

Methodology note concerning the calculation of indirect Saint-Gobain Group jobs

The Saint-Gobain Group has given the consulting firm EY the task of calculating indirect jobs created worldwide through its purchasing activities. An indirect job is one that is perpetuated over the long term due to purchases and expenses generated from the Group's activity among its subcontractors and suppliers. The methodology used and adapted by EY is based on the work of the economist Wassily Leontief, who also won the Nobel Prize for Economics in 1973. His work is based on the use of symmetrical input-output tables to model interdependencies between the activity sectors of a given economy. By combining this representation of the economy with the employment structure of each sector in it, it is in fact possible to determine the Saint-Gobain Group's indirect footprint in terms of jobs from its purchases.

The primary data (purchasing data) considered by the study was the most recent available as of the study date, i.e. the period from January 1st to December 31st, 2013. Indirect jobs are therefore those of 2013, while direct jobs are those of 2014.

The secondary data (input-output tables and employment intensity in each sector of activity) considered for the countries included in the study derive from Eurostat bases (65 sectors) and the World Input Output Database (35 sectors), and is therefore public. The most recent available tables were considered in all cases. The purchasing data of the countries included in the scope was then mapped with the sectors from the input-output tables of the corresponding country in order to observe their impact on jobs. The data was then consolidated by major geographic region.

Imports were not subject to special adjustment since the scope of the study is the entire world, and the goal is to determine the total number of jobs created in the countries where expenditures incurred.

Some purchasing data was subjected to special adjustments:

For some countries representing a significant proportion of indirect Saint-Gobain jobs in their geographic region, and where input-output tables were not available (countries of Africa and the Middle East, as well as Argentina), purchases were multiplied by the ratio of jobs/purchases from countries considered as comparable. These cases represent 1% of total purchases.

Some purchasing data was not included in the calculation of indirect jobs:

- ▶ 11% of purchases coming from suppliers whose activity sector could not be identified;
- ▶ 5% of purchases coming from countries where input-output tables were not available, and part of geographic regions where these countries represented a small proportion of Saint-Gobain purchases.
- ▶ 3% of purchases were dispersed across a large number of small suppliers, and were not processed in order to reduce analysis and verification costs.

Thus total purchases' coverage was 81%.