at least five per cent is deducted from net income, less any losses carried forward from the previous year, and allocated to the reserve fund prescribed by law. This appropriation is no longer mandatory once the reserve fund reaches a sum equal to one tenth of the share capital. It is reactivated if the reserve comes to be lower than this tenth.

Distributable income corresponds to net income for the year less any losses carried forward from prior years and less any amounts to be credited to reserves in application of the law or the Company's bylaws, plus retained earnings.

The General Shareholders' Meeting may appropriate this distributable profit (loss) for the period as follows:

1. all or part of this amount to any contingency or special reserves or to retained earnings, based on a recommendation of the Board of Directors;
2. if these appropriations do not absorb the total amount of distributable income, shareholders are paid a non-cumulative first dividend equal to five per cent of the paid-up par value of shares, without being entitled to claim such payment from appropriations from the distributable income of subsequent years;
3. if any funds remain after paying these appropriations, they are divided among the shareholders.

The General Meeting approving the financial statements for the fiscal year may decide to offer shareholders the option of receiving all or part of the dividend (or any interim dividend) in cash or in shares.

1.1.2 Internal rules of the Board of Directors

The Compagnie de Saint-Gobain's internal rules of the Board of Directors in force on February 1, 2022 describe the Board's organization and functioning. The internal rules were last updated by the Board of Directors on July 29, 2021.

The provisions of the Board of Director's internal rules are reproduced in their entirety below, except for the provisions that concern Board Committees, which are set out in Chapter 5, Section 1.2.3.2. Paragraphs shown in italics below provide commentary.

"These internal rules aim to set out the organization and functioning of Compagnie de Saint-Gobain's Board of Directors.

They are to be applied in conjunction with the rules and duties laid out in those applicable legal and regulatory provisions and the Company's bylaws which have not been reproduced below.

They implement the recommendations published by the AFEP-MEDEF Corporate Governance Code for French listed companies.

I. Meetings of the Board of Directors

The Board holds at least seven scheduled meetings each year. At each year-end, an annual work program is drawn up by the Chairman of the Board of Directors and given to the Directors for the following year. The draft minutes of each meeting are sent to the Directors at the same time as the agenda for the next meeting. They are approved at that meeting and the final minutes are then sent with the agenda for the following meeting.

Except for meetings held to approve the annual financial statements of the Company, the annual consolidated financial statements and the annual management report, Directors who take part in a Board meeting using videoconferencing or other telecommunication technology enabling them to be identified and to participate actively in the discussion, are deemed to be present for calculation of the quorum and voting majority.

II. Prior and permanent information for Directors

Each time a meeting is called, Directors are provided with a selection of financial analyses and a range of press articles concerning the Saint-Gobain Group published in the period since the last Board meeting.

The text of explanations and presentations scheduled on the agenda for a meeting is sent to the Directors prior to the meeting.

The draft Universal Registration Document for the Saint-Gobain Group and the draft consolidated financial statements and the annual and interim financial statements are sent to the Directors prior to the meeting at which they are to be considered.

The information file handed out to the Directors at each meeting includes, among other things, an analysis of the Saint-Gobain Group's operating income and its net debt at the previous month-end, as well as details of the Saint-Gobain share performance compared with the CAC 40 and an industry index.

One Board meeting is held at a different Saint-Gobain Group site each year, to give the Directors an opportunity to also visit the site concerned.

Between meetings, the Directors receive copies of all press releases issued by the Company, along with any relevant information about events or transactions that are material for the Saint-Gobain Group.

Directors have the right to ask for any other documents that they consider necessary in order to make an informed contribution to the Board's discussions; the request is made to the Chairman of the Board of Directors, who may submit the request to the Board for a decision.

Directors may also ask to meet senior executives of the Saint-Gobain Group and to request that no Executive corporate officers are present; in the latter case, notice shall first be given to the Chairman of the Board of Directors and the Chief Executive Officer and the Chairman may submit the request to the Board for a decision.

III. Deliberations of the Board of Directors

The Board examines all issues that fall within its remit, as specified in the applicable laws and regulations and the Company's bylaws, particularly on the following subjects:

The Board meets annually to review and approve the budget for the Saint-Gobain Group.

It reviews and approves the strategic orientations of the Saint-Gobain Group at least once a year and monitors their implementation, taking into account the social and environmental challenges of its business.

All capital expenditures, restructuring, disposals, acquisitions and financial investment and divestment projects in individual amounts greater than €150 million must be submitted to the Board for prior approval, along with any material transactions that fall outside the Group's stated strategy.

For urgent matters where there is not enough time to call a Board meeting, the Chairman of the Board of Directors provides the Directors with all relevant information by the most efficient method in order to obtain their opinion.

Once a year, the Board of Directors dedicates an item on its agenda to a discussion about its operation. In addition, an assessment of its organization and operation is carried out periodically at the initiative of the Lead independent Director; this assessment is added to the agenda of a subsequent meeting of the Board of Directors.

Every year, the Board also reviews each Director's situation in relation to the independence criteria set out in the AFEP-MEDEF Code, based on a report prepared by the Nomination and Remuneration Committee. The results of the review are reported to shareholders in the annual report.

Non-Executive Directors may meet during or after a Board meeting, without the Executive corporate officers being present, so that they can assess their performance and consider the future line-up of Saint-Gobain Group's General Management.

IV. Role of the Chairman of the Board of Directors

The Chairman organizes and directs the work of the Board of Directors and sets the agenda. He sets the schedule and agenda for Board meetings, convenes them and chairs them.

In consultation with the Chairmen of the Committees concerned, he sets the schedule and agenda of the Committees' meetings and convenes them.

He ensures the proper functioning of the Company's governing bodies and ensures in particular that the Directors are able to fulfill their duties; in particular that they have all the necessary information.

He convenes, chairs, coordinates and reports to the Chief Executive Officer on meetings of the Directors without the presence of the Executive corporate officers, which may be held during or at the end of a meeting of the Board of Directors, where appropriate co-chaired by the Lead independant Director (or the Chairman of the Nomination and Remuneration Committee when matters falling within the remit of this Committee, in particular compensation for the Chief Executive Officer, are discussed).

The Chairman reports on the work of the Board of Directors to the General Shareholders' Meeting, whose meeting he chairs.

V. Board Committees

The work and decisions of the Board of Directors are prepared in their respective areas by Committees (the Audit and Risk Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee), composed of Directors appointed by the Board. The Chairman and the Chief Executive Officer may attend their meeting, except when the matter concerns them, in which case they do not participate in the discussions and deliberations on the subjects in question.

Committee members may participate in meetings either by videoconference or telephone, enabling them to be identified ensuring their effective participation in the meetings, and shall thus be deemed present at such committees.

For the purposes of carrying out their duties, these Committees may commission technical studies by outside experts at Compagnie de Saint-Gobain's expense, and consult Group executives after notifying the Chief Executive Officer and the Chairman of the Board of Directors, who may submit the request to the Board for decision. They report to the Board on the opinions and information obtained.

The Chairman of each Board Committee designates the person responsible for acting as secretary of the Committee.

The Board's internal rules also cover, among other things, the respective duties and areas of the three Board Committees. A description of these duties and areas is provided in Chapter 5, Section 1.2.3 in the section dedicated to each Committee.

VI. Lead independent Director

The Board of Directors may appoint a Lead independent Director among the independent Directors of the Board. The Lead independent Director will remain in office throughout his/her term of office as a Director. The Lead independent Director's term of office is renewable and may be revoked at any time by the Board of Directors.

Responsibilities of the Lead independent Director

The Lead independent Director's main responsibility is to oversee the efficient running of the Company's governance bodies. As such, he/she is in charge of:

- preventing and managing conflicts of interest: the Lead independent Director is responsible for preventing the occurrence of situations of conflicts of interest. He brings to the attention of the Board of Directors possible conflicts of interest that he is aware of concerning the Directors;
- leading the assessment of the organization and the operations of the Board of Directors which is periodically carried out;
- at the Chairman's request, serving as a point of contact for Compagnie de Saint-Gobain's shareholders on governance issues and, where appropriate, meet them;
- in conjunction with the Chairman of the Board of Directors, ensuring that the Directors receive the information they need to perform their duties under the best possible conditions, in accordance with these internal rules;
- more generally, ensuring compliance with the internal rules of the Board of Directors.

Powers of the Lead independent Director

In the course of his duties, the Lead independent Director has the right to:

- suggest to the Chairman the addition of points to the agenda of any meeting of the Board of Directors;
- ask the Chairman to convene the Board of Directors on a specific agenda, including for a meeting without the presence of Executive corporate officers;
- convene and chair the meetings of the Board of Directors in the event of the temporary inability or death of the Chairman; and
- attend, as the case may be, the meetings of the Committees of which he is not a member to the extent strictly necessary to accomplish his duties and upon the approval of the Chairman of the Board of Directors.

Once a year, the Lead Director reports on his or her actions to the Board of Directors. He may be invited by the Chairman of the Board of Directors to give an account of his actions during the General Shareholders' Meeting.

VII. Directors' duties

Directors have a regular access to insider information in the meaning of financial markets legislation and regulations and as such are required to comply with the laws and regulations concerning insider trading.

Closed periods are also set each year, during which Directors are prohibited from trading directly or indirectly and from derivative transactions in Compagnie de Saint-Gobain's securities.

These closed periods cover the thirty days preceding the Board meetings at which the annual and interim consolidated financial statements are reviewed, the fifteen days preceding the publication of quarterly revenue figures, and the day following the publication of the annual and half-year results.

The calendar of the closed periods is sent each year to the Directors by the Board Secretary. *The Group's Senior Management, as well as employees having regular or occasional access to insider information, are also subject to these closed periods*.

Directors must declare to the French Financial Markets Authority (*Autorité des marchés financiers*) any trades they have executed involving Compagnie de Saint-Gobain's securities, in compliance with applicable regulations.

Directors hold their Compagnie de Saint-Gobain shares in registered form.

Beyond the obligation of discretion provided by law, Directors are bound by a general duty of confidentiality with regard to the documents and information communicated to them before or during the meetings, as well as on the deliberations of the Board of Directors, until such time as they have been made public.

They must seek to avoid any actual or potential conflict of interest, whether direct or indirect, and if any such conflict of interest should arise, they must inform the Chairman of the Board of Directors and the Lead independent Director and refrain from participating in discussions and votes on the topics concerned.

The Chief Executive Officer must consult the Board before accepting any new appointment in a publicly traded company.

VIII. Compensation of the Directors and reimbursement of expenses

The Board of Directors distributes among the Directors, with the exception of the Chairman and the Chief Executive Officer who do not receive any compensation in this respect, the annual amount allocated by the General Meeting as compensation for the activities of the Directors.

For Directors who are elected or retire/resign from the Board during the year, the fixed fee is paid *pro rata* to the actual period served.

The fees are paid in two half-yearly installments in arrears, with any balance available from the annual amount distributed at the beginning of the following year, based on variable parts allocated to each Director depending both on his/her participation to Board and Committees meetings held during the prior fiscal year.

Directors may be reimbursed upon submission of the necessary supporting documents, for travel expenses, and any expenses incurred within the course of carrying out their duties as Directors of the Company.

IX. Other provisions

All Directors may benefit, if they consider it necessary, from additional training on the Saint-Gobain Group's specific characteristics, businesses, operating segments and its social and environmental responsibilities.

Those appointed to the Audit and Risk Committee may, if they consider it useful, receive training in the accounting, financial and operational specificities of the Group's activities.

Unless impeded, the Directors must attend the General Shareholders' Meetings."

1.2 Documents available to the public

For the lifetime of this Universal Registration Document, the following documents (or a copy of them) relating to the Company may be consulted through the Investor Relations Department at the Company's head office, at Tour Saint-Gobain, 12, place de l'Iris, 92400 Courbevoie (France), and may be viewed online at www.Saint-Gobain.com:

- this Universal Registration Document, which may also be consulted on the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) website (www.amf-france.org);
- the Company bylaws; and
- any reports, letters and other documents, historical financial information, assessments and statements prepared by an outside expert at the Company's request, a part of which is included in or referred to in this Universal Registration Document.

1.3 Persons responsible for the Universal Registration Document

1.3.1 Appointment of the person responsible for the Universal Registration Document

Benoit Bazin, Chief Executive Officer of Compagnie de Saint-Gobain.

1.3.2 Statement by the person responsible for the Universal Registration Document including the Annual Financial Report

I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all the companies included in the consolidation scope, and that the information provided in the management report contained in this Universal Registration Document and listed in the cross-reference Table in Chapter 9, Section 3.2, page 391, provides a true and fair view of the evolution of the business, results and financial position of the Company and of all the companies included in the consolidation scope, as well as a description of the main risks and uncertainties to which they are exposed.

Courbevoie, March 22, 2022

Benoit Bazin
Chief Executive Officer

1.4 Information about the Statutory Auditors

1.4.1 Statutory and alternate Statutory Auditors

At December 31, 2021, the Statutory Auditors of the Company are:

- PricewaterhouseCoopers Audit [(1)], 63, rue de Villiers 92208 Neuilly-sur-Seine, represented by Mr. Édouard Sattler, reappointed on June 2, 2016 for a period of six years expiring at the General Meeting of 2022;
- KPMG Audit, a Department of KPMG SA [(1)], Tour Eqho, 2 avenue Gambetta, CS 60055 – 92066 Paris La Défense (France), represented by Mr. Pierre-Antoine Dufaud and Mr. Bertrand Pruvost. Its mandate was renewed on June 7, 2018, for a period of six years and expires at the 2024 Annual Shareholders' Meeting.

The Substitute Auditor is:

- Mr. Jean-Baptiste Deschryver, 63 rue de Villiers 92208 Neuilly-sur-Seine (France), appointed on June 2, 2016. His mandate will expire at the 2022 Annual Shareholders' Meeting.

The mandate of PricewaterhouseCoopers Audit, due to expire at the end of the General Meeting of 2022, will no longer be renewable given the rules limiting the term of office of the Statutory Auditors.

Consequently, it will be proposed to the General Meeting to appoint Deloitte & Associés, represented by Mr. Frédéric Gourd and Ms. Bénédicte Margerin, for a period of six years expiring at the General Meeting of 2028.

1.4.2 Statutory Auditors' fees

Statutory Auditors' fees and members of their networks paid by the Group for the fiscal year 2021

	PricewaterhouseCoopers				KPMG			
	2021		2020		2021		2020	
(in EUR million)	Amount before tax	%	Amount before tax	%	Amount before tax	%	Amount before tax	%
Accounts certification services								
Issuer	0.8	6%	0.9	7%	1	11%	0.9	11%
Fully consolidated subsidiaries	8.4	65%	8.5	68%	7.3	82%	7.1	84%
Subtotal	**9.2**	**71%**	**9.4**	**75%**	**8.3**	**93%**	**8**	**94%**
Services other than accounts certification*								
Issuer	0.2	2%	0.2	2%	0	0%	0	0%
Fully consolidated subsidiaries	3.5	27%	2.9	23%	0.6	7%	0.5	6%
Subtotal	**3.7**	**29%**	**3.1**	**25%**	**0.6**	**7%**	**0.5**	**6%**
TOTAL	**12.9**	**100%**	**12.5**	**100%**	**8.9**	**100%**	**8.5**	**100%**

** The nature of Services other than accounts certification provided by the Statutory Auditors to the parent company and its subsidiaries is composed of mainly audit procedures, as an independent third party, on the consolidated social, environmental and corporate information, consulting services on accounting, tax and regulatory issues, as well as training.*

1.5 Address

COMPAGNIE DE SAINT-GOBAIN

Head office

Tour Saint-Gobain
12, place de l'Iris
92400 Courbevoie
France
Tel.: +33 (1) 88 54 00 00
www.Saint-Gobain.com

(1) Members of the Versailles branch of the French Regional Auditors' Association.

2. CSR Information

2.1 Note on methodology

The content of the CSR chapters of this document reflects broad consultation with internal and external stakeholders.

Internally, countries or clusters of countries entities, BU of HPS and corporate support functions (Human Resources, Responsible Purchasing, Financial Communications, Responsible Development, EHS, etc.) have been asked to contribute, in order to enhance the report with examples.

Externally, stakeholders are regularly consulted on general policy or various specific aspects of Saint-Gobain's social responsibility. These consultations assist in developing the Group's CSR reporting and communications.

2.1.1 Reference bases

The guidelines used for social reporting, EHS reporting and the definition of indicators have been drawn up in accordance with the United Nations Global Compact and applicable French legislation.

In order to have a global reference framework, these standards are also based on indicators from the GRI (Global Reporting Initiative), SASB or other relevant standards depending on materiality issues.

The Saint-Gobain Group's Social Affairs Department, which is responsible for social reporting, regularly collaborates and exchanges information with leading contributors of the Human Resources Department in order to improve the doctrine and reporting processes.

For EHS reporting, working groups suggest developments in the new EHS indicators, to monitor changes in international standards, and enhance feedback from the sites. These proposals are then discussed and validated at steering committee level twice a year.

The published data on Saint-Gobain's CSR, which follows the GRI methodology, comes from three different Group reporting systems:

- the Smart'R management tool for employee reporting and the annual social report;
- management and reporting system for managerial staff, called Peoplegroup;
- the EHS (Environment, Health, Safety) reporting system known as Gaïa.

2.1.2 Social reporting

2.1.2.1 Basis

Scope of reporting

The Group's social reporting management tool, Smart'R, counts the entities consolidated at the end of 2021. Newly integrated companies are accounted for in accordance with their financial integration, and companies sold during the past year are not included.

The CSR scope is based on fully consolidated entities in finance. The latest integrations of the Chryso Group and Panofrance are excluded, bringing the CSR scope to a total of 666 entities.

- This tool includes the employees of fully consolidated Group companies. It forms the basis for calculation of the consolidated total number of employees and the distribution of employees by gender, region, geographic region, socio-professional category and contract type.

- Depending on the indicators, the scope of calculation of social indicators will be as follows:
  - interfaced entities with Group's employees represent 94.5% of the CSR scope;
  - interfaced and non-interfaced entities with more than 500 employees, represent 96.6% of the CSR scope ;
  - interfaced and non-interface entities with more than 500 employees, and non-interfaced entities with less than 500 employees, represent 100% of the CSR scope.
- The annual social reporting provides an overview of the Group's social performance. The calculation of social indicators is based on the entire scope of the annual campaign, unless stated otherwise.

2.1.2.2 Management tool

Since January 2017, Smart'R has integrated payroll details on a monthly basis. Automated collection is in place for 94.5% of the Group's employees (interfaced entities). Manual data collection is necessary for entities not integrated into shared service centers (5.5% of employees are not interfaced). Data for non-interfaced entities with more than 500 employees is collected at the entity level, no detail per employee is available. In order to simplify data collection, for non-interfaced entities with less than 500 employees, only the overall number of employees and hours worked are reported in the reporting tool

Interfaces are set up as soon as it becomes relevant and technically possible to do so, however some data is still entered manually, particularly for the newly acquired companies.

The elements of the annual social reporting were collected and integrated into Smart'R. All data consolidation is carried out at the Saint-Gobain Group level.

The data on the organization and scope of the Group is updated in Smart'R each month, based on the changes in scope such as acquisitions, divestitures or mergers, dealt with in the Group's financial consolidation report.

Smart'R allows social reporting to take place. In fact, the social data required for the analysis is extracted by means of the MicroStrategy reporting system, supported by Smart'R.

The Human Rights questionnaire is completed each year by the Human Resources Departments of the Countries and the Activities in France in order to collect qualitative indicators, and consult internal stakeholders when drafting the report.

2.1.2.3 Continuous improvement

The Saint-Gobain Group has taken a voluntary and progressive approach to enhancing the reliability of its social data, through:

- continuous exchanges of information with the human resources managers in each country and of the activities in France and also with the reporting contributors to ensure proper understanding and application of the rules for calculating the social indicators defined in the Group's doctrine, available in French and in English.
- the choice of indicators, in the interests of stability to ensure the reliability of comparisons over time, as far as possible;
- the annual submission of a selection of social data for external assessment;
- strengthening of the controls implemented at each collection and consolidation level;
- automation of collection, by a growing number of interfaces between Shared Service Centers (SSC) and Smart'R, to ensure reliability and continuous improvement in data quality. Smart'R's purpose is to collect data from payment systems at the end of each month. Since the closing payment dates are different depending on the countries, some indicators are solely calculated over 12 rolling months in order to accommodate the potential discrepancies emerging from these different closing dates.

2.1.2.4 Data consolidation

The reporting process is organized into four stages:

- monthly incorporation into Smart'R of interface files originating from Shared Service Centers and questionnaire for non-interfaced entities;
- collection of the annual social data in questionnaires, performed by contributors at company level. This represents additional data not present in Smart'R, such as indicators regarding social relations (*e.g.* number of agreements signed);
- verification and consolidation within the Group's Social Affairs Department;
- the reporting allows spreadsheets to be generated as management tools for the Group's Human Resources Department and at all levels of the structure, both at company and regional levels.

2.1.2.5 Absenteeism and temporary indicators

Absence or temporary employment data of certain entities are sometimes difficult to collect in view of local contexts. Absenteeism rate is therefore calculated over a more limited scope than that of the annual social reporting campaign.

Absenteeism rate is expressed as a percentage and corresponds to the total number of hours of absence over the total number of theoretical hours worked. The reasons for absence taken into account in this indicator are absences for illness, absences relating to occupational accidents (or travel), absences due to strike and unjustified absences. Authorized or anticipated absences (*e.g.* leave, family events) are not included in this indicator.

In some countries, entities have been excluded from the indicator's calculation because of the lack of data explained by a variety of reasons (no interfaces, local regulation, etc.). The following countries are concerned by this exclusion: United States, Canada, Colombia, Ireland and Switzerland, as well as non-interfaced entities with less than 500 employees.

The temporary employment rate is expressed as a percentage and corresponds to the total number of hours worked by temporary employees out of the total number of hours worked for the Group. Temporary employment does not include subcontractors and service providers.

In several countries, entities were excluded from the calculation of the indicator due to lack of data for various reasons (local regulations, accounting difficulties, etc.). This year, one entity in Norway, one in France and one in the Netherlands were excluded from the temporay employment rate.

2.1.2.6 Training indicators

The scope is that of the Smart'R entities interfaced with payroll, *i.e.* 94.6% of the total workforce.

2.1.2.7 Difficulties and restrictions

The main difficulty lies in the variety of countries in which the Group is active. The guidelines for the calculation of social reporting indicators are distributed each year to contributors, but the indicators are sometimes interpreted according to local contexts (national laws or practices).

2.1.3 EHS reporting

2.1.3.1 Basis

Scope of reporting

The EHS reporting covers 1,369 entities corresponding to all the Group's facilities. All entities belonging to consolidated companies in which Saint-Gobain held a stake of 50% or more at balance sheet date are monitored. This includes, where possible, facilities that came on-stream or were acquired during the year, excluding facilities that were closed or sold.

The entities are defined by the type of establishment according to the following categories: factory, sales branch or group of stores, office, warehouse, Research and Development Center, mines and quarries, building site.

The data is entered directly on the EHS data reporting system, called Gaïa, for all EHS entities. The various questionnaires sent, as well as their frequency, scope of reporting and content, are shown in the following table:

Questionnaire	Frequency	Scope of reporting	Content
Safety-On-Line	When needed	World, all categories of victims	Instant alert in case of work-related accident with or without work stoppage, fatal
Environment-On-Line	When needed	World, environmental events	Instant alert in case of major or significant environmental accidents
Safety	Monthly	World, all categories of employees	Accidents, numbers of days lost, worked hours…
General & Health	Annual	World (all entities except certain offices or attached sites)	Certification, audit results, monitoring of health programs…
Environment	Annual	"Environmental concerned scope" sites + Mines and quarries (excluding sites connected to plants) + Other sites at the Region's initiative	Output, raw materials, energy, atmospheric emissions, water, waste, mitigation plan…

The Safety, Industrial Hygiene and Safety, General and Safety-On-Line (SOL) questionnaires are designed to cover all facilities and Saint-Gobain employees. Depending on the questionnaire, they also cover temporary employees and subcontractors (Safety and Safety-On-Line questionnaires).

Safety data are reported on a monthly basis and comprise all accidents occurring during the month and their severity level. The system covers approximately 97% of the Group's employees. Full coverage is not achieved because of the maximum of two years' grace for newly acquired establishments to be included in Gaïa.

Furthermore, the Safety reporting does not only include the Group's employees, but also temporary staff and permanent subcontractors over the entire perimeter, except some subcontractors from the distribution depending on the countries.

One-time reporting also allows entities, through the Safety-On-Line system, to systematically report any occupational accident, with or without lost time, including fatal events, and to explain the circumstances.

The industrial hygiene and health questionnaire and the General questionnaire are completed annually.

The Environment questionnaire is also completed annually, by 826 entities. The consolidated data from these entities corresponds to the "Group scope". An "environmental concerned perimeter" has been established. The sites of this perimeter have been selected to focus efforts on establishments having the greatest impact, and to improve data legibility and progress toward goals. The activities have therefore validated certain criteria (energy and water consumption, quantity of non-recovered waste, etc.) enabling clear identification and monitoring.

This scope includes 450 entities.

The EvE standard for environmental events management identifies and manages events that could potentially occur at the sites.

EHS financial data (expenses and capital expenditure) are tracked in the SIF, the Group's financial reporting tool since 2013.

2.1.3.2 2010-2025 and 2017-2030 objectives

The Group has set medium-term objectives, up to 2025, based on the 2010 results. They are established using comparable production for three-year periods. This means, for example, that 2020-2022 emissions and consumption are recalculated based on 2019 production.

Based on the results from the baseline year for the three-year period, the Group updates every three years the scope of "concerned sites" for which environmental results are tracked for the next three years (2011-2013/2014-2016/2017-2019/2020-2022/ 2023-2025).

The published results for this scope therefore have a comparable scope for the three years within the period : sites closed or sold are removed from current year and baseline year, but no acquisitions are taken into account. They are included in the subsequent period.

Progress achieved over these five three-year periods (between 2010 and 2025) will be cumulated to assess whether the 2025 objectives have been achieved based on the 2010 results.

The Group has also set objectives for 2030 based on the results of 2017 including Continental (for targets related to CO_2 emissions, water withdrawals, virgin raw materials avoided and non-recovered waste). They are defined in absolute value, for the entire Group.

2.1.3.3 Data consolidation

The EHS reporting protocol is available in French and English. The reporting process (both monthly and annual) involves three stages:

- data input, performed by the EHS correspondent(s) at the reporting unit concerned;
- data verification, carried out by each country, cluster or BU, through its EHS Directors;
- data consolidation by the Group's EHS Department management.

2.1.3.4 Difficulties and restrictions

Since the launch of the Group's reporting tools, the quality of reporting has continuously improved thanks to feedback and better use of the systems by all teams, thanks to training and verification tools. These factors allow the Group to prevent potential errors such as differences in units of measurement between businesses and countries, and difficulties in interpreting technical terms.

2.1.4 Responsible purchasing reporting

The reporting methods for trade and non-trade responsible purchasing have been reviewed in 2020. The indicators regarding trade purchases are calculated based on trade purchases realized in 2019 and adjusted according to entities sold during the year.

2.1.4.1 Trade reporting perimeter

The indicators described in section 1.4 from chapter 3 and published in section 2.2 from chapter 4, are calculated based on the following perimeters:

- European partner suppliers are strategic suppliers benefitting from a European master agreement. These suppliers represent 51% of total purchases. These suppliers sign a master agreement including the Suppliers Charter;
- the main suppliers are those with which more than 3 million euros of annual purchases are done, among them are European partners and local brands' main national suppliers (France, Norway, Denmark, Sweden and United Kingdom). These identified suppliers cover over 79% of total trade purchases. These suppliers are included in the CSR risk management (risk analysis, practices assessment, mitigation actions) and are considered in suppliers' distribution by level of CSR performance;
- private labels' suppliers are those with whom Saint-Gobain Sourcing (in India and China) develops products commercialized with a brand of the Group. They represent a limited proportion of total trade purchases. They are considered in the results of audits on site.

2.1.4.2 Eligible perimeter non-trade purchases

Suppliers of non-trade purchases perimeter considered in the indicators are the suppliers of over 100 thousand euros in annual purchases who have not been subject to a waiver (supplier owned by a state government or in a position of sole sourcing) and that do not concern spending linked to industries that are not managed by the Purchasing Department (banks, insurance, Legal Departments).

This perimeter represents 77% of the Group's non-trade perimeter total spending.

CSR performance levels of documentary reviews were reviewed in 2020 by taking into account new trends (emergence of new regulations, increase of stakeholders' expectations, greater customer requirements) in order to review the minimum expected requirements regarding CSR from suppliers identified as potentially risky following the risk analysis.

2.2 Auditors' opinion

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial information statement

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended on the 31st of December 2021

COMPAGNIE DE SAINT-GOBAIN

Tour Saint-Gobain

92400 Courbevoie cedex

In our capacity as Statutory Auditor of COMPAGNIE DE SAINT-GOBAIN (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (Cofrac Inspection Accreditation n°3-1060, whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) of the consolidated non-financial information statement (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for year ended on the 31st of December 2021, included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in the « Nature and scope of our work » section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, are not presented fairly in accordance with the Guidelines.

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors 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.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the Information needs to be read and understood with reference to the Guidelines, significant elements of which are available upon request from the entity's headquarters.

Inherent Limitations in Preparing the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Certain Information are sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

The entity's responsibility

The Board of Directors is responsible for

- selecting or establishing suitable criteria for preparing the Information;
- the preparation of the Statement in accordance with the legal and regulatory provisions, 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 those policies, including key performance indicators and if applicable the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error

The Statement has been prepared in accordance with the entity's Guidelines as mentioned above.

Responsibility of the Statutory Auditor, appointed as an 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 provisions 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").

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and professional standards applicable

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information.

Independence and quality control

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

Means and resources

Our work was carried out by a team of 14 people between October 2021 and February 2022 and took a total of 15 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing among others Human Resources Department, Corporate Social Responsibility Department, Training Department, Responsible Purchasing Department, Strategy Department, Innovation Department and Environment, Health and Safety Department.

Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed were based on our professional judgment and allowed us to provide a limited level of assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity 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, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents information set out in article L. 225 105 1 II where relevant to the principal risks and includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assessed the process used to identify and confirm the principal risks and the consistency of the outcomes and 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 the appendix.For some risks (Business Ethics, Responsible Supply Chain Management, Product Safety, Integration of Recycled Materials, Diversity and Inclusion), our work was carried out at the level of the consolidating entity; for the other risks, work was carried out at the level of the consolidating entity and in a selection of 35 entities [(1)];
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16, within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;onsolidated entities.
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in the appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - substantive tests, 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 with a selection of contributing entities[1], namely 35, and covered between 18% and 23% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the French Institute of Statutory Auditors (“CNCC”); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, February 24, 2022

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Edouard Sattler	Sylvain Lambert
Partner	Sustainable Development Partner/director

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(1) Work was carried out in 35 EHS entities, corresponding to 32 HR entities, representative of the Group's activities and geographical areas: Germany (1), Argentina (1), Belgium (1), Brazil (4), China (2), Denmark (1) Egypt (1) Spain (1), USA (9), France (3), Hungria (1), India (3), Japan (1), Mexico (1), Poland (1), Czech Republic (1), Russia (1), Sweden (1) et Thailand (1).

Appendix: list of the information we considered most important

Selection of qualitative and quantitative information, associated to the policies, actions and results relating to the nine main risks identified for Saint-Gobain's activities, presented in the following sections of the management report:

- Diversity and inclusion in the organisation

  Of which the results:
  - Diversity index
  - % of women executives
  - % of women in senior management

- Energy efficiency and carbon intensity of operations

  Including the results:
  - CO_2 emissions (scope 1 and scope 2)
  - Energy consumption by type
  - % of non-recovered waste
  - Solutions for Growth: sustainable share

- Business ethics

  Of which the result:
  - % of new managers trained in Adhere, Comply and Act programmes

- Skills and talent management

  Of which the results:
  - Share of employees responding to the satisfaction survey
  - Percentage of shares held by employees
  - Percentage of employees having followed a training course during the year
  - Number of recruitments
  - Number of departures

- Responsible supply chain management

  Of which the results:
  - Amount of purchases covered by the signature of the charter
  - Distribution of suppliers by CSR performance level
  - Results of on-site audits of brand-owned suppliers assessed in terms of CSR
  - Share of "risky" purchases assessed in terms of CSR

- Integration of recycled materials in products

  Of which the result:
  - Avoided withdrawals of natural raw materials

- Health and safety at work

  Of which the results:
  - TF2 of Saint-Gobain employees, temporary workers and permanent subcontractors
  - Absenteeism rate
  - Percentage of sites concerned with an inventory of their chemical products and substances
  - Number of SMAT visits
  - Number of sites belonging to the Millionaires' Club

- Product safety

  Of which the results:
  - Number of employees trained on innovation-related topics
  - % of sites having updated their inventory of chemical products

3. Cross-reference tables

3.1 Cross-reference table for the Universal Registration Document

For the convenience of readers of this Universal Registration Document, the following table provides an index to the main disclosures required by Annexes 1 and 2 of the EU Regulation No. 2019/980, dated March 14, 2019, supplementing provisions of EU Regulation 2017/1129, dated June 14, 2017.

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Incorporation by reference

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 17, 2017, this Universal Registration Document incorporates the following information by reference which the reader is invited to refer to:

- for the fiscal year ended December 31, 2020: the management report, the consolidated financial statements, the annual financial statements and the related reports of the Statutory Auditors, included in the Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on March 18, 2021 under number D.21-0152;
- for the fiscal year ended December 31, 2019: the management report, the consolidated financial statements, the annual financial statements and the related reports of the Statutory Auditors, included in the Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on March 23, 2020 under number D.20-0161.

The information included in these two Universal Registration Documents, other than that referred to above, is replaced or updated by the information included in this Universal Registration Document. These two Universal Registration Documents are available at the Company's head office and on its website www.Saint-Gobain.com.

The information on the Company's website and mentioned by the hypertext link https://www.Saint-Gobain.com/en/finance, insert "Grenfell Tower Celotex", page 235 of this Universal Registration Document are not part of the Universal Registration Document. As such, this information has not been reviewed or approved by the Financial Markets Authority (*Autorité des marchés financiers* – AMF).

3.2 Cross-reference table for the Annual Financial Report

For the convenience of readers of the Annual Financial Report, the following table provides an index to the main disclosures required by Article L.451-1-2 of the French Monetary and Financial Code.

3.3 Cross-reference table for social and environmental information: Declaration of Non-Financial Performance

Declaration of Non-Financial Performance (DPEF), in compliance with the Order of July 19, 2017 (Order No. 2017-1180) which transposes the Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014.

The Declaration includes the presentation of the Group's business model and the analysis of its CSR risks and opportunities (risks, associated policies, action plans and key indicators).

The business model

Saint-Gobain's business model can be found in section 2.3 from chapter 1. It is the product of a consultation with the Group's internal stakeholders and takes into account Saint-Gobain's new organization, effective as of January 1, 2019. It presents the Group's sustainable growth generation process through its key resources and its main pillars of value creation.

CSR risk and opportunity analysis

Saint-Gobain has conducted its study of the risks and opportunities related to Corporate Social Responsibility (CSR) within the framework of the priority challenges presented in the materiality analysis (see chapter 2, section 1.3.2).

Thus, a universe of the 15 most important CSR risks and opportunities for Saint-Gobain was built by factoring in the Group's strategy, objectives and operations as well as its main environmental, social and societal challenges. In an effort to harmonize the vocabulary and vision on these challenges, a table presenting a risk or opportunity's definition, potential impacts for stakeholders on the one hand and for Saint-Gobain on the other hand, was provided.

These risks and opportunities were then rated according to stakeholders' expectations in order to combine internal and external visions of the organization, according to the methodology shared with internal audit and control. While the risk assessment methodology follows the process developed by the internal control, the value scales were adapted to non-financial impacts and a long-term time scale. The interviews were conducted from May to September 2018 with two criteria to assess: impact and criticality. Members of the Executive Committee participated in these evaluations.

Nine CSR risks and opportunities were identified as the most important:

- diversity within the organization and inclusion;
- energy efficiency and carbon intensity of operations;
- business ethics;
- management of skills and talents;
- responsible supply chain management;
- integration of recycled materials;
- energy and carbon performance of products and services;
- health and safety at work;
- product safety.

The identification of these risks is a key step in the construction of the Group's CSR roadmap (see chapter 2, section 3.4.3).

Risk or opportunity identified	Management of the risk or opportunity	Section
The Principles of Conduct and Action constitute the Group's code of ethics. All of Saint-Gobain's policies and commitments refer to them.		
Diversity within the organization and inclusion	**Engagement:** Human Resources Policy Human Rights Policy	III - 4.1 III - 1.3
	Actions: OPEN program Human rights program (non-discrimination)	III - 4.3.6 III - 1.3
	Quantitative objectives: Diversity index 30% of women managers in 2025 25% of women senior managers in 2025 30% of women in the Executive Committee of the Group in 2025 30% of women on average in the Executive Committees of the BU in 2025	IV - 2.2 IV - 2.2 IV - 2.2 IV - 2.2 IV - 2.2
	Indicators: 24.8% of women in the 19,048 highest positions or 11.5% of the Group's positions Other diversity indicators Other non-discrimination indicators	IV - 2.2 IV - 2.2
Energy efficiency and carbon intensity of operations	**Commitment:** EHS charter and policy Energy policy - climate Net zero carbon commitment before 2050	III - 3.3.1.5 III - 3.3.2.1 III - 2.1
	Actions: WCM program Energy – climate network Transversal programs including internal carbon pricing, R&D programs and scope 3 control	III - 3.3.1 III - 3.3.2.1 III - 2.1.5
	Quantitative objectives: Reduce carbon emissions by 20% by 2025 (2010 basis) Reduce energy consumption by 15% by 2025 (2010 basis) Reduce carbon emissions by 33% (scope 1 and 2) in absolute terms between 2017 and 2030 Reduce carbon emissions by 16% (scope 3) in absolute terms between 2017 and 2030	IV - 2.2 IV - 2.2 IV - 2.2 IV - 2.2
	Indicators: GHG emissions indicators Energy indicators	IV - 2.2 IV - 2.2
Business ethics *This risk includes human rights and the fight against corruption.*	**Commitment:** Code of ethics: the Principles of Conduct and Action	I - 2.2.2
	Actions: Ethics and compliance program	III - 1.1 & 1.2
	Quantitative objectives: Train 100% of new managers to the Adhere, Comply and Act program during their first year of integration	IV - 2.2
	Indicators: Group Values Indicators Non-discrimination indicators	IV - 2.2 IV - 2.2
Tax evasion The Group acts in compliance with the tax laws of the countries in which it operates and fulfills its tax reporting and payment obligations in time (chapter 3, section 1.2.5). Saint-Gobain has therefore not established structures whose purpose is tax evasion and applies tax laws and regulations with honesty and integrity.		
Management of skills and talents	**Commitment:** Human Resources policy	III - 4.1
	Actions: WCM program OPEN program SG Talents program Training program	III - 3.3.1 III - 4.3.6 III - 4.3.6 III - 4.3.5
	Indicators: Percentage of employees trained Training indicators in talent development	IV - 2.2 IV - 2.2

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Risk or opportunity identified	Management of the risk or opportunity	Section
Responsible supply chain management	**Commitment:** Code of ethics: the Principles of Conduct and Action Timber policy High-risk Raw Material minerals policy	 I - 2.2.2 III - 1.4.3 III - 1.4.3
	Actions: Responsible purchasing program	 III - 1.4
	Quantitative objectives: Responsible purchasing program	 III - 1.4
	Indicators: Responsible Purchasing Indicators	 IV - 2.2
Integration of recycled materials into products	**Commitment:** EHS charter and policy Sustainable Resource Management policy	 III - 3.3.1.5 III - 3.3.2.3
	Actions: Obtain a maximum recycled content Circular economy	 III - 3.3.2.3 III - 2.2
	Quantitative objectives: Increase avoided withdrawals of natural raw materials by 30% (between 2017 and 2030)	 IV - 2.2
	Indicators: Waste and raw materials	 IV - 2.2
Energy and carbon efficiency of products and services	**Commitment:** EHS charter and policy Energy and Climate policy	 III - 3.3.1.5 III - 3.3.2.1
	Actions: Solutions for Growth program: design sustainable, comfortable and performing solutions including product transparency and evaluation and improvement of the sustainable performance of products Seize the opportunities linked to the transition to a low-carbon economy Actions that support a strong and low-carbon economic growth Train clients locally, inform the end user	 III - 3.4.4 III - 2.1.3.2 III - 2.1.6.2 III - 2.1.6.3
	Indicators: Provision of EPDs Carbon avoidance linked to solutions	 III - 3.4.2 III - 2.1.4.2
Health and safety at work	**Commitment:** EHS charter and policy Health policy	 III - 3.3.1.5 III - 4.2
	Actions: WCM program Safety at work program Health at work program CARE program Mental WellBeing program	 III - 3.3.1 III - 4.2.2 III - 4.2.1 III - 4.3.2 III - 4.3.3
	Quantitative objectives: Maintain a TRAR below 2	 III - 4.2.2.2
	Indicators: HICE (Health Indicator for Occupational Exposure) Health and Safety indicators	 III - 4.2.1.2 IV - 2.2
Product safety	**Commitment:** EHS charter and policy Health policy	 III - 3.3.1.5 III - 4.2
	Actions: Innovation program, including the EHS check-list WCM program Product transparency Program to assess the sustainable performance of products Management of chemical risks	 III - 3.4.1 III - 3.3.1 III - 3.4.2 III - 3.4.4 III - 4.2.1.3
	Indicators: Deployment of chemical risk management tools Complementary work on the possibility of defining a performance indicator on product safety is being considered.	 III - 4.2.1.3

The themes "food waste", "fight against food insecurity", "respect for animal welfare", and "responsible, fair and sustainable food" do not represent main non-financial risks for Saint-Gobain and are not included in the Declaration of Non-Financial Performance.

3.4 Concordance table for social and environmental information: vigilance plan

As part of compliance with law No. 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies.

Saint-Gobain's vigilance plan consists of two separate but complementary plans:

- the vigilance plan for the Group's operations (holding company, subsidiaries, joint ventures and on-site subcontractors);
- the vigilance plan for purchasing, including tier 1 suppliers and subcontractors outside the Group's sites.

Vigilance plan for the Group's operations	Section
Mapping of risks related to operations and procedures for assessing the situation in relation to the risk map	
Identification, analysis and prioritization of risks, prevention of serious violations of human rights and fundamental freedoms	III - 1.3.2
Identification, analysis and prioritization of risks, prevention of serious harm to the health and safety of people and the environment	III - 3.3.1.5
Appropriate actions to mitigate risks or prevent serious harm	
For the respect of human rights	III - 1.1; III - 1.2; III - 1.3
For the health and safety of people	III - 4.2
For the environment	III - 3.3.2
A system for monitoring the measures implemented and evaluating their effectiveness	
Annual reporting	IV - 2.2
A mechanism for alerting and collecting reports	III - 1.6

Vigilance plan for the Group's purchasing	Section
Mapping of risks related to operations and procedures for assessing the situation in relation to the risk map	
Identification, analysis and prioritization of risks, prevention of serious violations of human rights and fundamental freedoms, health and safety of people, and the environment	III - 1.4.1
Appropriate actions to mitigate risks or prevent serious harm	
Trade Responsible Purchasing program	III - 1.4.2.2
Non-trade Responsible Purchasing program	III - 1.4.2.1
A system for monitoring the measures implemented and evaluating their effectiveness	
Annual reporting	IV - 2.2
A mechanism for alerting and collecting reports	III - 1.6

3.5 Classification of activities according to the European regulatory framework allowing the definition of environmental sustainable economic activities

3.5.1 Classification of activities

In application to the **European Regulation 2020/852 Taxonomy Regulation** in effect since July 2020, **with delegated acts for the first two objectives concerning mitigation and adaptation to climate change (Taxonomy Climate Delegated Act (EU) 2021/2139),** as well as with the **delegated act in Article 8 of Regulation (EU) 2020/852 and its annexes on the reporting conditions (Disclosures Delegated Act)**, Saint-Gobain has carried out an analysis of the eligibility criteria used to classify its sustainable economic activities with regard to the new reporting and disclosure requirements on the relevant contribution to the turnover, investments and operating expenses (CapEx and OpEx).

In 2021, Saint-Gobain's activities considered as eligible correspond to the definitions of the following activities listed in the delegated acts dedicated to the objectives of climate change mitigation and adaptation to climate change:

- **3.5. Manufacture of energy-efficient equipment for the buildings**. Activity 3.5 directly covers several Saint-Gobain product categories, including insulation, glazing for external façades (windows), plasterboard and mortars that are part of an insulation system;
- **3.6. Manufacture of other low carbon technologies.** Activity 3.6 concerns Saint-Gobain products and solutions contributing to substantial reduction (compared to the most efficient alternative on the market) of GHG emissions generated by the product or by the manufacturing process to which they contribute.

The reporting scope concerns all Saint-Gobain consolidated entities at the end of 2021.

The proportion of Saint-Gobain's turnover linked to sustainable solutions (see chapter 3, section 3.4.4) includes activities that have not been assessed in the context of compliance with the European "2020/852 Taxonomy Regulation", such as distribution activities, and impacts and benefits that have not yet been included in the regulation, such as resources and circular economy, as well as benefits related to health, safety and comfort, which will potentially be eligible for the social taxonomy.

3.5.2 KPI calculation

Turnover

The relevant turnover is the Group consolidated turnover.

Saint-Gobain economic activities	Turnover in 2021 (k€)	Proportion of turnover in 2021 (%)
Taxonomy-eligible activities	**7,140,204**	**16.2%**
Taxonomy non-eligible activities	**37,019,570**	**83.8%**
Saint-Gobain turnover	**44,159,774**	**100%**

CAPEX

Data included in the CapEx calculation are related to investments declared in the consolidated financial statements. CapEx categories considered eligible are as follows:

- CapEx linked to CO_2 emissions reduction;
- CapEx linked to activities whose turnover is eligible

Since 2021, a financial reporting category has been dedicated for monitoring investments linked to CO_2 emissions reduction, in line with the Group's CO_2 roadmap to achieve carbon neutrality by 2050 (see chapter 3, section 2.1.5.2).

CAPEX categories	CAPEX in 2021 (k€)	Proportion of CAPEX in 2021 (%)
1 - CAPEX linked to CO_2 emissions reduction plan	54,983	3.5%
2 - CAPEX linked to Taxonomy eligible activities (excluding point 1)	1,002,840	63.0%
Total Taxonomy-eligible CAPEX	**1,057,824**	**66.5%**
Total Taxonomy non-eligible CAPEX	**532,928**	**33.5%**
Saint-Gobain CAPEX	**1,590,752**	**100%**

OPEX

The expenses reported under OpEX represent the R&D costs related to CO_2 emission reduction projects. The amount of these expenses for the 2021 financial year is k€ 44,342, representing 10% of total R&D expenses.

Chapter 3, section 2.1.5, lists all the actions taken to ensure the transition towards the use of renewable and decarbonized energies, including innovation and R&D programs.

4. Glossary

A

ACT
Training program dedicated to the prevention of corruption

Act4nature International
Voluntary scheme, launched in France, in which companies commit to protecting biodiversity. Saint-Gobain signed up to the scheme in 2018

Adhere
Remote training program dedicated to the Principles of Conduct and Action, the Saint-Gobain Group's code of ethical conduct.

Afep or *Association Française des Entreprises Privées*
A French organization founded in 1982, representing large global private companies operating in France.

Attitudes
Concept related to Saint-Gobain's managerial practices. Five in number, they represent both a management approach and a state of mind that binds all Group employees.

B

BIM or Building Information Modeling
Model that offers an integrated vision of the building during all stages of its life cycle through a "digital twin".

Boost
Online training platform created by Saint-Gobain.

BREEAM or Building Research Establishment Environmental Assessment Method
Originating in the United Kingdom, this method for assessing the environmental performance of buildings is the most widely used building certification standard worldwide.

C

CAC (*Commissaire aux Comptes*)
Statutory auditor whose role is to audit the financial statements of a company. He or she exercises a regulated profession whose missions consist of carrying out, in an independent manner, the accounting, financial and legal auditing of a company.

Capex or Capital Expenditure
Capex refers to the investment expenses of a company capitalized on the balance sheet. Generally translated in French as *dépenses d'investissement de capital* ("capital investment spending"), Capex includes all expenses made by a company in connection with its material investments.

CARE by Saint-Gobain
Social protection program for all Group employees and their families.

CDP or Carbon Disclosure Project
International non-profit organization, created in 2000, that publishes data on the environmental impact of the largest companies. It is based in the United Kingdom.

Cleantech or Clean Technologies
Refers to companies that promote sustainable development and respect for the environment through new technologies offering competitive returns to investors while providing a response to current challenges in terms of ecology and the fight against global warming. This can be reflected in the use of renewable energies, recycling methods or any other environmentally friendly practice.

Climatetech or Climate Technologies
Refers to companies that work specifically to reduce or eliminate greenhouse gas emissions, and more generally that offer solutions to combat the impacts of climate change by relying on technologies relating in particular to decarbonization, negative emissions, or adapting to change.

COMPLY
Training program dedicated to antitrust law

CSR or Corporate Social Responsibility
This is the voluntary integration by companies of societal, social and environmental concerns into their commercial activities and their relations with their stakeholders. It is therefore the contribution of companies to the challenges of sustainable development.

Cullet
Broken glass coming from manufacturing waste or the selective collection of waste and recycled content.

D

DEP (*Déclaration Environnementale de Produit*)
Environmental Product Declaration
French acronym equivalent to the English EPD (see below)

DPEF (*Déclaration de Performance Extra-Financière)*
Non-Financial Performance Declaration, the result of the transposition into French law of a European directive on non-financial reporting, in the form of an order replacing the former CSR reporting system. Its purpose is to provide a concise and accessible strategic management tool for the Company, focused on essential information.

E

Ebitda
Earnings before interest, taxes, depreciation and amortization

EFRAG or European Financial Reporting Advisory Group
An international non-profit association that was created in 2001 with the encouragement of the European Commission and whose role is to develop and promote the European voice in the development of international accounting standards (IFRS) and ensure that it is taken into consideration by the IASB (International Accounting Standard Board).

EHS ("*Environnement, Hygiène industrielle, Santé, sécurité*")
Environment Health and Safety

EPD or Environmental Product Declaration
An environmental product declaration makes it possible to assess the environmental performance of a construction product or equipment intended for use in building works. Its objective is to provide transparent, objective and verified information for consumers.

EpE (*Entreprises pour l'Environnement*)
French not-for-profit association created in 1992, a partner of the WBCSD, the EpE brings together some fifty large French and international companies, from all sectors of the economy, that want to better take the environment into account in their strategic decisions and in their day-to-day management. Saint-Gobain is a member.

ESG or Environment, Social and Governance
Environmental, Social and Governance (ESG) criteria are generally the three pillars of the non-financial analysis. They are taken into account in socially responsible management. Thanks to ESG criteria, we can assess how companies exercise responsibility with respect to the environment and their stakeholders (employees, partners, subcontractors and customers).

ETC or Energy Transition Commission
International think tank focused on economic growth and climate change mitigation. It was created in September 2015 and is based in London.

ETICS or External Thermal Insulation Composite System
Exterior thermal insulation system using plaster.

F

FCPE or *Fonds Commun de Placement d'Enterprise*
A UCITS (Undertakings for Collective Investment in Transferable Securities) reserved for employees of companies.

Fit for 55
Set of proposals to review and update European Union legislation as well as new initiatives to ensure that EU policies are in line with the climate targets agreed by the Council and the European Parliament. The name refers to the EU's target of reducing net greenhouse gas emissions by at least 55% by 2030. The proposed package aims to align EU legislation with the target set for 2030.

Float
Industrial process known as "float glass" in which a mixture of raw materials is continuously loaded into the melting furnace. When it comes out of the furnace, the glass forms a floating strip on the surface of the molten tin.

G

GBC or Green Building Councils: an NGO promoting sustainable construction, founded in 2002 and bringing together sustainable construction professionals from more than 100 countries.

GDPR or General Data Protection Regulation
A European regulation governing the processing of personal data throughout the Union.

GHG or Greenhouse Gases
Gaseous components that absorb infrared radiation emitted by the Earth's surface and thus contribute to the greenhouse effect. The increase in their concentration in the Earth's atmosphere is one of the factors behind global warming.

Global ABC or Global Alliance For Building and Construction
Launched at COP21, the global alliance for buildings and construction aims to mobilize international institutions on the subject of the construction sector's contribution to GHG emissions. Hosted by UNEP, bringing together international organizations, countries, companies and associations, Global ABC has developed a roadmap for a zero-carbon construction.

Global Compact
United Nations initiative launched in 2000, aimed at encouraging companies around the world to adopt a socially responsible attitude by committing to integrate and promote several principles relating to human rights, international labor standards, the environment and the fight against corruption.

Global Deal
Initiative launched in 2016 by the Swedish Prime Minister, to promote Social Dialogue. Co-led by the OECD (Organization for Economic Co-operation and Development) and the ILO (International Labor Organization), this initiative brings together a community of players who trust Social Dialogue as a regulatory tool, in the service of a globalization which benefits everyone.

Green Buildings Saint-Gobain
Website that allows the Group's customers to assess the contribution of its products and solutions to obtaining certifications.

Green Deal or European green deal
Set of measures aimed at making Europe a "climate neutral" continent by 2050. Presented on December 11, 2019 by the European Commission, the Green Deal is aimed at companies as well as citizens who are invited to participate in the ecological transition and in sustainable development.

Grow & Impact
Strategic plan adopted by Saint-Gobain and announced in November 2021.

GDPR or General Data Protection Regulation
European regulation governing the processing of personal data throughout the Union.

H

HQE or *Haute Qualité Environnementale*
Certification created in 2005 in France, which pursues sustainable performance objectives by leaving a large place for life cycle analysis (LCA) of buildings. Its multi-criteria approach incorporates user well-being concerns by taking into account the impacts on the health and comfort of individuals, and on the indoor environment.

HPS or High Performance Solutions
A division of Saint-Gobain, organized by market, for the Group's global customers, and which aims to provide value-added solutions for a variety of cutting-edge applications in mobility, health, construction and industry.

HR: Human Resources

I

IFRS or International Financial Reporting Standards
IFRS are a set of international accounting standards established by the International Accounting Standards Board (IASB) and adopted by the European Union.

L

LEED or Leadership in Energy and Environmental Design
American certification program created in 1998.

M

Materiality
The nature of that which can have a significant impact on an organization and its ability to create financial and non-financial value for itself and its stakeholders.

Medef or *Mouvement des Entreprises De France*
An employers' organization founded in 1998, replacing the French National Employers' Council (CNPF)1. Its purpose is to represent French entrepreneurs in its dealings with the State and trade unions.

Multichannel
Customer-supplier relationship using at least two channels such as physical points of contact (stores, advice centers, exhibition venues, etc.), the web, email, or mobile platforms.

N

Net Zero Carbon
Balancing between CO_2 emissions and absorption. At company level, the carbon neutrality standard covers its emissions across its entire value chain (see "scopes" below).

O

OPEN or Our People in an Empowering Network: Saint-Gobain's human resources program.

P

Principles of Conduct and Action
These nine principles constitute the Saint-Gobain's Code of Ethics. They refer explicitly to the applicable conventions of the International Labor Organization (ILO), the International Charter on Human Rights and the Guidelines on Multinational Enterprises with regard to the fight against corruption of the Organization for Economic Co-operation and Development (OECD).

PEE *(Plan d'Epargne Entreprise)*
Company Savings Plan

PEG (*Plan d'Epargne Groupe*)
Group Savings Plan

R

R&D: Research and Development

REACH or Registration, Evaluation and Authorization of CHemicals
European regulation that provides for public access to information on the substances to which they may be exposed. The corresponding database is managed by the European Chemicals Agency (ECHA).

S

SDGs or Sustainable Development goals
SDGs are the 17 interconnected priorities set by the United Nations to promote economic and social development with respect for people and the planet. They were adopted in September 2015 by the UN as part of the 2030 Agenda. They address challenges related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

SBTi or Science-Based Targets initiative
The result of a collaboration between CDP, the United Nations Global Compact, the World Resource Institute (WRI), the World Wide Fund for Nature (WWF) and one of the commitments of the We Mean Business coalition, the Science-Based Targets initiative defines and promotes best practices in science target setting and independently assesses and approves corporate targets to accelerate the transition to a low-carbon economy.

Scope
This term refers to the three main families of an organization's greenhouse gas emissions, as defined by the international standard of the Greenhouse Gaz Protocol. "Scope 1" corresponds to direct emissions; "Scope 2" corresponds to emissions related to the production of the energy used; "Scope 3" corresponds to the direct but also indirect emissions of the organization's various stakeholders - suppliers, service providers, customers - in its value chain upstream and downstream of its activity.

SMAT or Safety Management Tool
Methodology used for safety inspections.

Solutions for growth
Program that consists of analyzing all the products and services offered by Saint-Gobain and quantifying their ability to provide its customers with performance benefits and to contribute to sustainable development.

Stakeholders
A company's stakeholders include all the individuals and organizations that participate in its economic life, observe it, influence it, or that it influences in a more or less direct manner. They are grouped into two main categories, internal stakeholders and external stakeholders.

T

TCFD or Task Force on Financial Disclosures
Working Group on Climate-Related Financial Disclosures, which aims to improve corporate climate-related financial transparency. The TCFD encourages economic players to publish information on how climate-related opportunities and risks are taken into account in governance, strategy, risk management and indicators and metrics used.

Transform & Grow
Saint-Gobain Group transformation plan, launched in January 2019 and completed at the end of 2020.

U

UNEP or United Nations Environment Program
Organization dependent on the United Nations, created in 1972, with the aim of coordinating the activities of the United Nations in the field of the environment and assisting countries in the implementation of environmental policies.

V

Value chain
A chain of interconnected activities that each develop a more or less strategic and important value for the company by integrating upstream (suppliers) and downstream (customers and other stakeholders).

Value creation model
Georaphical representation of the way in which a company creates value for itself and for all its stakeholders, using resources and relationships, integrating its mission, vision, strategy and approach to the allocation of resources.

W

WBCSD or World Business Council for Sustainable Development
WBCSD is a worldwide grouping of 200 companies that deliberate on and develop solutions for a more sustainable world. Saint-Gobain has been a member of the WBCSD Board since 2017, with responsibility for "climate, energy, the circular economy, towns and cities, and mobility".

WCM or World Class Manufacturing
An industrial excellence program.

WCP or World Class Purchasing.
Excellence program in the field of purchasing and responsible purchasing in particular.

WELL (International Well Building Institute)
Launched in the United States in October 2014, the "Well Building Standard" is a reference system that brings together best practices in the design, construction, layout and operation of workspaces. WELL is the first certification entirely dedicated to the well-being of occupants.

WGBC or World Green Building Council
A global organization for the promotion of ecological construction quality, founded in 2002 and bringing together sustainable construction professionals from more than 100 countries.

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SAINT-GOBAIN

Communications Department
12, Place de l'Iris
92400 Courbevoie - France
www.saint-gobain.com

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