UNIVERSAL REGISTRATION DOCUMENT **2020**

including the annual financial report

SAINT-GOBAIN

CONTENTS

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

2020 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

www.saint-gobain.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

On March 18, 2021, 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 English-language version of the Universal Registration Document is a free translation of the original French text. 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 and Chief Executive Officer

> « Saint-Gobain is better prepared for sustainable and profitable growth than pre-crisis, and will be still more so in future. »

2020 will remain unique in many ways in the history of the Group. After a dynamic start to the year, the Covid-19 pandemic heavily impacted a large part of our activities in the second quarter. Then, despite the ongoing health crisis, we had an excellent second half of the year, marked by a strong acceleration in sales and record results, which owe a great deal to the exemplary mobilization of Saint-Gobain’s teams, whose talent and commitment I would like to salute.

These results are also due to a recovery in the construction markets, helped by an excellent sales performance, the continuation of our cost-savings programs, conducted with rigor and discipline, and of course by the success of our Transform & Grow plan, which delivered the expected results a year ahead of schedule. Our new country-based organization, which brings us closer to our markets and our customers, proved its effectiveness, generating both efficiency gains and strong commercial synergies. It was also invaluable during the crisis, giving us the agility we needed. We continued to adjust our investment portfolio, making 12 small acquisitions and one more substantial – Continental Building Products, a leading player on the North American plasterboard market. Integration is going smoothly and the Company will benefit from the dynamism of construction in the United States. At the same time, we continued our divestment program, bringing the volume sold or in the process of being sold to €4.6 billion by revenue since the plan was launched.

I am convinced that Saint-Gobain is better suited for sustainable and profitable growth than pre-crisis, and will be still more so in the future. This is the result of a successful transformation, which is now complete. But it is also because the exceptional context of 2020 validated the direction taken by the Group over the past several years. The strong rebound in our results underlines the soundness of our positioning and our strategy, based on two pillars: performance and sustainability.

As a result, Saint-Gobain is ideally positioned to meet the expectations of its stakeholders in a world that, I believe, is dominated by three major trends: the increased weight of the local and regional level, the growing role of digital technology, and heightened expectations in terms of sustainability.

Saint-Gobain is now a resolutely multi-local group. The health crisis accelerated the digitization of the Group's businesses, working methods and value chains in both distribution and industry; data is at the heart of our activities and operations. And the pandemic also acted as a catalyst for pre-existing trends. The habitat, its quality and performance, and its impact on our health and the planet, have become increasingly important to everyone. This strong link between building performance, occupant well-being and health and environmental impact has never been clearer. Recovery plans in Europe and the United States have made the renovation of buildings' energy performance a priority. Today, this is one of the most useful things we can do for the world, helping to create local jobs, improve purchasing power and reduce greenhouse gas emissions. It is also Saint-Gobain's biggest market, which presents us with a great opportunity for coming years.

2020 saw the completion of two emblematic projects that will help build a more sustainable world: the collective endeavor to express our Company's purpose – Making the World a Better Home – which illustrates our ambition to improve the lives of all by making the planet a fairer, more harmonious and more sustainable living space; and the development of our roadmap to carbon neutrality by 2050. The roadmap sets out milestones for reducing our CO_2 emissions by 2030 and is supported by ambitious action plans by country and at Group level.

More broadly, this means we accelerate our decarbonization ambition which, beyond neutralizing our own impact, also and more fundamentally aims to develop solutions that move our whole value chain towards a low-carbon economy: reducing the carbon footprint of buildings throughout their lifespan, as well as offering innovative tailor-made solutions for our customers in the industrial, transport and energy markets.

Our vision – to be the leader in sustainable construction, which improves everyday life through high-performance solutions – is fully in line with our purpose and resonates with our stakeholders' expectations of greater energy and resource efficiency, solutions that contribute to the well-being and health of women and men, and inclusive economic development.

2020 was a year of progress and collective learning, which marked a deepening of our sustainable growth strategy. Saint-Gobain continues to attract praise and awards: for its culture of innovation – for a tenth consecutive year, we are among the top 100 most innovative companies in the world, according to Clarivate's Top 100 Global Innovators ranking, and we are the only French company to have appeared every year since its creation; and also for its human resources policy and the attention we pay to the well-being and development of our employees – qualifying for the Top Employer Global label for a sixth consecutive year. The annual global survey carried out among our employees showed, with an increase in participation rate compared to 2019 at 78%, a high level of engagement, at 82%. And more than ever in 2020, Saint-Gobain teams have demonstrated their solidarity and a strong sense of the common good, helping each other during difficult times, supporting caregivers and people in need in the context of the health crisis, and engaging with local communities.

I know we can count on our 167,000 employees to continue to bring Saint-Gobain's values to life and take the Group forward to the success that awaits us.

The Group is ready to write the next chapter of its development and growth and has the resources to fulfill its ambitions. Feeling that the time was right, I proposed that the Board of Directors appoint Benoit Bazin as Chief Executive Officer from July 1, 2021. As for me, I will continue to act as Chairman of the Board from that date. I am very happy to hand over executive management to Benoit Bazin. He knows the Group intimately, in France and abroad, and has demonstrated his leadership in the strategic and operational roles he has held. He perfectly embodies the values of Saint-Gobain and the future direction of the Group. He will be able to drive its development towards comprehensive solutions and increasingly integrated and differentiating offers, by optimizing synergies, stimulating and encouraging innovation, and inspiring our teams to give the best of themselves. More than ever, with its new Group purpose, and its positioning and strategy, validated by changes in the world, enabling it to make the most of the strong recovery that is coming, Saint-Gobain can look forward to the future with great confidence.

Ugpu0 Gvi gpu Vvkg5

cl vl 7 G2nl vl vl svt 85r 6

Kl 5 mpn1 yl z
Vol Gyv1 wz l uk t gyr l 0z
Gsvi gs wyl zl uj l
Fpugujpgs wl ymyt guj l
Nvu mpugujpgs wl ymyt guj l

cl vl 7 G2nl vl 6 DPA uv6725: 9l y8r 6 l 1p 385326r

Mgoyyt psl z0vul z pu 0ol j vuz0yl j 0pvu vm0ol Gyv1 w
A wl ywwzl 0ol j vyul yz0vul vm0ol Gyv1 wz pxl u0p05
bgsl l z 0ol Ugpu0 Gvi gpu Pypuj pwsl z vmCvuk1 j 0 guk Aj 0pvu
bgsl l j yl g0pvu t vkl s

Hvt uywt u76 2s

Vpt l spul vmzpnupmj gu0 l 2l u0z
Voyv3 i gj r 0v gu l 4j l w0pvugs zp0 1 g0pvu
Vyguzmyyt Gyv3 yl 2pl 3 vmg wyvmv1 uk 0yguzmyyt g0pvu

dur G5283 6l o7l9v7r 6

B1 zpul zz spul z myyyl npvugsj 1 z0vt l yz
B1 zpul zzl z myy nsvi gsj 1 z0vt l yz

c758o785r l 1p t 29r 5l l 1 or

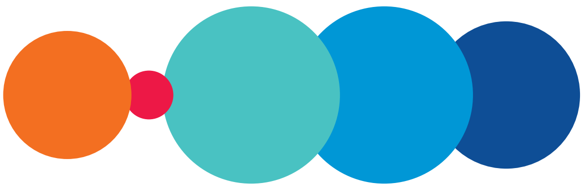
Vol Gyv1 wz nsvi gs vyngupzg0pvugs z0yl j 0 yl Gv2l yuguj l

1. Saint-Gobain in figures

1.1 Key figures

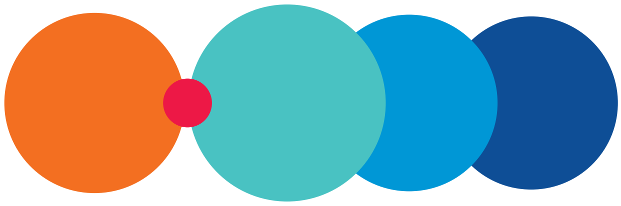
€38,128M	€2,855M	€1,470M	€3,044M
2020 Sales	Operating income	Recurring net income	Free cash flow

Breakdown of sales



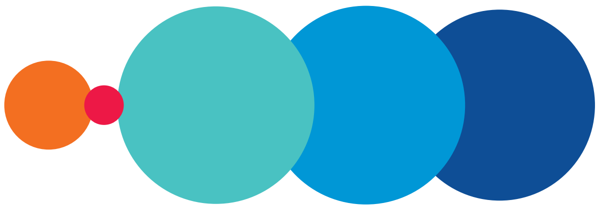
15% (+4.7% vs 2019*)	**4%** (-7.1% vs 2019*)	**32%** (-3.1% vs 2019*)	**32%** (-4.9% vs 2019*)	**17%** (-10.1% vs 2019*)
Americas	Asia-Pacific	Northern Europe	Southern Europe, Middle East, Africa	HPS**

Breakdown of operating income



23%	**6%**	**28%**	**22%**	**21%**
Americas	Asia-Pacific	Northern Europe	Southern Europe, Middle East, Africa	HPS**

Breakdown of number of employees



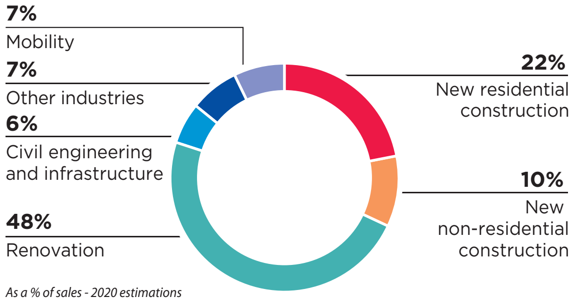
20,514	**8,571**	**45,589**	**46,546**	**44,479**
Americas	Asia-Pacific	Northern Europe	Southern Europe, Middle East, Africa	HPS**

(Holding: **1,853**)

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

1.2 The Group's end markets

Breakdown of sales by market



As a % of sales - 2020 estimations

1.3 Global presence

167,552 employees

more than **110** nationalities represented

Industrial presence in 70 countries

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

1.4 Financial performance

1.4.1 Financial results

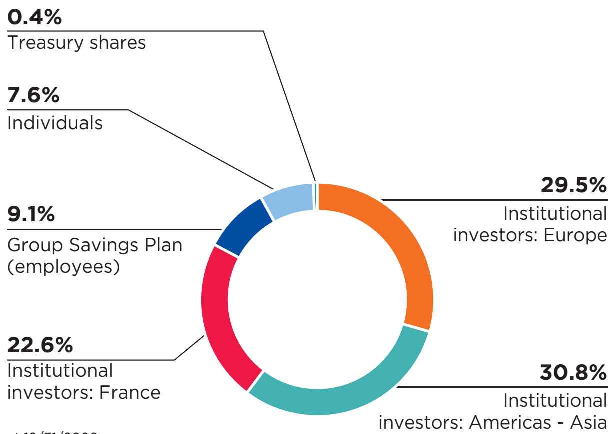
€2.74
Recurring earnings per share

€7,181M
Net debt

€17,892M
Shareholders' equity – Group share

€1,236M
Capital expenditure

1.4.2 Shareholding structure



at 12/31/2020

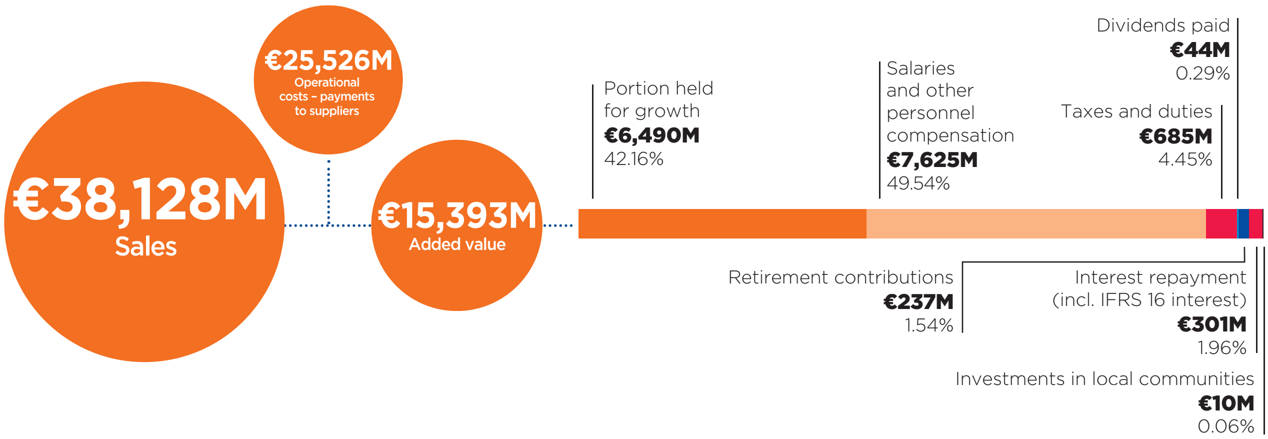
1.5 Non-financial performance

Saint-Gobain responds to a number of assessments of its non-financial performance. The assessments are part of the continuous improvement process of the Group's non-financial performance, in line with the environmental, social and societal challenges to which Saint-Gobain contributes.

Since 2019, the Group has been focusing on rating agencies recognized by its stakeholders and in particular its employees, investors, customers and the relevant non-governmental organizations. Saint-Gobain favors rating agencies that are open to dialogue, using transparent methodologies and with a focus on issues relevant to the Group. It should be noted that Saint-Gobain does not take part in particular in the assessment conducted by RobecoSAM for the Dow Jones Sustainability Index.

Saint-Gobain is referenced by the MSCI World ESG Leaders, STOXX® Global ESG Leaders, Ethibel ESI Excellence Global, Ethibel ESI Excellence Europe, FTSE4Good and Dow Jones Sustainability Index Europe indices.

1.5.1 Breakdown of net sales and value added by stakeholder



1.5.2 CSR indicators and significant events

Saint-Gobain has taken the commitment to reach **net zero carbon emissions by 2050**
12.2%: reduction of CO_2 emissions between 2010 and 2020 at isoproduction (2025 target: -20%)

100% of trade purchases are covered by the **Suppliers Charter** (90.6% for non-trade purchases)

For the third consecutive year, Saint-Gobain is included on the ***Bloomberg Gender Equality Index***

Saint-Gobain's actions in favor of the **circular economy** have helped avoid the extraction of **10,100,574 tons** of virgin raw materials (sand, gypsum)

1.8
Accident frequency rate with and without more than 24 hours of lost time (employees, temporary staff and permanent subcontractors)

"CARE by Saint-Gobain" **social protection program**: for the "parenthood" pillar, maternity/adoption leave ranges from 14 to 16 weeks (depending on the entities) at full salary and paternity/partner leave from 3 to 5 days at full salary.

Saint-Gobain's CSR approach is presented in chapter 3, section 2.2.1.

1.5.3 Digital

+15.7%

subscribers on the Group's social media accounts between 2019 and 2020

A rich **digital community** of over **1,700 experts**

1.5.4 Innovation

+400

patents filed in 2020

3,600

researchers

2,100

marketing employees

Saint-Gobain, **Top Global Innovator** for 10th time in a row [(1)]

1.5.5 Governance

14
Directors
of which:

45%
Women

82%
Independent Directors, Committee Chairmen all independent

99%
Attendance rate

1
Lead Independent Director

2
Employee Directors

+

1
Director representing employee shareholders

(1) Clarivate Analytics : Top 100 Global Innovators 2021 - https://clarivate.com/top-100-innovators/

2 Saint-Gobain's DNA: history, values and purpose

2.1 Major milestones in the construction of the Group

- Saint-Gobain was founded in 1665 under the name of *Manufacture royale des glaces*, in order to end Venice's supremacy in mirror making.
- Since the 19th century, Saint-Gobain has been diversifying its activities into sectors such as chemicals, glass products and the automotive industry, and is expanding internationally.
- In 1970, Saint-Gobain divests its chemicals business and merges with cast iron pipe company Pont-à-Mousson.
- In 1990, *via* the acquisition of Norton, Saint-Gobain doubles its presence in the United States, opening up new markets and enabling the Group to develop its expertise in the fields of abrasives, plastics and ceramics.
- The acquisition of Poliet in 1996 provides the basis for developing the distribution businesses. The Group then goes on to make acquisitions in Building Distribution.
- The acquisition in 2005 of British Plaster Board, the global leader in plasterboard, is Saint-Gobain's largest ever. In combination with ISOVER glass wool, it makes Saint-Gobain the world number one in interior solutions.
- Saint-Gobain focuses its strategy on sustainable habitat, as well as continuing to serve a number of industrial markets. With its extensive network of assets, the Group is growing steadily in emerging countries.
- At the end of 2020, Saint-Gobain, with its presence in 70 countries, successfully completed Transform & Grow, its ambitious transformation plan launched at the end of 2018 to strengthen its competitiveness and fully unleash its growth potential.

2.2 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."

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.**

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

Through its purpose, Saint-Gobain 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 33 languages, and distributed to all employees, these principles constitute an ethical reference applicable in action. They are a condition of belonging to the Group.

5 PRINCIPLES OF CONDUCT

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

are the fundamental values that unite managers and employees.

4 PRINCIPLES OF ACTION

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

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 Labour 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). 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 1.5).

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. Furthermore, the Principles of Conduct and Action are included in the welcome booklets of all Group employees and in the majority of employment contracts (see Chapter 3, Section 1.2.1).

2.4 Value creation model

In a changing world and faced with the challenges of climate change, urbanization and digitization, the Group's new, simpler and more agile organization relies on internal and external resources to accelerate transformation, with the objective of creating shared value with its stakeholders.

THE GROUP'S CHALLENGES:

A more local world

BASED ON THE GROUP'S RESOURCES ...

STRONG EMPLOYEE COMMITMENT

- **167,552** employees in **70** countries
- More than **110** nationalities
- **25.3%** female managers
- **78%** of employees responded to the Saint-Gobain satisfaction survey

GLOBAL PRESENCE AND LOCAL PROXIMITY

- More than **800** industrial sites and more than **3,500** sale outlets
- Complementary portfolios of products and services

A STRONG SAINT-GOBAIN AND EXPERT BUSINESS BRANDS

- Expertise and a brand portfolio in construction businesses
- Expertise and a brand portfolio in industry businesses

KEY SKILLS FOR TRANSFORMATION

- R&D: **8** research centers
- Innovation: **3,600** researchers and **2,100** people in marketing functions
- Digital: **1,700** tech experts

A SOLID FINANCIAL BASE

- Sales: **€38,128 million**
- Operating income: **€2,855 million**
- Recurring net income: **€1,470 million**

ENERGY AND RAW MATERIALS

- Recycled materials incorporated into products to replace natural resources (sand, gypsum)
- Energy consumption (renewable and non-renewable)

SAINT-GOBAIN CREATES VALUE...

PURPOSE

« MAKING THE WORLD A BETTER HOME »

It inspires the Group, with all of its stakeholders, to act to unleash individual and collective aspirations and enable everyone to live better in the world.

CSR as a source of value creation shared with stakeholders

The alliance of local expertise and a global footprint

A SIMPLE STRUCTURE, CLOSE TO SAINT-GOBAIN'S CUSTOMERS

LOCAL CUSTOMERS

- Northern Europe
- Americas
- Southern Europe, Middle East and Africa
- Asia-Pacific

GLOBAL CUSTOMERS

- Mobility
- Industry
- Construction Industry
- Life Sciences

SAINT-GOBAIN'S
Sustainable solutions that reconcile well-being

A world that demands **more sustainable development**

A more **digital world**

... TO ACHIEVE SUSTAINABLE GROWTH

FOSTERING GROWTH AND INCREASING COMPETITIVENESS

Overall increase of more than **100 base points** in the operating margin in 2021 (2018 baseline).

CONTRIBUTING TO RESPONSIBLE DEVELOPMENT

(ROADMAP SEE SECTION 2.1 OF CHAPTER 2)

- Addressing the climate emergency
- Commitment to carbon neutrality
- Accelerated emergence of a low-carbon economy
- Development of the circular economy

CONTRIBUTING TO FAIR AND HUMANE ECONOMIC DEVELOPMENT

- Preservation of health and safety of employees and stakeholders
- Diversity and inclusion
- Commitment to local communities

CREATING SHARED VALUE WITH THE GROUP'S STAKEHOLDERS

ECONOMIC

- Sales: **€38,128 million**
- Added value: **€15,393 million**
- Portion held for growth: **€6,490 million**
- Interest repayment: **€301 million**
- Dividends paid: **€44 million**

EMPLOYMENT AND SOCIETAL

- Salaries and other employee compensation: **€7,625 million**
- Taxes and duties: **€685 million**
- Retirement contributions: **€237 million**
- Suppliers and operational costs: **€25,526 million**
- Investments in local communities: **€10 million**

VALUES

SHARED VALUES BASED ON THE 9 PRINCIPLES OF CONDUCT AND ACTION OF SAINT-GOBAIN'S CODE OF ETHICS

MISSION

DESIGN, MANUFACTURE AND DISTRIBUTE MATERIALS AND SOLUTIONS WHICH ARE KEY INGREDIENTS IN THE WELLBEING OF EACH OF US AND THE FUTURE OF ALL

VISION

TO BE THE LEADER IN SUSTAINABLE CONSTRUCTION, IMPROVING EVERYDAY LIFE THROUGH HIGH-PERFORMANCE SOLUTIONS

A focus on synergies in operations and internal organization

A solution-based approach

PERFORMANCE DRIVERS

- Enriching the customer experience
- Leveraging digital transformation
- Innovating for sustainable differentiation
- Efficiently allocating the Group's resources

ADDED VALUE:
and performance for the Group's customers

3. Highlights of 2020

3.1 Timeline of significant events

January 2020

- Saint-Gobain acquires HTMS in the high temperature resistance seals sector.
- The Group acquires Sonex in acoustic ceilings in Brazil.
- Saint-Gobain is once again awarded the Top Employer Global certification and is one of the 13 companies worldwide to have received this label, which is awarded by the Top Employers Institute.
- Start-up of the new plant in the Life Sciences Business Unit in Largo, Florida (United States), which produces C-Flex® tubes, molded components and assemblies.

February 2020

- Completion of the acquisition of Continental Building Products after receiving the approval of the Group's shareholders and the US anti-trust authorities.
- Saint-Gobain launches "CARE by Saint-Gobain", a social protection program for all of its employees worldwide.
- For the ninth year in a row, the Group is recognized as one of the top 100 most innovative companies in the world, ranking in the "Top 100 Global Innovator 2020".
- Publication of Saint-Gobain's annual results for 2019.
- Inauguration of a new mortar plant in Zimbabwe.
- The Group enters into a 12-year power purchase agreement to help reduce its CO_2 emissions in the United States while supporting the construction of the Blooming Grove wind farm in Illinois.
- Brødrene Dahl acquires the IoT competence center of MobilePeople, a Danish digital solutions company.

March 2020

- Launch of "Saint-Gobain Brain", a 100% digital escape game for students and young professionals.
- Saint-Gobain divests part of its glass processing business in Germany.
- In the context of the Covid-19 pandemic, the Group further strengthened its financing resources through a €1.5 billion bond issue and syndicated line of credit adjustment to €2 billion.

April 2020

- Cooptation by the Compagnie de Saint-Gobain's Board of Directors of Sibylle Daunis as a Director representing employee shareholders.
- Upon publication of its first-quarter sales, the Group announces its decision not to pay dividends to shareholders for fiscal year 2019.
- The ISOVER plant in Ploeisti, near Bucharest, invests in a second stone wool production line.

May 2020

- Saint-Gobain completes the sale of its entire stake in Sika for an amount of CHF 2.56 billion, or €2.41 billion.

June 2020

- General Shareholders' Meeting. Appointment of Jean-François Cirelli as a new independent Director.
- The Group launches its first apprenticeship training center in France.
- In the manufacturing and processing of glass fiber, Saint-Gobain acquires the US plant of the Valmiera Glass Group, as an addition to the Construction Industry Business Unit.
- Start of the Group Savings Plan (PEG) subscription period.

July 2020

- Publication of first-half results.
- Inauguration of a new mortar production line in Yegoryevsk, near Moscow (Russia).
- Launch of a new jumbo coater at the Saint-Gobain Glass plant in Poland after two years of construction.

August 2020

- Following the explosions that destroyed part of Beirut (Lebanon) on August 4, 2020, the Group provides immediate support to help with the reconstruction in the form of several types of materials.

September 2020

- Acquisition in the Netherlands of Strikolith, a company specializing in exterior insulation systems, interior finishing and renovation products and solutions.
- Saint-Gobain acquires 100% of the share capital of JSC Zhambylgips, a producer of gypsum- and plasterboard-based dry mixes located in Taraz (Kazakhstan).
- Inauguration of a new mortar plant in Tulefa (Ethiopia). The Group now has an industrial presence in 70 countries.
- Launch of the second global survey to measure Saint-Gobain employee engagement, “me@Saint-Gobain”.

October 2020

- The Group formulates its purpose, “Making the world a better home”.
- Saint-Gobain announces a series of measures to support the French government’s building renovation stimulus plan.
- The CNRS, the University of Lorraine and the Group sign the creation of a laboratory, Canopée, dedicated to the study of materials and systems in extreme temperature conditions. Objective: reduce the carbon footprint of high-temperature manufacturing processes.
- Publication of Saint-Gobain sales for the first nine months of the year: strong recovery in the third quarter and objectives revised upwards.
- Organization of “EHS Day” dedicated to the environment, health and safety at all Group sites.
- Kimmco-Isover inaugurates a new production line for Climaver® air conditioning duct panels in Kuwait.
- Extension of the Life Sciences plant in Beaverton in the United States.

November 2020

- Saint-Gobain cancels nine million shares.
- The Group enters into exclusive negotiations with Mutares for the disposal of Lapeyre.
- Saint-Gobain unveils its roadmap towards carbon neutrality by 2050.
- The Group announces the Board of Directors’ intention to propose that the General Shareholders’ Meeting of June 3, 2021 set the dividend for fiscal year 2020 at €1.33 per share in cash.

December 2020

- The Group cancels three million shares.
- Strengthening of the partnership between Saint-Gobain and El Volcan in Latin America.

January 2021

- The Group announces that it has entered into exclusive negotiations in preparation for the disposal of its distribution activities in the Netherlands.
- Saint-Gobain reports better-than-expected fourth quarter sales and a record operating margin in the second half of 2020.

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

3.2 Throwback to an exceptional situation

The year 2020 was literally extraordinary due to the Covid-19 pandemic, which brought an abrupt halt to all economies and paralyzed all human societies throughout the world. At the end of the year, despite the high hopes raised by the launch of vaccines, the pandemic was still raging in most parts of the world, with an intensity that tested health and lifestyles as well as economic models and shooke up certainties.

This unprecedented crisis has profound implications for Saint-Gobain, not only on its day-to-day operations but also on its business model and future development strategy. It will have been a test of the Group's ability to react to adversity and its determination to take care of its own people, proof of its commitment to other players in society, and a demonstration of the relevance of its strategic orientations.

3.2.1 The priority: taking care of the Group's stakeholders

From the first weeks of the crisis, Saint-Gobain demonstrated unprecedented agility in adapting its operating methods and implementing new ways of working.

The overriding priority has been to protect the health of the Group's employees, customers, and suppliers and their families. This means compliance with barrier gestures, the widespread deployment of protective equipment in factories, sales outlets, logistics centers and offices, the reorganization of flows at each site, regular local communication to maintain contact with everyone, and continuous social dialogue. The widespread use of remote working wherever possible, made possible by the deployment of remote collaborative working tools, has made a rapid reorganization of activity easier. In an environment marked by lockdowns, employee balance of life is one of the priority management issues.

3.2.2 A commitment to serving society as a whole

Taking into account all of its stakeholders and conceiving of oneselves as part of a complex ecosystem are not just words. In times of crisis, it also means acting in solidarity, with initiatives that aid everyone on the front lines. Since the first days of the crisis, Saint-Gobain's collective and individual mobilization to give hospitals and caregivers masks, gloves, coveralls and financial resources has been living proof of the humane culture that drives the Group's employees.

For a leading economic player such as Saint-Gobain, commitment also means mobilizing its industrial resources to fight the pandemic. The Saint-Gobain Life Sciences Business Unit has made an exceptional effort to produce and supply the components (tubes, connectors, filters, membranes) necessary for the equipment used to diagnose, treat and care for Covid-19 patients. More specifically, it has increased by 15 times the production of parts essential to the manufacture of ventilators.

The Group's efforts have been deployed everywhere with the same determination, through supplying walls and plasterboard for field hospitals or homes for people dependent on care, supplying materials to create a gigantic medical center in London in record time and convert stadiums and gymnasiums, especially in the United States. The creativity of all employees has multiplied the impact of Saint-Gobain's commitment. To give but one example, its teams in Spain have converted plastic packaging from gypsum pallets into protective aprons for caregivers at hospitals. The promotion of creativity, the encouragement to find rapid and effective solutions to complex and concrete problems, all of these facets of the Group's management culture in the service of innovation have been invaluable assets in making a difference in the field, for the benefit of society as a whole.

3.2.3 Strategic orientations validated by the crisis

While governments have sometimes faced the health crisis in a scattered manner, Saint-Gobain has remained united. Its strength lies in combining local actions - decided as closely as possible to needs - and international coordination, so as to disseminate the sharing of best practices. This new link between global and local, resulting from the Transform & Grow strategic plan, has proven its strength and relevance during the pandemic and has allowed for crisis management that is both highly coordinated and decentralized. Local operational actions were implemented quickly by each country while excellent global coordination enabled the exchange of information and cooperation *via* a central crisis management committee. In addition to managing the crisis, this dynamic unique to the Group is clearly relevant in the context of a trend toward regionalization of the global economy and aspirations to relocate value chains.

Commitment to employees, to ensure their safety and well-being in times of crisis, is also an extension of the major efforts made over the last ten years to make progress in this area, ensuring the health and safety of employees on the Group's sites while also committing to the social protection of all employees and their families throughout the world. The launch of the "CARE by Saint-Gobain" program in 2020 is proof of this.

This difficult period also validates the Group's firm commitment to a digital revolution across all its activities. The current crisis has greatly accelerated the transition. For employees, this affects working methods as well as such areas as training procedures. This is evidenced by the move to 100% digital for the Unicampus training. For customers, this has further highlighted the importance of the online relationship, through acceleration of sales, implementation or generalization of click & collect, redesigned customer experiences, and new ways of collaborating internally and with customers. The lockdown period was an opportunity to experiment and progress. It has also brought the Group closer to end consumers, who have been paying greater attention to the quality of their living spaces.

The health crisis has also highlighted other underlying dynamics that are showing signs of acceleration and mutual reinforcement, such as climate change and scarcity of resources, demographic growth and urbanization, changes in mobility, and the future of work (see Chapter 2, Section 1.1). For all of these issues, the positioning adopted by Saint-Gobain shows the relevance of its strategic analysis, first, as regards its portfolio of products and services that contribute to a low-carbon economy (see Chapter 3, Section 4.1), and second, by making Corporate Social Responsibility a central part of its strategy. The Group's commitment to achieve carbon neutrality by 2050, announced in September 2019, is proof of this. In general, the crisis has demonstrated the strength of Saint-Gobain's strategy, which focuses on energy transition, the circular economy and green mobility to help build a more sustainable, digital, and local world.

3.2.4 Bounce back and prepare for the future

For a group such as Saint-Gobain, the ability to face a crisis of exceptional magnitude in the short term necessarily goes hand in hand with preparing for the future: coming out of the crisis and the more or less rapid recovery of markets and their transformation.

As regards industrial facilities, this means, first and foremost, concentrating all efforts throughout the crisis to maintain the reliability levels of the Group's factories and the quality of its network of distribution outlets and all of its operational channels, so that they can function as they did before when the time comes. From a human resources standpoint, it means maintaining daily social ties and proximity with all teams despite distance or the need for remote working. It also means preserving skills, in particular through the development of training.

Beyond the short term, and the consequences for the Group on a daily basis, it is also a matter of understanding the impacts of the crisis on the world in which Saint-Gobain operates, first by anticipating the future needs of its customers and their logistical, technical and financial challenges, then the solutions that will be a priority for them, and finally the emerging markets. To do this, it is essential to maintain the level of tenacity and agility shown by the Group's teams since the beginning of the crisis over the medium and long term.

3.3 Transform & Grow: review of a profound transformation

Announced in November 2018, the Transform & Grow plan was implemented starting January 1, 2019 for a two-year period.

3.3.1 A plan to unleash energies

Transform & Grow was based on two pillars:

- a new market-based organization, closer to customers to capture all opportunities, simpler and more agile to accelerate decision-making;
- agile and value-creating portfolio management.

3.3.2 A cultural transformation

First and foremost, this meant making Saint-Gobain a lighter, more agile and more efficient structure.

In purely organizational terms, the Group therefore had to switch to a structure modeled on its customers, from a complex matrix to a simplified structure:

- countries, divided into regions, serving local markets;
- High-Performance Solutions, an entity organized by end markets.

This concept was based on a clear principle: the accountability of local teams responsible for managing their income statements and country operations, on which salary incentives are based.

At the managerial level, the new structure was strengthened by the deployment of a new way of leadership based on the principles of trust, empowerment and collaboration. It was implemented through very concrete actions: simplification of decision-making processes, the principle of a single hierarchical line, team training and aligned salary incentives.

Among the transformation levers used, we should also mention:

- strengthening the focus on customers;
- more integrated offers and development of synergies;
- the pursuit of digital transformation.

3.3.3 A portfolio rotation that creates value

The second pillar of the Transform & Grow plan was based on the acceleration of the Group's portfolio rotation, with a disposal target of at least €3 billion in sales by the end of 2019, which had been exceeded by the end of 2019 (see Chapter 2, section 4.4.2).

3.3.4 A plan implemented in an unprecedented environment, thus demonstrating the model's resilience

Based on an analysis of the Group's performance during the period 2010-2018, which corresponds to the period following the global financial crisis of 2007-2008, the purpose of Transform & Grow was to enable Saint-Gobain to strengthen its competitiveness and unleash growth and value creation.

The implementation of this plan in 2020 took place in the unprecedented and unforeseen environment of the global Covid-19 health crisis (see Chapter 1, Section 3.2). Nevertheless, the new organizational structure put in place has proven to be particularly relevant in these times of crisis, thus demonstrating the relevance of the model built by Saint-Gobain to meet the challenges posed by changes in its markets and by the megatrends affecting its stakeholders, such as threats to the environment, climate change and scarcity of resources, urbanization and changes in lifestyles.

3.3.5 Results that exceed expectations

The new organizational structure was methodically rolled out, resulting at the end of 2020 in a reinvented structure where 90% of countries have their own Chief Executive Officer and 100% of Chief Executive Officers receive variable compensation based on the performance of their country or market. The structure met with strong support from the teams, which was strengthened between 2019 and 2020. At the end of 2020, 82% of employees showed strong commitment (three points more than in 2019), while 78% of managers said that Transform & Grow had improved the Group's growth, i.e. four points more than in 2019.

Encouraging a customer-focused mindset was the motivation to design and achieve market synergies, such as :

- the creation of the "Ceilings and Acoustics" Business Unit in Brazil;
- organizational synergies such as the reorganization of the "Façades" activity in Europe that pooled the supply chain, prescription tools, marketing and sales;
- or technological synergies such as the deployment of predictive analytics to increase sales and personalize the customer experience via e-commerce.

Emphasis was placed on digitizing operations and processes, and beyond that, on adopting new business models and seizing new opportunities across all value chains.

Since the new structure was leaner and more efficient, the success of the Transform & Grow plan also made it possible to achieve the objective of cost savings of €250 million one year ahead of the target, which helped to improve the Group's operating margin in the second half of 2020. Fifty-five percent of these cost reductions came from simplification of the internal structure, 20% from more streamlined support functions and central functions, and 20% from synergies and optimizations obtained at country level.

As for accelerated portfolio rotation, the results were also largely achieved, with a volume of disposals completed or signed representing sales of approximately €4.6 billion at the end of 2020, exceeding the initial target of more than €3 billion in sales set for the end of 2019. At the same time, 31 acquisitions were made across the entire program, for a total of €740 million in sales.

Among these, on February 3, 2020, after obtaining the agreement of its shareholders and the US anti-trust authorities, Saint-Gobain finalized the acquisition of Continental Building Products, a leading player in the plasterboard sector in North America.

This transaction enabled the Group to expand its asset portfolio and increase its ability to offer innovative solutions to a broader customer base and to strengthen its presence in high-growth regions in the United States. The strong fit between corporate cultures and operational models facilitates integration and accelerates value creation.

As a result, cost synergies and performance improvements, estimated at least $50 million by the end of the third year following the completion of the transaction, are being carried out at a pace faster than initially anticipated, with results of around $20 million for 2020.

4. The Group's activities

Saint-Gobain designs, produces and distributes materials and solutions that are key ingredients for the well-being of each of us and the future of all.

These materials are found everywhere in our living places and our daily lives: buildings, transport, infrastructure, as well as in many industrial applications. They provide comfort, performance and safety while meeting the challenges of sustainable construction, efficient resource management and climate change.

Saint-Gobain aims to meet today's individual expectations and tomorrow's collective challenges by offering its customers well-being through sustainable solutions that respect the environment and health; and its professional customers in particular, a guarantee of productivity, performance and innovation.

4.1 Business lines for regional customers

4.1.1 Expertise and businesses

Saint-Gobain designs, develops and distributes innovative solutions that improve the quality of living places, reduce the environmental impact of buildings and makes life easier for its professional customers, which include architects, craftsmen, and installers. The Group offers a unique range of products and services for all areas of the construction industry. Its geographical organization allows it to offer solutions that are tailored to the specific needs of its local markets, whether in terms of construction methods or styles, building systems, distinctive climate features, for the renovation of existing buildings or the undertaking of new constructions.

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

Saint-Gobain serves millions of customers each year on the building, renovation and home improvement markets. 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. They also support individuals in the completion of their projects with professionals. In this way, the trading brands seek to establish a balance within their customer portfolios, to ensure robustness and profitability.

Another major asset is the regional network. Anchored in local communities, sales outlets are located in the most dynamic economic areas.

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 makes it possible to meet demanding e-commerce standards (as regards delivery times especially) for low-volume and low-weight products in particular. To support logistics, robust information systems are necessary.

Digital technology is incorporated within the tools used by the trading brands to offer customers a unique multi-channel experience: e-commerce, enriched product content (characteristics, descriptions, images, technical and regulatory documentation, etc.), and digital services that help save time. The teams also benefit from productivity tools (Robotic Process Automation and machine learning) and the facilitated use of data thanks to the implementation of data science algorithms with, for instance, the optimization of targeted products and customers for the sales teams.

4.1.1.2 Building Glass

To address the challenges associated with protecting the environment, aesthetics, comfort, ergonomics and safety, Saint-Gobain develops, produces and sells solutions intended for the façade, window and interior decoration markets and to protect assets and people. The Group's offerings range from the production and processing 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. Saint-Gobain's glass solutions help to improve building energy efficiency and user comfort: thermal insulation, solar control, light transmission, interior solutions and decoration and bulletproof and fireproof glass. 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 also offers a wide range of active glazing products such as PRIVA-LITE®, which turns opaque at the click of a switch, and the SageGlass® solutions, with variable tint lenses, which are mainly used for façade projects.

4.1.1.3 Gypsum

Plaster-based solutions intended for use in partitions and wall coverings, ceilings and floors offer thermal and acoustic comfort and meet growing demands for visually pleasing home environments. These products also meet high technical specifications in terms of fire and damp resistance. Gypsum is an ally for light construction methods: depending on the type of building, wall construction processes using gypsum-based partitions can save time by between 20% and 50% compared to traditional materials.

To develop this offering, Saint-Gobain extracts and processes gypsum into a wide array of plaster products for construction and decoration. 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®). The new Habito range of plasterboard offers excellent impact resistance while allowing for all types of decorative features to be easily applied.

4.1.1.4 Ceilings

Through its portfolio of complementary brands, Saint-Gobain is one of the world leaders in acoustic systems for ceilings. 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 intended primarily for non-residential markets (offices, schools, healthcare buildings).

4.1.1.5 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. The Group designs, develops and markets products and systems that also meet the specific requirements of industrial applications. Its range of products – mineral wool (glass wool, stone wool), polystyrene and polyurethane foams and biosourced products (wood fibers) – covers the insulation needs of all types of buildings and their interior fixtures (roofs, walls, floors). Its offering also meets professional expectations in terms of comfort and installation and the sustainability expectations of investors and owners.

Saint-Gobain has considerably increased its production of glass blowing wool, a mechanized and rapid solution, to support the buoyancy of the renovation market. The offering also meets other needs such as the insulation of heating and air conditioning systems with CLIMAVER® brand products. Finally, some products also afford technical solutions for industrial facilities, the transport sector and various niche industries.

4.1.1.6 Mortars and building chemicals

Protecting, insulating and decorating all types of buildings are among the key functions of the façade offering of Saint-Gobain, a world leader in the field of mortar-based and building chemicals. The Group's 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 or rework. A line of admixtures caters to the growing demand for improved technical properties in concrete for use in construction.

4.1.1.7 Pipe

Saint-Gobain offers complete solutions drawing on more than 165 years of experience in the water supply market to meet the highest expectations. It produces and markets ductile cast iron pipe systems for drinking water and sewage systems, steel products for highways and roadways, and wastewater and rainwater drainage systems for buildings. It is also active in the mining, hydroelectric and manufacturing sectors. Saint-Gobain serves the public authorities' market and public and private water companies, as well as the mining, hydroelectric, industrial and construction 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.

4.1.1.8 Exterior Products

Saint-Gobain is present in the North American construction market with a complete range of products. For roofs, the Group offers premium asphalt and composite shingles, roll roofing systems and accessories. For facades, it offers shingle, insulation and vinyl cladding solutions.

Saint-Gobain also offers complete exterior solutions for single-family and multi-family dwellings, with fencing, decking and railing products. Easy to maintain, these products are known for combining visual appeal and weather tolerance.

4.1.2 Main brands

Main brands	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 specialized in plumbing, heating, sanitaryware.
LAPEYRE	Distributor-manufacturer of sustainable home improvement products for interior/exterior joinery, kitchens, bathrooms and flooring.
LA PLATEFORME DU BÂTIMENT	Exclusive distributor for urban renovation professionals.
POINT.P	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	Private label for international distribution in sanitary ware and kitchens.
Spain	
Distriplac	Insulation and interior solutions specialist.
dp materiales	Building materials and construction products distributor.
LA PLATAFORMA DE LA CONSTRUCCIÓN	Exclusive distributor for construction professionals.
Europe	
Altech	International distribution private label for tools, personal protection, construction chemicals and construction equipment.
NOVIPRO	International distribution private label. Hand tools, PPEs, building chemicals, building hardware
Europe (excluding France)	
ULTIPRO	International distribution private label. Heavy building materials, roofing, interior solutions
Netherlands	
raab karcher	Building materials distributor.
Nordic countries (Denmark, Finland, Norway, Sweden)	
DAHL	Building materials distributor for professionals and private individuals.
OPTIMERA	Building materials distributor for professionals and private individuals.

Main brands	Positioning
BEVEGO	Distributor specializing in PHS & ventilation, civil engineering, industry and cooling.
United Kingdom	
JEWSON	Supplier of building materials & equipment, tools & timber.
Graham	Distributor for sanitary, heating and plumbing.
MINSTER	Specialist retailer of interior solutions and insulation.
Switzerland	
SANITAS TROESCH	Distributor specializing in bathrooms and kitchens for professionals and individuals.

4.1.3 Competitive environment

4.1.3.1 Competitive positions

- Flat glass: 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
- Exterior products: number 4 in the United States
- Roofing: number 3 in the United States
- Vinyle siding: number 2 in the United States
- World leader in mortars, number 2 in mortars and building 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

4.1.3.2 Main competitors [(1)]

- NSG (Japan)
- AGC Corporation (Japan)
- Guardian (United States)
- Sisecam (Turquie)
- Various Chinese glass manufacturers
- Armstrong (worldwide)
- BNBM (Chine)
- Boral (Asia)
- Johns Manville (United States)
- Kingspan (worldwide)
- Knauf (worldwide)
- Owens Corning (worldwide)
- Rockwool (worldwide)
- Siniat (Europe, South America)
- Technonicol (Europe)
- Ardex (worldwide)
- BASF (worldwide)
- Duktus-VonRoll (Germany)
- Electrosteel (India)
- GAF (United States)
- Jindal (India)
- Mapei (worldwide)
- Parex (worldwide)
- Ply Gem (United States)
- STO (worldwide)
- XinXing (China)
- Ferguson (United Kingdom)
- 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)
- Asahi (Japan)
- Sika (worldwide)

(1) Internal estimation.

4.2 Businesses for global customers

4.2.1 High Performance Solutions

Saint-Gobain's High Performance Solutions (HPS) are value-added solutions for varied cutting-edge applications in mobility, health, construction and industry.

Saint-Gobain relies on strong expertise in materials science, formulation, design of automotive 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.

4.2.1.1 Mobility

Saint-Gobain manufactures windshields, side windows, rear windows, glass sunroofs and assembled modules for major global automotive manufacturers. These solutions ensure everyday comfort for drivers and passengers and respond to the changes in mobility in terms of practices and regulations, particularly in the area of the environment. The Group is also present in the distribution segment for replacement automobile glazing on the independent market and has a European network of repair and replacement facilities.

The Group is active in the transportation market, producing glazing for the aerospace and railroad sectors, shipping, 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.

4.2.1.2 Life Sciences

The Group markets a number of tailor-made, single-use plastic solutions (tubes, connectors, pockets, filters, etc.), used in handling fluids. Saint-Gobain develops and designs high-purity plastic components intended to control fluid circulation during intravenous and ophthalmic treatment and non-invasive surgical intervention. Its technical expertise, worldwide manufacturing capacities and market knowledge, combined with its research and development resources, enable it to meet the ever-changing needs of laboratories and medical and pharmaceutical sectors throughout the world.

4.2.1.3 Construction Industry

Saint-Gobain manufactures technical glass fiber fabrics for customers in the construction, industrial and infrastructure markets. With a range of innovative solutions combined with strong customer commitment, it can cater for every kind of market need: grid systems for wall 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.

4.2.1.4 Abrasives and Composite Systems

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. The BU is organized by distribution channels in order to best serve each market.

Lastly, Saint-Gobain produces composite materials for construction and industry: specialty films, foams, tapes, specialty adhesives and coated fabrics.

4.2.1.5 Ceramics

In addition to its expertise in refractory materials for the glass and metallurgical industries, the "Ceramics" Business Unit now consists of businesses involved in the synthesis and transformation of ceramic raw materials used in a wide variety of markets such as abrasives, aerospace and paper.

Saint-Gobain also manufactures crystals and scintillators used in medical imaging devices or luggage scanners and radiation detection systems.

4.2.1.6 Adhesives

The Group designs, imports and distributes various products such as 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 Main brands

Main brands	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.
SAINT-GOBAIN	Saint-Gobain Autover: 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.
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.
OmniSeal	Essential parts for sealing control under extreme conditions for applications in the aerospace, energy, biology and manufacturing industries.
NORGLIDE	Bearings for the automotive market in particular, designed to reduce weight, noise and vibrations and improve vehicle performance.
NORBOND	Double-sided adhesive tapes with outstanding viscoelastic properties, for industrial use.
RENCOL	Tolerance rings for the automotive market in particular, designed to reduce weight, noise and vibrations and improve vehicle performance.
C-FLEX	Patented thermoplastic biotechnology 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.
Solar Gard	High-tech glazing films and protective coatings for the automotive and architecture industries.
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.
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.
TEK BOND	Large portfolio of adhesive solutions: glues, sealants, sprays and strips.

4.2.3 Competitive environment

4.2.3.1 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.

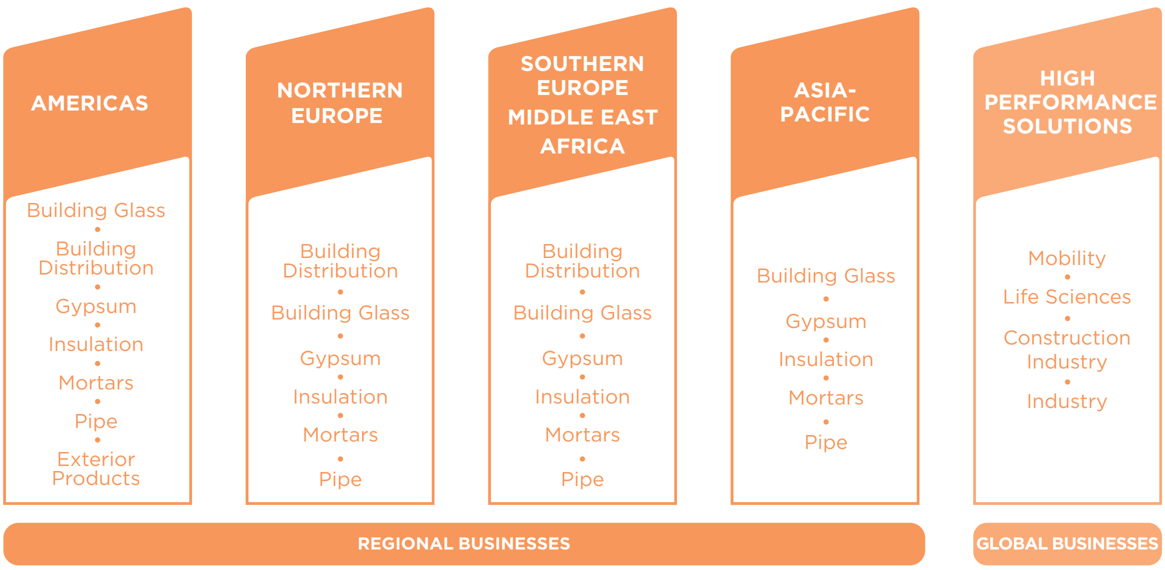
4.2.3.2 Main competitors [2]

- Imerys (France)
- Cumi Ceramics (India)
- 3M (United States)
- Noritake (Japan)
- Trelleborg (Sweden)
- NSG (Japan)
- AGC Corporation (Japan)
- Valmiera (Latvia)
- Fuyao (China)

5. Structure and governance

5.1 The Group's global organizational structure

Saint-Gobain is 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.



(1) *Internal estimation.*
(2) *Internal estimation.*

5.2 Governance

5.2.1 Board of Directors

At January 1, 2021, the Board consisted of:

Pierre-André de CHALENDAR
Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Jean-François CIRELLI (1)
Chairman of BlackRock France, Belgium and Luxembourg

Lydie CORTES
Employee Director

Sibylle DAUNIS
Chief Executive Officer of PUM and Director representing employee shareholders

Iêda GOMES YELL
Research fellow and Director of companies

Anne-Marie IDRAC
Director of companies

Pamela KNAPP
Director of companies

Agnès LEMARCHAND
Director of companies

Dominique LEROY
Member of the Management Board of Deutsche Telekom AG and Chief Executive Officer Europe

Denis RANQUE
Director of companies

Gilles SCHNEPP
Director of companies

Jean-Dominique SENARD
Chairman of the Board of Directors of Renault

Philippe THIBAUDET
Employee Director

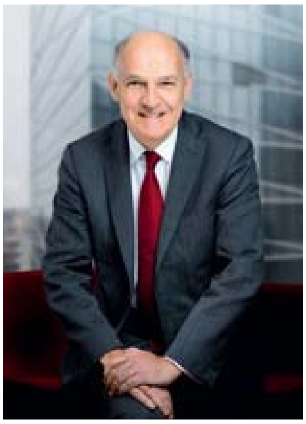
Philippe VARIN
Chairman of the Board of Directors of Suez

Board of Directors' Secretary:
Antoine VIGNIAL
General Secretary of Compagnie de Saint-Gobain

(1) Board member as an individual, and not as a BlackRock representative; Mr. Cirelli does not represent BlackRock at the Board of Directors.

5.2.2 Executive Committee

At January 1, 2021, the Executive Committee comprised the following members:



Pierre-André de CHALENDAR
Chairman and Chief Executive Officer

Benoit BAZIN
Chief Operating Officer

Cordula GUDDUSCHAT
Vice-President, Marketing and Development

Laurent GUILLOT
Senior Vice-President, CEO High Performance Solutions

Mark RAYFIELD
Senior Vice-President, CEO North America Region

SREEDHAR N.
Chief Financial Officer

The Executive Committee meets once a month.

Armand AJDARI
Vice-President, Research and Development

Patrick DUPIN
Senior Vice-President, CEO Northern Europe Region

Thierry FOURNIER
Senior Vice-President, CEO Latin America Region

Javier GIMENO
Senior Vice-President, CEO Asia-Pacific Region

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

Claire PEDINI
Senior Vice-President, Human Resources and Digital Transformation

Laurence PERNOT
Vice-President, Communications

Guillaume TEXIER
Senior Vice-President, CEO Southern Europe, Middle East, Africa Region

Maud THUAUDET
Vice-President, Strategy

Antoine VIGNIAL
General Secretary in charge of Corporate Social Responsibility

UOygOl n5

dur G5283 6r19v521Or17

Mgoyyjogssl unlz guk vwwyOl upOplz
Vol Gyv1wz kpmhyl uOt gyrlOz
Vol Gyv1wz zOgrlovsklyz
UgpuO Gvi gpu gOOol jluOl yvmg 2vsgOpsl
1ujlyOgpu guk jvt wsl 43 vysk

dur 9v6v21

Blpun Ool slgklypu z1zOgpugisl jvuzOyl1jOpvu
3opjopt wyv2lz kgps5 spoh Ooyw1no Hpno
Plymryt guj l Uvsl Qpvuz
A 2pzpvu igzlk vu kpzQpujOp2l wypuOz vm2pl3

dur O v66v21

Omhypun t vyl z1zOgpugisl zvsl Qpvuz
It wyv2pun Ool wlymryt gujl
vmOol Gyv1wz j1zOvt lyz

Sr5s250l1or yr9r56

Euyjpopun Ool j1zOvt lyl4wlypluj l
luuv2gOl mryz1zOgpugisl kpmhyl uOpgOpvu
Ll2lygnpun kpnpOgsOyguzmryt gOpvu
Empjpl uOs5 gssvj gOpun Ool Gyv1wz ylzv1yjlz

1. The Group's environment

1.1 Major challenges and opportunities

Saint-Gobain operates in a constantly changing world. However, three major trends have been emerging for several years now, and they are being accelerated by the health crisis: the world demands more sustainable development, and it is more local and more digital.

1.1.1 A world that demands more sustainable development

1.1.1.1 Trends and risks

The year 2020 is symbolic as it marks the thirtieth anniversary of the first report published by the Intergovernmental Panel on Climate Change (IPCC), which served as the basis for the United Nations Framework Convention on Climate Change (UNFCCC). Since then, year after year, the scientific consensus has continued to confirm and clarify the reality of multiple, mutually reinforcing phenomena. The first of these is direct impacts on the environment, ranging from ecosystem integrity to biodiversity. Correspondingly, the consequences affect all aspects of human life, ranging from access to water and food to the resources necessary for industrial processes and survival in regions under threat. This ultimately leads to real and potentially extreme geopolitical risks.

1.1.1.2 Growing commitments from public authorities to energy transition

The inadequacy of the measures taken during this period led scientists to consider darker scenarios. In this context, governments have decided to commit to quantitative targets for reducing their greenhouse gas (GHG) emissions to limit rises in temperature, the leading indicator of climate change. From this standpoint, the Paris Agreement of 2015 is an important indicator because it is the expression of the binding 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. However, this objective seems limited if we compare it to the need to reduce GHG emissions by 7.6% per year over the same period in order to limit the rise in temperatures to 1.5°C, a level beyond which environmental and economic consequences would be major. In December 2020, five years after the Paris Agreement, the 27 countries of the European Union agreed on a new commitment: to bring the total reduction of GHG emissions by the year 2030 to a minimum of 55% compared to 1990 levels.

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. In 2020, once again, their conclusion is that "the world is not on the right track to bridge this gap and meet the Paris Agreement objectives." In 2019, greenhouse gas emissions reached a record high of 59 billion tons (gigatons; Gt) of CO_2 equivalent, signaling a continued rapid increase in emissions. As for 2020, it was a unique and undoubtedly decisive moment. While the health crisis is expected to reduce emissions by 7%, this is only a circumstantial decrease linked to the consequences of the pandemic on production, consumption and transport. The stimulus plans announced by the major powers and by regional organizations such as the European Union, which are measured in the trillions of euros, are potentially part of the solution. Their unprecedented scale may make it possible to achieve the temperature increase targets, provided that they are sufficiently directed toward financing the ecological transition (see chapter 1, section 1.2.1.1).

The change acceleration effect that the health crisis offers, paradoxically, represents for Saint-Gobain both opportunities and the confirmation of its credo. In the context of the debate on the response to the climate challenge, the Group believes that carbon neutrality is compatible with growth and that a low-carbon economy offers prospects for virtuous growth.

1.1.1.3 Commitments by companies

For these objectives to be met, the political vision expressed by governments must be accompanied by concrete actions on the part of other players in society, first and foremost among them local authorities, but also companies, which must strive to contain the impact of their own activities. In 2019, Saint-Gobain formalized its support for the "Business Ambition for 1.5°C" initiative driven by the Global Compact (on the partnership with the Global Compact, see chapter 3, section 1.6.2). 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" [1]. The Group has thus committed to achieving the objective of "net zero emissions" by 2050, whereas Saint-Gobain had already committed to reducing its CO_2 emissions by 20% between 2010 and 2025. Several programs and tools have been implemented to support this objective, such as internal carbon pricing, one for investment projects and one for research and development projects, to guide company decisions and encourage low-carbon solutions.

(1) *"Join the campaign for our only future" – https://unglobalcompact.org/take-action/events/climate-action-summit-2019/business-ambition*

1.1.1.4 The critical role of building construction and renovation

Beyond the issue of GHG emissions related to the Company's activities, Saint-Gobain sees its responsibility across its entire business model. Its efforts therefore also cover its entire value chain, both upstream and downstream. The Group is one of the major players in the building construction and renovation sector, where there is considerable room for maneuver. The habitat sector in industrialized countries accounts for 40% of energy consumption, 12% of drinking water consumption, 38% of greenhouse gas emissions, and 40% of solid waste production [(1)].

In order to comply with the long term goals set under the 2015 Paris Agreement, the global average building energy intensity per unit of floor area needs to be at least 30% lower by 2030 than the 2015 levels [(2)].

The potential for energy gains lies in the reduction of heating and air conditioning consumption made possible by improvements in building insulation and equipment performance. Accelerating these efforts will require a better understanding of the benefits in terms of comfort provided by habitat energy efficiency.

1.1.1.5 Resource scarcity, recyclability, transition to a circular economy

On a global scale, the consumption of natural resources is accelerating, with 92 billion tons extracted in 2017 compared to 27 in 1970, a threefold increase, while the population has only doubled in the same period of time [(3)]. The construction sector, which uses materials such as steel or concrete, plays a decisive role in this area. To limit the consumption of raw materials, solutions exist for optimizing the quantity of materials used for a given worksite, as well as through the adoption of a circular economy approach. In fact, public policies increasingly adopt a "life cycle" approach that takes into account the environmental impact of a building as a whole, from the extraction of raw materials to its dismantling and to the recycling of its materials. This is the case, for example, in France, in one of the sections of the "Anti-waste for a circular economy" bill adopted at the end of 2019. At the European level, the 54 actions of the plan for the circular economy launched in 2015 have now been implemented or are in the process of being implemented. In 2016, activities related to the circular economy, such as recycling or repairs, generated almost €147 billion in value added [(4)]. The recovery of materials makes it possible to limit the use of resources and emissions while generating additional economic growth, especially because it stimulates the search for technological innovations. [(5)]

In the construction sector in particular, which is responsible for 40% of global waste production and 50% of resource consumption, the transition to the circular economy is the source of profound renewal at different levels of the value chain: production processes, product formulation, product end-of-life management, recycling, reuse, development of the economy of functionality, etc. The rise of prefabrication (see in this chapter, section 3.2.1.3) and the development of lightweight construction solutions (see chapter 3, section 4.1) are some of the responses to these major challenges. Adopting targets at the local level is one approach that promises concrete progress. This is how the Dutch government set in 2016 an interim target for a reduction of 50% in the consumption of raw materials by 2030.

1.1.2 An increasingly local world, which requires us to reinvent the city

1.1.2.1 A gradual challenge to globalization

Several factors indicate that globalization, after a very sharp growth phase initiated in the 1990s, has slowed down since 2008. Trade is showing signs of slower growth than GDP at the global level, and value chains, although very integrated, are beginning to regionalize. In addition, tariff and non-tariff barriers are increasing in several regions of the world. Saint-Gobain's growth model, which consists of acting as a local player in all its countries of operation (see in this chapter, section 2.2.2), is adapted to this slowdown in globalization and the growing desire of populations to consume products of local origin.

1.1.2.2 A continuous increase in population

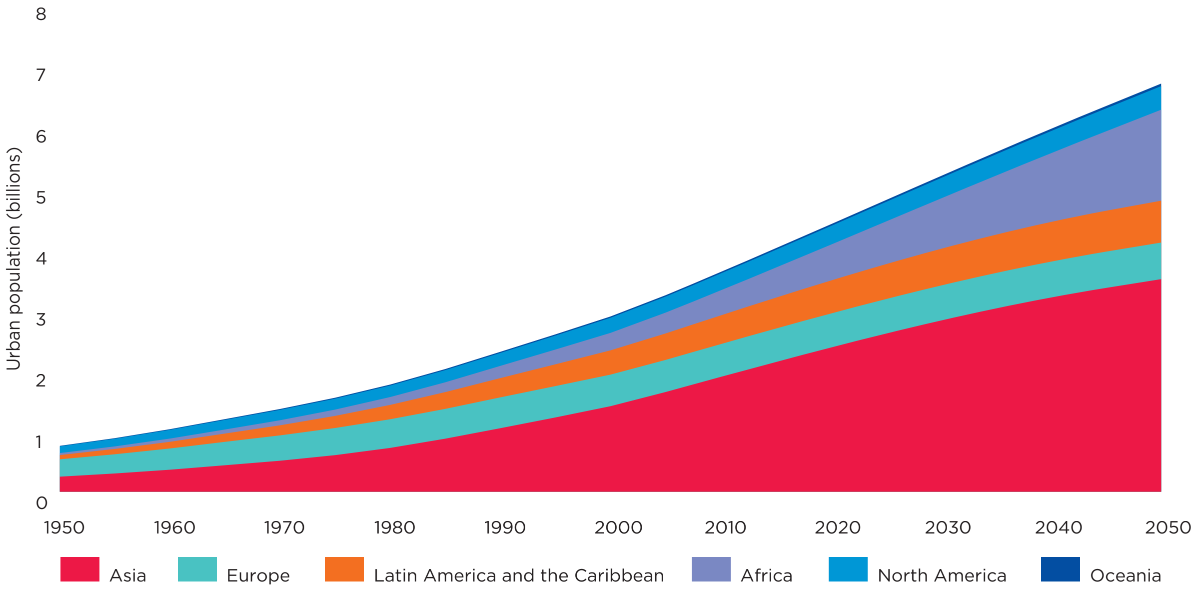
The world population in 2020 was estimated at 7.8 billion [(6)]. In total, the total human population has grown by an average of 1.1% per year over the last five years. The various factors influencing global demographic trends (gross birth and death rates, infant mortality rates, life expectancy, etc.) resulted in a projection of 9.7 billion inhabitants in 2050 and 11 billion inhabitants in 2100 [(7)].

(1) *United Nations Environment Program-Sustainable Buildings and Climate Initiatives (UNEP-SBCI): "Building Design and Construction: Forging Resource Efficiency and Sustainable Development".*
(2) *Global Alliance for Buildings and Construction, in partnership with UN Environment and the International Energy Agency: "2018 Global Status Report – Towards a zero-emission, efficient and resilient buildings and construction sector", p. 10.*
(3) *UNEP, International Panel for Sustainable Resource Management (IRP) – "Global Resources Outlook 2019: Natural Resources for the Future We Want" – https://www.resourcepanel.org/reports/global-resources-outlook*
(4) *"Closing the circle: the Commission implements the Action Plan for the Circular Economy" – European Commission – Press release, March 2019.*
(5) *United Nations: "6th Global Environmental Outlook", 2019.*
(6) *United Nations Population Fund: "World population" – https://www.unfpa.org/en/data/world-population-dashboard*
(7) *United Nations Department of Social and Economic Affairs: "World Population Prospects 2019" – https://population.un.org/wpp/Graphs/*

1.1.2.3 Urbanization, a major and unevenly distributed trend

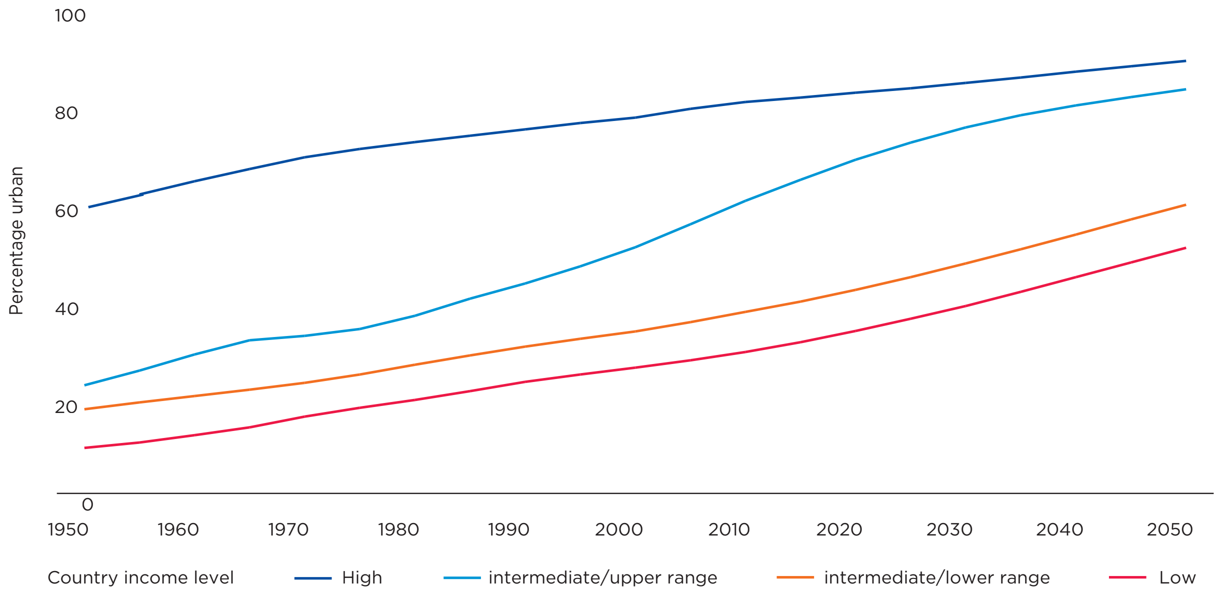
In 2007, the urban population exceeded the rural population for the first time in human history; today, more than 80% of global GNP is generated in cities, which absorb more than 60% of the natural resources used worldwide. At the local level, urban areas already directly or indirectly consume between 60% and 80% of the energy consumed by a country. According to projections, the percentage of the urban population will continue to grow rapidly and massively. In 2015, nearly 55% of the world's population lived in cities, whereas this proportion will reach 68% by 2050, representing an additional 2.7 billion urban dwellers, with significant disparities: Asia and Africa alone will account for 90% of urban population growth by 2050.

Urban population by geographic region, 1950-2050 (1)



This growth is also unevenly distributed in terms of living standards, with developed countries having lower rates of urban population increase than poorer countries, while there is a clear acceleration of urbanization in the classified as "upper middle" according to World Bank figures.

Percentage of urban population by income level of countries, 1950-2050 (2)



(1) *United Nations Department of Social and Economic Affairs: "World Urbanization Prospects 2018", p. 11 – https://population.un.org/wup/Publications/Files/WUP2018-Highlights.pdf*
(2) *United Nations Department of Social and Economic Affairs, "World Urbanization Prospects 2018", p. 8 – https://population.un.org/wup/Publications/Files/WUP2018-Highlights.pdf*

1.1.2.4 Variable urbanization patterns

First, the size of existing cities is increasing. The number of medium-sized and large cities (between one and ten million inhabitants) is expected to increase from 515 in 2018 to 663 in 2030, while mega-cities are expected to increase from 33 to 43, an augmentation of nearly one third within 12 years. All of these cities that are changing in scale, leading to a change in infrastructure needs. But some of these new urban centers are being created from scratch. It is estimated that over 40 countries are in the process of building new cities around the world.

1.1.2.5 Sensitive areas, significant impacts on the environment

No matter where they are, the urban areas in which humans congregate are increasingly fragile. More than 90% of the population is concentrated in coastal areas, which are particularly vulnerable because they are exposed to a combination of factors such as sea level rises, the salinization of coastal water tables and pollution [(1)]. Urban areas, which are dense and largely devoid of vegetation and have waterproofed soil, are particularly vulnerable to the average increase in temperatures and the higher frequency of high temperature peaks.

The rapid expansion of cities in turn increases the pressure on natural resources; it is also leading to an increase in waste production, which already represents an annual volume of 720 billion tons worldwide. On a global scale, cities now account for more than 70% of greenhouse gases emitted by human activities. Construction alone is a key aspect of this increased pressure on the environment, in terms of both extraction and greenhouse gas emissions.

1.1.2.6 Increased needs, but in a diversified way

In general, such rapid urbanization leads to an increase in the need for housing, transport, energy, water and waste treatment, but also, in a domino effect, all of the other infrastructures necessary for urban life. The problems generated vary with the type of city and the level of income: in emerging countries, waste treatment as well as access to decent housing are major socio-economic issues. It is estimated that between 900 million and 1.4 billion people, or one quarter of the world's urban population, are currently living in slums; by 2030, this figure is expected to rise to a quarter of the total population. On the other hand, in middle-income countries, a large middle class with high purchasing power is developing, with ever-increasing demands for comfort, requiring adapted solutions. These variable impacts create massive, complex and distinct needs for housing infrastructure, construction and renovation.

1.1.2.7 Significant impacts on individuals and lifestyles

Urban dwellers already spend 90% of their time indoors, whether at home, during their commute or at work. The Covid-19 pandemic has already played a role that is still difficult to measure, but probably lasting, on the growth of telecommuting, which is leading to an increase in the time spent at home. This in turn has a significant impact on the expectations and needs of individuals regarding where they live.

1.1.2.8 An image of the sustainable city

Faced with these megatrends, a sketch of the ideal city is emerging, and it must be shaped to limit risks and meet the expectations of individuals and companies.

Quality of life, the core of the sustainable city model

A sustainable city is first and foremost a city where life is good, a city whose buildings meet the expectations of its inhabitants in terms of quality of life and, in particular, comfort. This involves thermal comfort – maintaining an optimal temperature at the lowest possible energy cost – as well as acoustic comfort, so as to limit harmful noise and allow the desired sounds to pass through, visual comfort, by maximizing access to natural light, and air quality, by maintaining a ventilated atmosphere free of polluting substances.

The sustainable city also allows everyone to have access to decent housing on reasonable financial terms, which leads to enormous efforts to renovate the existing building stock in order to increase the number of energy-efficient buildings.

As regards new buildings, their design must reduce overall energy demand and, for the majority of them, produce more energy than they consume. It must also allow modularity of uses to facilitate the change of use of buildings and thus switch more easily from office use to residential use, and vice versa.

Planning, organizing and densifying the city

With regard to construction, the sustainable city is a resilient city 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. Buildings must also be constructed and designed to overcome all climatic phenomena by being easier to repair, rebuild or dismantle, especially in the event that they could not withstand extreme shocks.

(1) United Nations Conference on the Oceans, New York, 5-9 June, 2017 – https://unglobalcompact.org/take-action/events/climate-action-summit-2019/business-ambition

The sustainable city is also a city that is socially and economically united; this means developing access to infrastructure by equipping urban areas with water distribution networks or waste treatment systems, as well as essential services such as education. Public regional planning policies, and urban planning in particular, can play a decisive role in limiting the negative impacts of urbanization. From a social standpoint, this means providing for mixed-use structures to limit the distance between housing, jobs, services and other social activities. From an environmental standpoint, this means reducing the spatial footprint of cities by targeting the densification of urban areas. In the case of existing cities, this involves the renovation of buildings, or construction on top of existing structures. In the case of new cities, there will be a focus on high-rise buildings and buildings with several residential units, to the detriment of single-family homes, and on integrating multi-use buildings and efficient public transportation services into the urban fabric. To protect and improve the quality of life and contribute to the maintenance of biodiversity, it is possible to give pride of place to nature in cities by integrating tools such as façades and green roofs, as well as green spaces such as urban forests, and by developing integrated and efficient water management systems at city level. Finally, the carbon impact of the building construction process can be drastically reduced and recycled and recyclable materials can be used.

Generally speaking, the goal is to create the conditions that enable the transformation of cities to make them sustainable. Concretely, this means planning, measuring results and reporting back, but also, if necessary, creating local regulations that may be lacking at the national level, or creating neighborhoods with a low carbon footprint that can lead by example. It is also a matter of generating synergies and overcoming obstacles related to national policies *via* alliances of a new type between the actors of this transformation. A good example is the C40, a transnational network that brings together some one hundred of the world's largest cities and nearly 700 million people determined to take action to limit climate change [(1)], or the Global Covenant of Mayors for Climate & Energy [(2)], which brings together nearly 10,000 cities and local authorities.

1.1.2.9 Transportation and mobility

Mobility is at the heart of sustainable development issues. Technology and digitization have certainly caused a "shrinking" effect for the world, but being in connection with each other physically remains a fundamental human need. Globalization and the increase in the mobility of individuals, together with the average increase in living standards, logically cause an increase in local and global travel, whether in individual vehicles, collective land transportation (trains, trams, buses) or airplanes.

The quality of life of citizens and the need to build sustainable and inclusive regions at a local and country level depend on efficient transportation systems to optimally connect workplaces, housing and services. This transport can be provided by lighter vehicles, in order to be energy efficient and cleaner and limit pollutant emissions, which leads to the universal use of hybrid or fully electric vehicles. The consequences are many, such as the need to insulate them optimally to improve the efficiency of the batteries or the need to design buildings differently to integrate charging stations. Finally, they must offer maximum comfort in all areas.

Another fundamental trend is emerging: the changing needs of consumers, who increasingly prefer to use individual vehicles rather than own them. This underlying trend, which is part of a wider social movement, has very strong concrete impacts in terms of vehicle design.

1.1.3 A more digital world

1.1.3.1 The digital revolution and distribution

Digital technology is opening new trade opportunities, with a very high annual growth rate for electronic commerce throughout the world since the early 2000s. This growth is no longer the preserve of developed countries: in fast-growing countries, 3 billion users should have internet access by 2022, compared to 2.1 billion in 2017 [(3)]. Businesses must now be closer to their end customers to avoid new intermediations. In addition, to differentiate themselves, the associated services play an essential role. This means that digital technology is globally reshaping the competitive balance and the way that businesses interact with their stakeholders (customers, employees and suppliers).

1.1.3.2 The digital revolution and industry

Digital technology is also revolutionizing the way that factories are organized. It is producing a major, gradual change in production methods, by providing real-time access to a wealth of information on industrial facilities that are now interconnected and enabling extensive analysis of these data. The concept of "Industry 4.0" is an integral part of the reality of companies today, thanks to the combination of intelligent data analysis, automation and augmented operators. Progress can thus be seen on two fronts: on the one hand, in the increase in productivity that results from reductions in inventories, breakdowns, lost time and scrap material; and, on the other, in improved flexibility of production processes. Industry 4.0 also opens up the prospect of mass customization, which relies in particular on locating industrial assets as close as possible to end customers. Digital technology is also a lever for progress in terms of the environmental footprint of industrial sites, as it optimizes energy consumption and therefore reduces CO_2 emissions.

(1) C40 Cities – https://www.c40.org/
(2) Global Covenant of Mayors for Climate & Energy – https://www.globalcovenantofmayors.org/
(3) United Nations: "6th Global Environmental Outlook", 2019.

1.1.3.3 The digital revolution and construction

With digital technology, a profound rethinking of buildings and habitat is also underway. The digital integration of buildings is leading to technical changes in construction, particularly the increasing use of Building Information Modeling (BIM), which provides an integrated view of a building throughout all the stages of its life cycle through a "digital twin".

Also facilitated by BIM throughout the design stage, prefab or off-site construction are rising (see in this chapter, section 3.2.1.3) thanks to new technologies allowing for data collection and use.

Domotics, which helps reducing energy consumption in buildings and improves security, allows for an increasingly comprehensive integration of smart equipment into daily life.

1.1.3.4 Rethinking the relationship to work

Work is also being rethought and reinvented as a result of the digitization of the economy in general and of work tools in particular, but also due to the increase in geographical mobility and societal changes such as changes in family structures, the arrival of new generations on the labor market, and workers' demands for a better work-life balance.

These major trends, each with their own timescale, have been at work for several years. They are currently accelerating. On its own, the health crisis that began in early 2020 has played a major role in bringing the subject of the relationship to work to the heart of discussions. Offices, commuting to and from home, remote working, management, autonomy, social ties, trust, privacy: the issues highlighted by the pandemic are multiple.

For businesses, it is a matter of being able to change, or even reinvent, their approach to human resources and management.

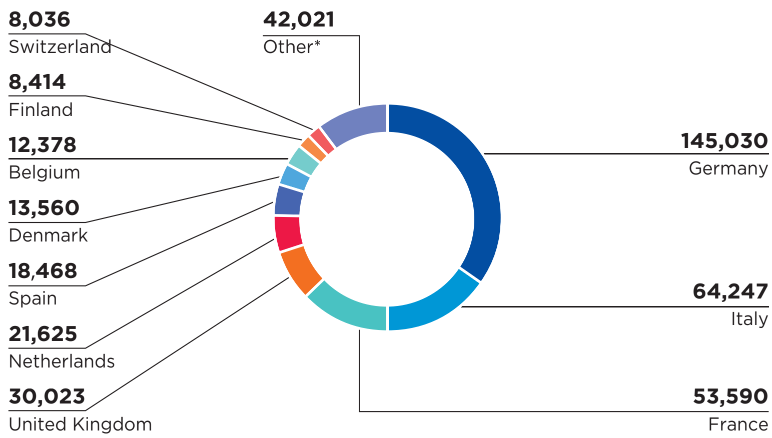
1.2 The Group's different markets

1.2.1 New construction and renovation

Saint-Gobain's largest market, construction, offers growth prospects worldwide, with differing challenges and requirements depending on the geographic region.

1.2.1.1 Renovation

In mature markets, building renovation and energy efficiency are key challenges [(1)]. The renovation sector is becoming more and more important. In France, the residential renovation market alone accounted for around €53 billion in 2020, and nearly €420 billion at the European level [(2)].



In millions of euros, 2019 prices. Euroconstruct: survey of the residential renovation market 2017-2022 in 19 countries.
** Other: nine other countries in the survey (Austria, Hungary, Ireland, Norway, Poland, Portugal, Slovakia, Sweden, Czech Republic).*

(1) United Nations Environment Program-Sustainable Buildings and Climate Initiatives (UNEP-SBCI): "Building Design and Construction: Forging Resource Efficiency and Sustainable Development".
(2) For the 19 countries of the Euroconstruct barometer: "90th Euroconstruct summary report", November 2020.

This major trend is largely due to the need for energy efficiency in buildings, which is considered essential to achieve carbon neutrality. However, the majority of European buildings of 2050 have already been built [(1)]. Renovation will therefore be increasingly stimulated by growing energy efficiency requirements, which are appearing in regulatory changes currently being made, and by energy renovation programs supported by public authorities.

The health crisis of 2020 had a dual impact on this sector: a circumstantial impact, on renovation sites, due to containment measures; and a more structural impact, due to the adoption by many countries of recovery plans with a strong "green" component. Due to their unprecedented scale, they will be structuring the market for several years. In France, the €100 billion plan to support the economy in the face of the crisis therefore provides for a budget of €30 billion for ecological transition [(2)] and its priority sectors such as the energy renovation of buildings (private housing, public buildings and social housing), which alone will absorb nearly €7 billion, potentially creating 55,000 jobs over the next two years [(3)]. In this context, the "MaPrimeRenov" plan, extended in 2020 and with a budget of €2 billion over the next two years, promotes the acceleration of energy renovation; the authorities have estimated that it could entail a total amount of €6 billion worth of construction over two years. At European level, 30% of the recovery plan proposed by the Commission is dedicated to climate action.

More broadly, renovation plays an essential societal role by reducing the impact of buildings on the environment, providing occupants with access to decent housing and a comfortable living environment and preserving the purchasing power of the building.

1.2.1.2 New build

New build is a major growth factor that is related to demographic changes, urbanization, and the need to replace existing buildings. On this market, growth should be more significant in emerging countries. The non-residential new construction market segment is aligned with global economic and industrial cycles. After a decrease in many countries due do the Covid-19 crisis, new construction should bounce back in 2021 and revert to its overall growth rate.

In this construction sector, Saint-Gobain is positioned throughout the value chain, with brands present from the design of buildings to the operation of digital services to the production of materials and their distribution and the provision services for craftsmen. The Group offers solutions for sustainable construction and thermal comfort, light construction and energy efficiency, through such products as its insulation and glazing solutions. Its solutions also improve acoustic comfort (in the form of adapted plasterboard panels, glazing or acoustic ceilings), visual comfort (through the production of highly transparent Eclaz glazing), or indoor air quality.

In this sector, the Saint-Gobain brand enjoys a good level of recognition and is the second most cited by the public among the leaders in the construction sector . Saint-Gobain's global presence is also an important asset that allows the Group to benefit from natural diversification due to the "out-of-sync" nature of construction cycles between geographical areas [(4)].

1.2.2 Mobility

The mobility market, individual vehicles especially, is deeply affected by the health crisis, with a worldwide production drop of around 20% in 2020.

In this sector, Saint-Gobain provides products and solutions with high added value, such as resistant glazing, air filtration or antennas integrated into windshields, or anti-virus solutions to make surfaces safer. It also adopts an approach of agility and openness, as it is necessary to be able to create links with the new market actors at the right time so that they become contacts, influencers and customers.

With regard to public transportation, several trends combine, with strong and continuous growth in the market, largely under the influence of the rapid urbanization of the population at the global level. Conversely, the health crisis of 2020 and the corresponding explosion in remote working could represent a change in the relationship to public transportation even more than a circumstantial demand shock. In France, the seventh annual "Observatoire de la Mobilité" study published in November 2020 stated that 30% of regular transit users plan to stop using it once the health crisis has passed [(5)].

The aerospace sector, whose two largest markets are North America and Asia-Pacific, together accounting for over 70% of the market, suffered a significant decline in activity in 2020 mainly due to the Covid-19 pandemic, with a projected impact of more than 8% between 2019 and 2020 [(6)].

(1) *"A planet for all, a long-term strategic European vision for a prosperous, modern, competitive and climate-neutral economy" in Communication from the Commission to the European Parliament, the European Council, the Council, the Committee of the Regions, the European Economic and Social Committee and the European Investment Bank, November 28, 2018.*
(2) *International Institute for Sustainable Development: "French stimulus package: about €30 billion for green recovery measures" – https://www.iisd.org/sustainable-recovery/news/french-stimulus-package-about-e30-billion-for-green-recovery-measures/*
(3) *French government: "France Relance" – https://www.gouvernement.fr/france-relance*
(4) *Results of the Brand Barometer 2017 for 14 countries.*
(5) *Union des Transports Publics et Rail: "Mobility Observatory for 2020" https://www.utp.fr/actualite/edition-2020-de-lobservatoire-de-la-mobilite-les-resultats*
(6) *The Business Research Company: "Aerospace & Defense Global Market Report 2020-30: Covid-19 Impact And Recovery" – https://www.thebusinessresearchcompany.com/report/aerospace-market*

Against a backdrop of slow recovery in the aeronautics sector, the main topic is innovation. The need to transport more and more passengers as a result of the structural population increase trends, combined with the need to protect the environment, automatically creates an increasing demand for new materials and solutions, necessary components for the aircraft of the future. The Group's aerospace solutions include high-performance plastics capable of withstanding extreme temperatures, ceramics used in aircraft engines, glazing and telecommunication radomes. Saint-Gobain's cockpit glazing, both glass and acrylic, are thus fitted in all types of aircraft.

1.2.3 Life Sciences

The healthcare market, and notably the pharmaceutical, medical and biotechnology sectors, offers promising prospects, which have been strengthened by the Covid-19 pandemic. The aging population and increased medical care represent a key challenge: between 2019 and 2030, the proportion of people over 65 years of age in the population of Europe and North America will rise from 18% to 22.1% [1]. At the same time, new technologies such as biotechnologies are developing and medical techniques, such as liquid management, are evolving. These two phenomena translate into a new need for the development of solutions and materials with unique properties in laboratories or hospitals.

Like the mobility market, the healthcare market is a sector in which the reliability of solutions and their classification and compliance with standards are crucial. The Group thus markets tailor-made, single-use solutions (tubes, connectors, pockets, filters, etc.) used in fluid management, as well as painting cloths with sanitary characteristics that are particularly suited for healthcare environments. The Group also designs products for use in the medical imaging market (crystals and scintillators) and the cell therapy market.

1.2.4 Industry

Saint-Gobain's industrial markets comprise a number of different sectors (energy, metallurgy, non-metal raw materials, mineral extraction, chemicals, petrochemicals and semi-conductors) that find applications in defense and security, industrial equipment and household appliances. The vast majority of these markets are B-to-B, with varying degrees of growth depending on the market and the region of the world. Differentiation is achieved through increased research into new technologies and co-development with partner customers. These markets are also marked by the growing influence of automation and Industry 4.0 and are subject to profound transformations.

The Group is developing technical solutions specifically tailored to the various markets, mindful of current needs and emerging trends. Saint-Gobain also designs numerous high-performance products aimed at the wind energy sector such as seals for marine-based wind farms, and glass fiber textiles to improve the surface condition of turbine blades. The Group develops cutting-edge products, from waste recovery (refractory for incinerator liners) to operation and storage (gaskets, flexible roofs and insulation for drilling pump wires and cables).

The Group offers chemical and petrochemical market solutions that improve chemical reactions due to the action of specifically designed catalyst substrates. Saint-Gobain offers a wide variety of solutions for other markets: polymer strips and films that have chemical and thermal properties with multiple industrial applications, highly sophisticated refractory products for steel-making and metalworking, high-tech abrasive ceramic or diamond grain-based milling solutions, high-value materials cutting and finishing as well as machine components or high-precision equipment for transport or motorization.

(1) *World Population Prospects 2019 highlights – United Nations.*

1.3 The Group's stakeholders

For Saint-Gobain, the interests of all of its stakeholders must be taken into account when defining its long-term strategy. It requires not only to build dialogue, but to ensure that dialogue is constructive, transparent and based on mutual trust.

How can this principle be brought to life in practice? 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.

How can this dialogue be managed at Group level? 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.

Categories	Key stakeholders	Point of contact	Communication methods
Market	■ Customers ■ End-user ■ Specifiers ■ 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
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
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
Employees	■ Employees ■ Temporary staff/temporary workers ■ Employee representatives ■ Work/study students ■ Interns ■ Secondary and professional education	Human Resources	■ Permanent contacts ■ Internal communication materials ■ Meetings with Group managers ■ Bodies representing employees ■ Intranet ■ Website ■ Global or subject-specific surveys
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
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 International (UN, ILO, etc.) performance. ■ Green Building Councils

Based on this mapping, Saint-Gobain identified priority issues, shared them with its main stakeholders, and ranked them by comparing stakeholder expectations with management's vision. This process was conducted in 2015 and updated in 2020 (see chapter 3, section 1.1.1).

1.4 Saint-Gobain at the center of a volatile, uncertain and complex world

The combination of the challenges (climate and the environment, demography and urbanization, digitization) and crises of various kinds (health, economic, migration, political) that we are witnessing creates a picture of a world that is volatile, uncertain and complex all at once. Saint-Gobain's positioning is based on taking into account in the short and long term these underlying trends, which represent both opportunities and challenges for the construction of the world of tomorrow, and on an in-depth understanding of the ecosystem comprised by all its stakeholders.

First, for the Group, through its commitments (see Chapter 3, section 4.1 and chapter 4, section 2.2) and its active role in exerting a virtuous influence on its entire value chain, this means fully integrating the climate and environment into its strategic vision. In 2020, Saint-Gobain unveiled its roadmap to carbon neutrality by 2050, with new objectives for reducing its greenhouse gas emissions by 2030. These objectives have been validated by the Science-Based Targets initiative [(1)] (see chapter 3, section 4.1).

In addition to the Group's responsibility as a leading economic player, the requirements of sustainable development and the transition to a low-carbon economy are accelerating the transformation of business models and offering many opportunities for Saint-Gobain, some of which have already materialized in terms of new products, new services and new ways of working with customers and partners.

It is on this convergence of risks and opportunities that the Group's approach is built, that its purpose is summarized. Saint-Gobain has integrated strong convictions into its value proposition and brand promise. The search for well-being and performance and the immediate benefits of its solutions for customers and end-users are part of the same movement as the search for sustainable and environmentally sound solutions that will be part of the answer to the major challenges that the world will have to face in the coming decades. It also means marketing products and services adapted to each region.

Generally speaking, for an international group such as Saint-Gobain, it means profoundly transforming itself so that it is able to constantly adapt to an environment that has become structurally unstable, by building and implementing strategies that include an uncertain world. The model that the Group has built combines the strength of a global group and a structure that gives the local level the autonomy necessary to adapt to a changing environment (see in this chapter, section 2.2.2); this model is a performance lever necessary to achieve profitable and sustainable growth.

(1) The result of a collaboration between CDP, the United Nations Global Compact, the World Resource Institute (WRI) and 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.

2. The vision

2.1 Being the leader in sustainable construction, which improves daily life through High Performance Solutions

In an environment shaped by the underlying trends described above, Saint-Gobain is committed, in collaboration with many private and public players, to increase its positive contribution. It is the Group's vision to be the world leader in sustainable construction, improving daily life with performance solutions. Saint-Gobain's objective is to combine profitable and sustainable growth in line with its own commitments by 2050 and as part of a broader societal commitment.

This pioneering role is illustrated by Saint-Gobain's efforts to positively influence its entire value chain, particularly in terms of the circular economy where the Group can leverage its unique positioning as a manufacturer and distributor in the glass, plaster, and insulation businesses. For Saint-Gobain, the goal is not only to provide solutions demanded by the market at a given moment, but to play the role of an actor involved in the very transformation of that market and to contribute to changing it in a virtuous way. This means anticipating changes in standards and, through research and development and innovation, shaping the solutions of the future in response to market changes. To give but a few examples:

- in highly regulated sectors such as transportation and health, the Group is striving to anticipate standards. For example, in 2018, Sekurit equipped a new all-electric vehicle with lightweight laminated glazing. By reducing the total mass of the vehicle, this glazing will help to reduce energy consumption. The glazing incorporates new electric lead-free welding technology developed by Saint-Gobain in anticipation of the application of the European Directive for the removal of lead from welding in automotive glazing beginning in 2020;
- Saint-Gobain in Finland is coordinating the WOOL2LOOP circular economy project, the first innovation project supported by the European Union *via* its Horizon 2020 financing program. WOOL2LOOP aims to recover mineral wool waste from the construction and demolition sectors to convert it into new concrete-replacement materials, using geopolymer technology. The project also involves demolition, sorting, analysis and processing of mineral wool waste. WOOL2LOOP acts across the entire value chain and involves the world's largest building materials producers, innovative companies in the circular economy field and research institutes;
- the SGR Provence research center is a partner of the EAGLE project, a European program launched in 2017 with the objective of developing more efficient gasoline engines. By reducing energy loss, automotive manufacturers were able to comply with the European standard calling for a reduction in CO_2 emissions to 95 grams per kilometer in 2020, as well as with legislation on particulate and nitrogen oxide emissions for hybrid vehicles. This project brought together eight other industrial and university partners;
- in France, the Saint-Gobain Sully industrial site is coordinating a research project over the period 2018-2023, with a budget of €1.3 million, more than 70% of which is provided by the European Union. Conducted in partnership with Savoie-Mont Blanc University as part of the Optiwind project led by Dassault Aviation, this initiative aims to develop cutting-edge technology to optimize the design of aircraft windshields in terms of technical and operational performance [(1)].

2.2 A vision based on distinctive points of view

2.2.1 CSR as a source of sustainable value creation for the Group

2.2.1.1 A long-term commitment

Saint-Gobain 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. The Group is constantly strengthening its requirements in the areas of diversity and supporting the training of its staff, with the aim of creating the conditions for their involvement in all aspects of the Company's life. Saint-Gobain sees this integration of Corporate Social Responsibility as being the heart of its Group strategy and a continuous improvement process:

- 2003:
  - signature of the United Nations Global Compact by Saint-Gobain,
  - adoption of the Principles of Conduct and Action;
- 2009: formalization of the compliance program;
- 2015: setting of ambitious environmental objectives for 2025 (20% reduction of CO_2 emissions, 80% reduction of water discharges, and 50% reduction of non-recovered waste);
- 2020: development of the roadmap to carbon neutrality by 2050 and formalization of new environmental objectives for 2030.

(1) *European Commission: "Optimized cockpit windshield for large diameter business aircraft" – https://cordis.europa.eu/project/id/785300/en*

Saint-Gobain sees this commitment as a real differentiating factor from its competitors. The Group 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 other dimensions of its social responsibility as a source of sustainability for the long-term growth model, attractiveness for the talent recruited and support for the Saint-Gobain brand.

2.2.1.2 The Saint-Gobain CSR roadmap

The CSR roadmap guides Saint-Gobain's actions to reduce the environmental, social and societal impacts of its operations and solutions. It takes into account both the Group's strategy and its stakeholders' expectations. It performs an educational role, with a view to fostering synergies with stakeholders. The CSR roadmap's update, initiated in 2020, will be finalized in 2021 thanks to the designation of mid- and long-term goals.

	OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
Business ethics To share our values with our stakeholders to build together over the long term	To support our employees in the fair and responsible practice of their profession.	A long-term partner for stakeholders must share values such as respect for human rights and ethical business practices. This involves building trusting relationships through constant dialogue and transparent communication.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	To work fairly and ethically with suppliers across the supply chain.	When choosing suppliers and subcontractors, the focus must be based on companies that share our values, ensure decent work for their employees, respect human rights and limit their impact on the environment.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Climate change

To contribute to the emergence of low-carbon economy capable of preserving the common good

OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
To propose solutions that promote energy efficiency and reduce CO_2 emissions and achieve carbon neutrality by 2050	The climate emergency is a reality. Beyond commitments, stakeholders expect an effective reduction in the carbon footprint of production and consumption. This requires actions, innovation, investments and a range of solutions to reduce their own carbon impact.	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action
To fight against the effects of climate change, in particular to preserve biodiversity and deal with the increase in the number of water-stressed areas	The effects of climate change are already visible in the increase in areas under water stress, violent storms, flooding and the loss of biodiversity… Limiting the effects of climate change on the environment is essential for the future of the planet.	6 Clean water and sanitation; 13 Climate action; 15 Life on land

Circular economy

To reduce the resource intensity of our solutions and operations, integrate recycled, recyclable or bio-sourced materials, promote reuse and extend the lifespan of our solutions to adopt a sustainable approach

OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
To manage resources responsibly and eliminate non-recyclable raw materials	The planet's resources are not infinite. Not wasting them is therefore a priority. Products must be designed to limit the use of natural resources and promote recycling.	9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 15 Life on land
To participate in the development of a circular economy: waste collection, recycling and recovery	While resources are limited and the preservation of the planet is essential, waste is not acceptable for production and consumption. Limiting waste and recovering and recycling it for a true circular economy means that everyone must be involved.	9 Industry, innovation and infrastructure; 12 Responsible consumption and production

Health and safety across the entire value chain

Our first responsibility is to ensure the health and safety of our employees and our stakeholders

OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
To ensure the health and safety of our employees, temporary workers and contractors on our sites.	Creating a safe working environment is an essential expectation to establishing a climate of trust with stakeholders, especially employees.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
To ensure the health and safety of our external stakeholders, including customers and suppliers.	The health crisis reminded us that health and safety are absolute priorities. In addition to direct operations, the consideration of health and safety risks must include the entire value chain.	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Employee engagement and diversity

To create a work environment conducive to professional and personal fulfillment and promote the inclusion of all diversity and equity

OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
To create a motivating and engaging work environment for all our employees	Employee trust and commitment are essential to the success of a company and its attractiveness, performance and ability to adapt to crises, technical changes and new social expectations.	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
To foster inclusion and promote diversity	Fostering inclusion and diversity demonstrates a company's capacity for openness. Actions to promote a fairer society are evidence expected by all stakeholders of a company's commitment.	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES

	OUR VISION	THE EXPECTATIONS OF OUR STAKEHOLDERS	OUR CONTRIBUTION TO THE SDGs
Inclusive growth To create shared economic growth with stakeholders in a spirit of mutual trust and transparency	To make a contribution to local communities in synergy with our country markets, sites and structures	Expectations of greater comfort and well-being, and improvement of living conditions in general, are closely linked to the local culture in countries and regions. The adaptation of the offering and the commitment of brands takes into account the expectations of local stakeholders.	
	To make a contribution to local communities through philanthropy and employee engagement	To stand in solidarity with local stakeholders to tackle the societal challenges of communities and participate in collective efforts to improve living conditions, fight against inequality and include vulnerable populations.	

2.2.2 The alliance of local expertise and a global footprint

Leveraging its intimate knowledge of local markets, Saint-Gobain has reinvented its organization by giving a high level of decision-making autonomy to the local level thanks to a simplified structure that is closer to its markets, which makes it possible to make the most of the Group's unique advantages. At the global level, the strength of an international Group makes it possible to build up a pool of expertise to support its local activities in research and development, marketing, technological and industrial performance, and performance in distribution (see in this chapter, section 2.2.3). It also makes it possible to test many innovative business models in different contexts and to promote the exchange of best practices between countries. Finally, regarding the portfolio, Saint-Gobain offers its customers a comprehensive range of products and services.

This positioning is distinctly different from its competitors. In addition to its in-depth knowledge of local markets, Saint-Gobain distinguishes itself from local competitors through the innovation and operational excellence provided by its cross-functional operations at the global level. Thanks to the richness of its offerings and its ability to offer complete solutions adapted to each customer segment, the Group distinguishes itself from its local and international competitors.

2.2.3 A focus on synergies in operations and internal organization

The Group has adopted a new organizational structure that is closer to its customers to improve its commercial and operational efficiency and accelerate its growth while maintaining the objective of profitability. This new structure promotes the synergy of 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. For example:

- in the United Kingdom, the Group unified its offer for prefabrication within a single dedicated Business Unit;
- in the United States, the Roofing and Siding sales teams have merged, thus increasing regional coverage and freeing up resources to create a specialist non-residential market team;
- in France, a new entity dedicated to the global prescription systems offering, Saint-Gobain Solutions France, was created to promote synergies between all of the Group's brands in the construction markets.

The search for synergies is also manifested through the creation of unique platforms such "La Maison Saint-Gobain" in France to support end-customers in their renovation projects.

Finally, the goal is to offer customers unified offerings and make Saint-Gobain a one-stop shop for a given application. In Brazil, the "Façade" Business Unit thus gathers 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 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.

Given its global reach, Saint-Gobain's cross-selling is expanding and supports customers worldwide. Among these synergies:

- on the automotive market, Sekurit's glass products, as well as bearings and seals, are complementary products for Group customers;
- in the aerospace market, it is the cockpit windows and radomes that can be offered to the same customers by the Mobility Business Unit;
- for industrial markets, adhesives, abrasives and tapes are complementary products sold *via* the same distribution channels;
- finally, the Group draws on successful research and development collaborations and transfers between its various businesses to develop and market innovative solutions and improve its services, such as:
  - fire-resistant plasterboards developed thanks to the high-temperature expertise of the Ceramics Business Unit,
  - an electrochromic glass initially developed by Sekurit for the automotive market, then adapted for the construction markets,
  - an external thermal insulation composite system (ETICS) developed in conjunction with different business sectors (Mortars, Gypsum, Insulation, Technical textiles),
  - a cross-functional program in acoustics (insulation, mortars, ceilings, Sekurit glass, exterior glazing and for bearings),
  - a repair solution for furnaces, the result of a transfer of expertise between Weber and Sefpro,
  - the use of artificial intelligence derived from transactional data through algorithms developed for the distribution branches (pricing, sales recommendation, supply chain, etc.) that can be used for other Group business lines.

In addition, the centralization of certain key functions such as industrial performance, marketing, innovation and research and development, information systems, and shared HR and finance service centers facilitates the improvement of the Group's performance in terms of expertise, critical mass, sharing of best practices, cost containment, widespread deployment of excellence programs, and technical flows and collaboration.

The sharing of knowledge and expertise is essential to fostering synergies and is facilitated by meetings between innovation and marketing professionals, as expressed in by the creation of "The Hive" community, whose third annual meeting was held remotely in November 2020. Discussions were held on topics such as off-site construction, data, digital construction and sustainable business development.

Another example is the global roll-out *via* the Unicampus platform (see Chapter 3, section 3.3.5) of a training offer that includes courses on the main central functions (marketing, industrial performance, research and development, purchasing, etc.) combining theory, practice and experience sharing.

Finally, synergies are also generated through the dissemination of a culture of innovation, which has historically been expressed in different ways within the Group:

- 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 existing experiences within the Group: for example, the joint development, with two German manufacturers, of Actilaz laser technology, which is central to ECLAZ high-performance glazing.

2.2.4 A solution-based approach

The combination of a global presence and an extensive offering enables Saint-Gobain to offer market players a solution-based approach. Beyond the traditional approach of meeting a specific need with a dedicated product, the objective is to support customers in their quest for performance on complex issues.

This approach is built on three pillars:

- offering systems, *i.e.*, a combination of products that guarantees a given technical performance and often combines benefits in terms of sustainable development and/or productivity. This is the case for the solutions developed in the prefabrication segment, or the Optimax Habito solution born from synergies between ISOVER and Placo® in France. Optimax Habito® is a unique system for insulating walls from the inside. In addition to the reduction in the number of products used, the benefits of this innovation for craftsmen are an average time-saving of 20% and a reduction in the risk of injury, but also a reduction in waste on worksite. Finally, these are materials that can be fully recovered *via* the Placo Recycling® and Isover Recycling channels;
- offering services with ever more value to the Group's customers, such as the data analysis service offered to Saint-Gobain High Performance Solutions customers, and the ones offered by the Group's retail chains to enable craftsmen to refocus on their core business, or the services associated with Building Information Modeling (BIM);
- developing solutions jointly with Saint-Gobain's clients.

In the example of the construction of a hospital, the Group is able to propose solutions that address all of the project's issues, offering products and services that have value individually and as a system, by combining support services with upstream project management, including BIM, impact-resistant partitions, architectural membranes, air treatment solutions, etc.

In the case of the renovation of a residential building, this means being able to combine insulation solutions, high-performance glazing, plasterboard and ventilation systems and to offer construction or support waste recycling services for end-users.

Service offerings such as Kandu, which has already been rolled out in France and aims to improve air quality, heat, lighting and the organization of workspaces in public spaces (restaurants, stores, offices, schools, nurseries, etc.), also provide a holistic approach to the quality of indoor spaces.

3. The mission

Saint-Gobain designs, produces and distributes materials and solutions that are key ingredients for the well-being of each of us and the future of all. This means providing sustainable solutions that protect the future of the planet and of its occupants, and enabling its professional customers to improve their performance.

3.1 Offering more sustainable solutions

Saint-Gobain designs, produces and distributes increasingly sustainable solutions for construction markets and the industry. It does so as part of a product innovation effort guided by the anticipation of market trends, taking into account customer needs and compliance with the strictest transparency and security standards (see Chapter 3, section 3.2). These innovation efforts are underpinned, in the construction market, by a holistic approach to what makes a building sustainable. This original approach combines the environmental footprint of the building throughout its life cycle with the well-being and health of its occupants:

- acting for the climate by contributing to the decarbonization of the markets in which the Group operates:
  - by reducing its carbon footprint through the implementation of its roadmap to carbon neutrality by 2050 (see chapter 3, section 2.2.1.2),
  - thanks to the emissions avoided when using its products, such as energy-efficient solutions for buildings or lightened glazing for vehicles,
  - by proposing lightweight solutions to replace construction methods that generate more greenhouse gas emissions, such as the F4-type light façade in France, which makes it possible to divide water consumption and CO_2 emissions in half,
  - by supporting the development of segments that contribute to energy transition (electric cars, energy storage, solar and wind power),
  - by innovating with its partners across its entire value chain, from the extraction of raw materials to the end of product life, including transportation;
- limiting the impact on natural resources:
  - by reducing water consumption in operations and on worksite, for example through the use of Webercol Flex Eco mortar, composed of new raw materials from the recovery of industrial co-products, which reduces CO_2 emissions by 50%, water consumption by 28%, and non-renewable energy use by 27%,
  - by increasing the use of recycled material in industrial processes, in particular for the production of gypsum or glass,
  - by limiting the generation of waste on worksite, for example *via* the Lean by Placo solution, which includes the cutting of plasterboard in the plant, thanks to the development of off-site or prefabricated construction,
  - by taking actions to collect waste on worksite,
  - by contributing to the development of recycling channels,
  - by increasing the lifespan of products;
- ensuring health and well-being:
  - by taking into account thermal, acoustic and visual comfort and indoor air quality for the end-user,
  - by ensuring an optimal level of safety for the products placed on the market by the Group, for the end-user and the fitter.

Generally speaking, the solutions proposed by Saint-Gobain reduce resource usage intensity, limit the energy consumption of the buildings, vehicles or facilities they equip and have a low carbon footprint. Among the innovations marketed by the Group are:

- ultra lightweight glazing developed for automobiles by Sekurit, reducing the weight of a car by up to 6 kg;
- the Gyproc Ergolite plasterboard with a 25% weight reduction for a reduced carbon content, all without any change in efficiency.

These eco-designed solutions are adapted to types of customers, markets and regions, in particular the different types of climates. In Norway, the alliance between the Optimera brand and Hunton, a manufacturer of wood-fiber-based products, has led to the creation of "Green Panels". Installed in service or residential buildings, these panels or walls are made from wood fiber from Norwegian forests. They are a response to a growing demand for environmentally friendly insulation solutions and solutions capable of regulating hydrometry and improving acoustics. Together, the two players have invested in research and development to develop this solution, which offsets the CO_2 emissions emitted during its production.

In the construction market, the Group offers solutions for both new construction and renovation, residential and non-residential, with a variety of construction methods, climates, cultures and disparities between emerging and developed countries. In these markets, the Group is particularly well positioned thanks to its comprehensive range of solutions for energy efficiency in buildings and its lighter, less resource-intensive construction, with a lower carbon footprint.

In the mobility market, in the same way, user experience (in the case of individual vehicles, for both the passenger and the driver) and environmental footprint guide product innovation policy. Saint-Gobain puts its expertise to use for its industrial customers, such as car manufacturers, taking into account the benefits for the end-user.

In addition to products, the Group is developing a range of services adapted to changes in these markets largely to support the development of the circular economy. In France, La Plateforme du Bâtiment had already innovated in 2017 with a service called "Les Ripeurs". More recently, Point.P, a Saint-Gobain subsidiary, created the "BatiReprise" service in collaboration with Suez, a waste management company, to facilitate the collection of construction site waste in eleven sales outlets for the purpose of raising awareness and supporting building craftsmen in the act of sorting and recovering waste. Point.P already has 76 own waste reception centers, which handle more than 100,000 m^3 of waste per year.

3.2 Improving the performance of the Group's customers

3.2.1 For the construction professional: improving productivity

Productivity is the core concern in construction businesses. Thanks to its dual positioning as a manufacturer and a distributor, and to the diversity of its businesses, Saint-Gobain has multiple ways of supporting its customers, helping them choose the most appropriate solutions, and purchasing and implementing them. It can also train them with ever-increasing efficiency while taking their constraints into account.

3.2.1.1 Facilitating the work of craftsmen through integrated services

For trade customers, saving time and being well-supported are essential. In-store services and digital services are becoming increasingly important. Here are a few examples:

- in France, SOLU+, a tool to help with renovation projects, assists professionals in making their estimates, costing projects and providing advice to customers. It can now be interfaced with the Tolteck solution, which allows craftsmen to generate quotes and invoices in a single flow;
- in the United Kingdom, Saint-Gobain developed Build Aviator, a services package to help manufacturers save time and gain efficiency. From design to planning and from sourcing to the final delivery, the Build Aviator app guides and assists customers with ecological building solutions. Professionals can thus assess a building's energy and carbon efficiency and obtain the necessary calculations and reports to comply with construction standards;
- thanks to intermediation platforms developed by Saint-Gobain, in France via "La Maison Saint-Gobain", in Brazil, or the 3S application developed by Saint-Gobain Gyproc in Vietnam, trade customers can increase their visibility and grow their customer base;
- Saint-Gobain is developing reduced-format trading brands in the center of large urban areas to facilitate closer contact with worksites in downtown areas. For example, the Plataforma de la Construcción in Spain and Point.P in France have begun to roll out new sales-outlet formats in city centers or areas near cities, close to customers and for the renovation sector in particular.

3.2.1.2 Improving worksite productivity through innovative products

The time saved is of benefit mostly to the work of professionals on construction sites:

- in the United Kingdom in 2020, Saint-Gobain launched under the Weber brand a new imitation brick façade cladding, co-developed with a British start-up, which is both lighter and more flexible, consisting of a fiberglass mesh coated with 95% natural minerals. Compared to traditional material, installation time is three times faster on average, resulting in lower labor costs; it is also an ideal product for builders of prefabricated buildings because it is much lighter and therefore easier to transport and handle;
- in the same vein, in eight countries, the brand now offers its Weberdry PUR solution, a new waterproofing system for flat roofs, terraces, balconies and water tanks, which is much easier to apply and has a much longer service life than existing products, an average of 25 years compared to ten years for conventional waterproofing membranes;
- a ready-to-pour floor solution, the "weberfloor service" covers the entire process from the supply of powdered mortar to the mixing-pumping of floor plasters. Thanks to the "webertruck", a pump truck that travels on construction sites, the installation company focuses its resources solely on the application of products;
- Saint-Gobain also designs solutions that save time during installation, such as bulk glass wool or Weber's WeberCom Flex Confort glue.

3.2.1.3 Innovations for productivity

The Group is innovating in emergent aspects of construction. A few examples of this are:

Prefabrication and off-site construction

Prefabrication is a major trend that lies at the crossroads of two phenomena: a need to build more housing more quickly and, in some countries, a shortage of skilled labor in the building professions. Prefabrication refers to all methods and processes that make it possible to construct all or part of a building outside the construction site.

Prefabrication also contributes to the development of lightweight construction and alternatives to traditional cement- and brick-based construction, making construction more efficient and sustainable (see Chapter 3, section 3.2.1.3 on the Group's contribution to environmental, social and societal challenges).

Several initiatives illustrate the emergence of these new construction techniques and the efforts undertaken by the Group to develop them:

- in Norway, Optimera, a building materials distributor for building professionals, signed a contract with Norgeshus, a company specializing in the fabrication and installation of prefabricated timber-frame houses throughout Europe. Norgeshus has 118 dealers covering all Norway and intends to build between 1,100 and 1,200 dwellings per year;
- in the United States, Saint-Gobain also signed a co-development agreement with Unity Homes, a prefabricated home builder based in New Hampshire. These two partners are joining forces to revolutionize US residential construction methods and open a new innovation channel on the high-performance habitat market;
- in Spain, Saint-Gobain is involved in the construction of a 108-bed hospital in Catalonia, designed solely on the basis of modular elements and pre-assembled in the factory, enabling the building to be built in just four months, compared with four years following traditional methods;
- in Denmark, with the Brødrene Dahl and ISOVER brands, Saint-Gobain is involved in the construction of 478 prefabricated student housing units to be built in 2021 in Lyngby.

In terms of distribution activities, other Group specialist brands have invested in numerous aspects of the prefabricated market, such as bathrooms, roofing and structural components.

3D printing

The Group is already using 3D printing technologies, especially for the creation of samples and prototyping. These technologies offer particularly interesting prospects for reducing environmental impact (for lower waste production) and facilitating the creation of complex shapes for a wide variety of applications:

- the Group has invested in the Netherlands with its partner BAM in a large-scale pilot line at the Weber Beamix plant in Eindhoven. After several years of development and R&D, this activity is now entering a commercial phase, making it one of the most advanced in the world, with various concrete achievements in 2020, including bridges, stairs, street furniture, and even its first individual house, which will be occupied in 2021;
- in Singapore, Hamilton Holdings, a 3D construction printing company, has partnered with Saint-Gobain and Ang Cheng Guan Construction (ACG) to create Hamilton Labs Additive Manufacturing & Robotics Hub to oversee 3D concrete printing. As part of this collaboration, Saint-Gobain is the exclusive supplier of materials and R&D. Ang Cheng Guan Construction will contribute a wide range of experience in buildings and construction. This collaboration also aims to promote university research and thus encourage technological innovations in buildings and construction and in 3D printing in particular.

Digital construction

Digital design and construction represent a major trend in building industry. Driven by changes in the legislative framework in many countries, building professionals are making arrangements to reduce their costs, improve quality and shorten timelines, working collaboratively with a unique digital model that not only embeds the building plans, but also all the information on each of the components, including their properties and performance. This enables previews and forecasts that were not previously available: building efficiency, durability, the detection of design errors, etc. The challenge is to significantly reduce the total cost of the building throughout the life cycle. To achieve this, building designers, architects, general contractors, etc., have to download virtual "objects" containing Saint-Gobain products, to incorporate them into their Building Information Model (BIM). Saint-Gobain has created a structuring project called Product Information Management to develop a complete library of objects and offer various services to those who need them.

The WCM industrial performance program (see Chapter 3, section 2.2.1) fully integrates this digital dimension.

3.2.1.4 Providing training to professionals

The Group has implemented training adapted to local businesses and markets. The Saint-Gobain teams can thus train students, building companies, trade customers or even a distribution network. Training structures such as Spazi Academy, in Italy, facilitate in-person training and e-learning solutions.

Saint-Gobain inaugurated Weber Academy in Casablanca, Morocco, a school providing free training on the brand's solutions and new construction methods to young graduates and trade customers to promote professionalism among local actors. In Indonesia, Saint-Gobain, in partnership with INSEAD Singapore, created the Distributor Development Program, a training course for Indonesian building materials distributors, providing the opportunity to improve their knowledge of innovation, digital platforms, strategy and sales growth. In the Czech Republic, training centers and events provide training on Saint-Gobain brand solutions to 10,000 installers per year.

Besides technical training in products and solutions, the Saint-Gobain teams offer training in specific subjects such as renovation, modern conveniences, air quality or energy efficiency. The distribution networks have developed specific counters for energy efficiency in certain branches and sales outlets in France or Northern Europe (see Chapter 3, section 4.1.6.3).

In France, Saint-Gobain has been rolling out a multi-channel training program called "Objective RGE" (Recognized Guarantor of the Environment) for all craftsmen in its network. The novelty of "Objective RGE" is that it offers craftsmen a real time-saver, allowing them to learn remotely on their computer, tablet or smartphone, combined with a certification system in Point.P branches. The ambition is to qualify at least 10,000 additional craftsmen in RGE by the end of 2022, compared to the current 2,000 per year. In addition to Point.P, all of the Group's specialized brands involved in energy renovation, notably Cedeo and SFIC, are involved.

3.2.2 For the industrial customer: taking action for customized performance and innovation

Saint-Gobain, given its international dimension and its well-known expertise in each of its businesses, is able to support its industrial customers and to improve their performance thanks to services and solutions that closely match their needs.

In manufacturing businesses, a portion of the solutions offered by Saint-Gobain is co-developed with customers and addresses a growing need for customization and bespoke innovation. This is made possible by new working methods and new modes of production, and by digital manufacturing, which incorporates customers' needs from the earliest stages and allows the production of customized short series thanks to flexible and automated units and system interconnection.

- In the United States, the Construction Industry Business Unit's R&D team has been working with the University of Massachusetts-Lowell for two years to develop fabrics equipped with detectors capable of monitoring the health of infrastructures and fabrics capable of monitoring the stresses that are applied to them and detect cracks or damage as soon as they appear, resulting in significant savings on maintenance costs. This is a typical example of successful co-development, as well as a solution to meet the needs of a very large market, the ASCE (American Society of Civil Engineers), which estimates at over €1,8 trillion the investment needed over the next decade to repair and upgrade infrastructure in the United States alone.
- On the mobility market, Saint-Gobain glazing is constantly being adapted to the needs of automobile manufacturers, particularly with regard to lightweight glass, heads-up display glass and anti-heat glass, not to mention glass in complex shapes, for which the Group's expertise is well known. All these solutions promote an optimal driving experience, with increased comfort and safety for both driver and passengers. Similarly, high-performance, polymer-based bearings, seals and foams are custom-designed to meet the needs of automobile manufacturers, in terms of extending useful life and reducing noise and weight. Saint-Gobain's mobility solutions also affect the production phase using, for example, a wide range of abrasive products (adhesives, agglomerates and superabrasives) for finishing and polishing automotive parts. These abrasive solutions are suitable for both developed and emerging markets.
- Saint-Gobain is also working with partners to explore solutions that will equip the autonomous vehicles of the future. In January 2020, Sekurit, in partnership with Cerence, a specialist in automotive artificial intelligence, presented a new intelligent windshield at the Las Vegas Consumer Electronics Show (CES), a technological innovations showcase. Innovations such as transparent screens, eye-tracking and voice recognition were integrated into a vehicle without control buttons, with driving information displayed on the flat glass. The windshield improves the comfort and safety of vehicle occupants and is part of the future of mobility.
- Saint-Gobain also explores future development opportunities through partnerships with manufacturers. In South Korea, the Life Sciences Business Unit and Samsung BioLogics, the biopharmaceutical unit of the Samsung Group, signed a strategic partnership for the supply of single-use systems. Saint-Gobain invested nearly €16 million to build a state-of-the-art industrial facility for the manufacture of bioprocesses in 2020. It is located in the Songdo biocluster, in the outskirts of Seoul, and bring together research centers and companies working in biotechnology. This investment enables the Life Sciences Business Unit to strengthen its customer focus and supply chain to better serve the Korean biopharmaceutical industries.
- Lastly, this co-development model is accompanied by an evolution of business models into more comprehensive products and services with a higher level of service. Accordingly, the Ceramics Business Unit offers diagnostic and maintenance services to manufacturers who use its refractories, thereby linking a connected product to an associated service.
- Similarly, Saint-Gobain has joined forces with one of its customers to co-develop a specific filter to support newborn children who need nitric oxide.

Throughout the life cycle of its products, Saint-Gobain can offer engineering, repair and recycling services. This truly highlights Saint-Gobain's ability to provide reliable, high-performance and cutting-edge solutions.

4. Performance levers

4.1 Enriching the customer experience

4.1.1 Closer relationships with customers

4.1.1.1 Transforming customer experience through digital technology

Interactions between Saint-Gobain and its customers number in the millions each year. This provides a challenge for the Group: in many cases, "contact" no longer takes the form of a scheduled, physical meeting, but is made *via* the Group's websites or *via* social networking, at the customer's instigation.

Thus, beyond in-person meetings with direct customers, there is a need to develop a digital strategy that allows the Group to capitalize on all the individual contact requests using a "phygital" approach, which combines physical and digital points of contact. The updating of websites is crucial, to provide visitors using fixed or mobile devices with a high-quality experience that they find useful and encourages them to extend their visit to the site. The purpose of the approach, for non-commercial sites, is to convert as many visits as possible into commercial contacts. This procedure is deployed throughout the Group; the health crisis experienced in 2020 has contributed to the acceleration of this trend, reinforcing the importance of e-commerce (see Chapter 1, section 3.2). Retailers, for their part, have, in most of their countries, made online sales offerings (e-commerce) more accessible with better designed and simpler-to-use sites with ever more advanced features such as product searches and orders, information on inventories, locating sales outlets, click & collect, or scanning products on smartphones. A few examples illustrate this very well:

- Sanitas Troesch, a Saint-Gobain brand in Switzerland specializing in kitchen and bathroom solutions, has simplified its customer experience thanks to an e-commerce site for craftsmen, which allows order changes until 5 p.m. the day before delivery, based on real-time inventory management;
- in France, the Instaply service offered by La Plateforme du Bâtiment was highly successful. The application allows business customers to communicate by text message with the brand's teams to ask technical questions or order products directly;
- in Denmark, the brand Brødrene Dahl, which specializes in plumbing, sanitary and heating, is rolling out its Self-Service app, which allows customers to order directly from their smartphone or tablet, scan their purchases at the point of sale and to pay, all of it "contactless". Since its launch, two "test" sales outlets have seen 10% of their sales come from the application. Since then, new sales outlets have been equipped.

Whether it is for commercial or non-commercial websites, data analysis is fundamental in developing the sites in the direction that visitors wish to see. This in-depth work makes it possible to be as close as possible to customers and to develop value-added services. The more channels involved in interacting with the customer – websites, social networking pages, emails, forums, online chat, etc. – the more complex the customer's experience. Techniques for targeting and fostering loyalty among a client base are becoming more diverse. Saint-Gobain's omnichannel approach therefore aims to ensure a seamless and consistent customer experience across physical and digital touch points, along the entire customer experience. All brands and trading brands have rolled out digital strategies to differentiate their products and ensure brand visibility. The wealth of information available online, real-time inventory checks by customers, the organization of logistics networks, and speed of product delivery are key factors in the success of retail sites. In some of the Group's activities, innovative systems are being developed that enable an immersive experience thanks to virtual reality, such as the 3D scanning of glass furnaces developed by Saint-Gobain, which enable the creation of virtual models of industrial facilities, a valuable tool that allows the operator to reduce the duration of cold inspections between two production campaigns. The aim of all the digital tools developed by the Group is not only to foster better knowledge of the customer, but also to make the process easier for them and to meet their needs more easily and directly.

This integration of digital within customer journeys is inseparable from the development of logistics. By pooling their logistics centers, the brands can optimize their inventory management and carefully control supply to the different sales outlets, for continuous improvement in terms of product availability. Automation of the centers also means that thousands of order lines can be processed every day, reducing delivery times to 24 hours, and even just 1 hour in certain major conurbations. The brands are also developing integrated logistics solutions, offering customers end-to-end logistics for a construction or renovation site, from delivery of materials to waste collection. In terms of e-commerce activities, in addition to the wealth of information available online, real-time inventory checks by customers, the organization of logistics networks and speed of product delivery are key factors in the success of retail sites.

These digital-induced transformations complement the Group's efforts to guarantee the best customer experience in physical meeting situations: supporting and advising customers at sales outlets, sales visits, deliveries, as well as experiential venues or showrooms.

4.1.1.2 Offering personalized experiences through the use of data

Customer activity online or in-store generates significant amounts of data. The statistical analysis of these data forms the basis for predictive models that enable a better response to end customer expectations. The bulk of data, or Big Data, once analyzed, becomes Smart Data, a set of intelligent and useful data for the brand and the customer, which must always be collected in compliance with the European Regulation on Personal Data, or GDPR (see Chapter 3, section 1.3.4).

The first challenge in the Smart Data approach is to strengthen relations with customers, getting to know them better to provide them with a better service. Consequently, the Saint-Gobain brands' main e-commerce sites in France and Scandinavia now make systematic use of suggestion-based selling: when a visitor is interested in a product, they are provided with a list of recommendations based on the product combinations seen in shopping baskets. This automatically increases basket values. In recent years, more highly developed approaches emerged; these are likely to become more widespread. Accordingly, the data scientists at the Saint-Gobain Research Paris datalab have developed a method for systematic study of the semantics of customer reviews online. Using this method, hotels and restaurants with poor acoustics can now be identified, allowing the Habitat specification teams to target these establishments and offer them appropriate solutions.

The fluid, comprehensive and increasingly personalized experiences offered by Saint-Gobain are part of a commercial excellence approach that aims for the greatest possible customer satisfaction. The Group has put in place operational tools and organizational structures to achieve this.

4.1.2 Developing new business models

Saint-Gobain is also focusing on the development of new business models. The Group has developed a structured approach and country and Business Unit teams are provided with toolkits and encouraged to determine their value proposition, target customer segments, sales channels, types of interaction, activities, key partners and resources, and costs and revenue sources.

Whether they are additional services to direct customers or the development of service offerings for end customers or influencers, numerous examples of new business models have already been developed within the Group, including:

- in Brazil, with the "product as a service" scheme, an offer of furnace refractories that includes a guaranteed performance and predictable pricing during the product's useful life;
- launched in 2018 in France, Kandu services for professionals who want to improve the quality of their work or restaurant spaces that combine Saint-Gobain's expertise in building sciences and its original approach to comfort in a one-stop shop, through customized support and technical solutions;
- marketplaces such as Toca Obra in Brazil and Autovershop, which offer a broad customer base and enable synergies in purchasing and the supply chain;
- intermediation platforms, through La Maison Saint-Gobain in France, NejRemeslnici in the Czech Republic or Get Ninjas in Brazil;
- waste take-back and recycling services, particularly in the gypsum business, where they exist in a dozen countries; they enable market differentiation, but also allow for greater control over the quality of the materials collected and, in the long term, the availability of natural resources.

4.2 Innovate for sustainable differentiation

Research and innovation are at the heart of Saint-Gobain's strategy. The Group's ongoing actions enabled it to be ranked in the tenth time in a row among the world's top 100 most innovative organizations in the "Top 100 Global Innovator™". This barometer assesses nearly 14,000 companies on several criteria, including not only the number of patents filed, but also the influence on other innovations (the impact that an invention has on the filing of patents by other players), the percentage of successful patent submissions, and the global legal protection effort [(1)].

4.2.1 A shared culture of innovation

Saint-Gobain's innovation process is underpinned by constant attention to customer expectations and needs, with the creation of value for them being the prerequisite for profitable growth for the Group. Innovation goes far beyond products; it also includes services and business models. Strategically, it must engage the entire organization around a mindset focused on innovation and must:

- 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 of the ways that innovation is generated, not only the innovation initiatives conducted for a long time by the 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.

Innovation is one of the five "Attitudes", the pillars of the Group's managerial culture (see Chapter 3, section 1.2). 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 by all of Saint-Gobain's employees.

(1) *Clarivate Analytics: Top 100 Global Innovators 2021 – https://clarivate.com/top-100-innovators/*

So how can Saint-Gobain achieve this ambition? The Group acts on a daily basis to give employees the resources to act and bring out their talents, work in a collaborative, networked, multidisciplinary and cross-disciplinary manner, share best practices, experiment with agile methods or design thinking, seek skills outside their usual scope and interact and work with different generations. It also means, in very practical terms, promoting intellectual agility, serendipity and creative thinking through reinvented workplaces. Saint-Gobain also emphasizes the responsiveness and ability of its employees to adapt to change through a redesigned management system that includes light reports, fast execution, and more delegation of decision-making.

In terms of method, the objective is to systematically favor the clients' point of view and the needs of the field, using tools such as *personae*, standard profiles that provide a better understanding of the key market targets, their unresolved expectations and the areas of productivity not yet exploited. Openness to the external environment is crucial to anticipate changes on the ground as well as technological developments. Careful monitoring of market trends is therefore an essential step that may involve the implementation of a structured monitoring of practices and competition, regular visits to customers to find out about their daily lives, or even through the organization of learning expeditions to innovative companies in other sectors.

Finally, innovation benefits from tools and methodologies that are particularly useful in adjacent and disruptive projects where traditional working methods are reaching their limits. For Saint-Gobain, innovation is therefore the combination of a mindset shared by everyone, on the one hand, and the right tools and structures, on the other.

4.2.2 Strategic pillars of innovation

The Group's innovation efforts in terms of products, services and manufacturing processes are based on a number of strategic pillars:

- for construction, dynamic and intelligent building materials, as well as advanced technologies such as prefabrication, 3D printing, or robotization;
- for mobility: in-vehicle comfort (noise, vibrations, aerodynamics, thermal comfort, etc.), weight reduction, new features and usages in terms of safety, information and entertainment;
- for life sciences: development of personalized medicine, new diagnoses;
- in general, eco-innovation, or the design of solutions with minimized impacts and optimized benefits on the environment and health;
- but also innovation in manufacturing processes to reduce their environmental footprint, such as the transition to low-carbon energy, heat recovery, or the design of "zero carbon" plants;
- innovation in the design of integrated services for craftsmen or project managers for construction or renovation projects;
- finally, innovation also involves business models, as evidenced, for example, in the aeronautics sector by the sale of cockpit glazing no longer individually but also according to the flight hours performed by the product.

4.2.3 Customer-oriented R&D

Investments in research and development enable the Group to maintain and expand its leading positions in its markets and maintain a high level of performance and operational excellence. In 2020, the Group invested €428 million in research and development, with more than 3,600 people working on multiple research projects, the protection of the results of which led to over 400 new patents.

Saint-Gobain has a framework of eight cross-functional R&D centers around the world, as well as numerous units dedicated to specific businesses or technologies. These eight centers – three in France and five others in Germany, the United States, China, India and Brazil – all offer a broad spectrum of expertise in materials and process sciences to the Group.

This structure, in which R&D teams are divided between cross-functional centers and centers dedicated to each business, makes it possible to combine a materials culture and expertise in processes. Projects are selected and managed to meet the needs of the business lines and countries. Each year, this involves the launch of new projects but also the completion of previous projects through industrialization or commercial launch.

In terms of the benefits of innovation, beyond the specific aspects of each business line and the essential maintenance of key technology skills, special attention is paid to three priorities: attention to customer value, digital transformation, and the response to the challenges of sustainable development.

4.2.3.1 Targeting innovation on customer needs

Improving the relationship with customers is essential to identify opportunities more quickly for the Group to add value. Various tools and initiatives undergird this approach, such as 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. Examples of this last point include the application laboratory inaugurated in 2019 by Saint-Gobain in Compiègne (France), and the new Saint-Gobain laboratory in Shanghai (China) dedicated to testing materials used in the manufacturing of electric vehicle batteries. Designed as an alternative approach to innovation, they enable design thinking and user experience approaches to be deployed within the various R&D centers for the development of new products, systems and services as close as possible to customer needs. 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.

Despite the constraints and limitations imposed in 2020 by the health crisis, this priority given to customer relationship has been maintained and many digital initiatives have been launched to maintain privileged interaction (virtual visits, brainstorming, virtual and augmented reality).

4.2.3.2 Continuing digital transformation

Priority is also given to digital transformation in all of its dimensions: customer service and relations, operational performance, internal processes, and changes in work culture and practices. It requires the development of new skills within R&D teams and in data science, robotics, electronics or virtual reality.

This digital transformation accelerates innovation in all markets, increasing the power of the end consumer and enabling the emergence of new services and new uses. In the construction markets, innovation is traditionally slow due to the very long life cycle of products, but digital transformation, combined with underlying trends in environmental performance and rapid urbanization, is leading to the continuous emergence of new services, enabling players to deliver new or renovated buildings and living places that are more efficient and more pleasant, at a better cost and within shorter timeframes.

The use of artificial intelligence algorithms, such as in the Saint-Gobain Research Paris Datalab, also enables the creation of new services driven by data and improving the performance of existing businesses, for distribution and industrial production, such as e-commerce development, automated pricing, logistic optimization, responsiveness of production lines and reduction of energy consumption. This expertise is developed by central R&D in close collaboration with the Group's business lines and teams working on information systems.

4.2.3.3 Meeting environmental challenges

Significant work was carried out in 2020 to structure a roadmap for achieving carbon neutrality in 2050. Specific work was carried out on Saint-Gobain's main business lines in the three scopes 1, 2 and 3. This has led to the acceleration of the Group's R&D project program in order to explore ways to reduce the Saint-Gobain's footprint through product design, changes in processes, energy vectors and raw materials used. This approach aligns research and development with the priorities of the Group's strategy, which is geared towards carbon neutrality and the preservation of resources.

The first area of work consists, on the basis of a product life cycle analysis, of:

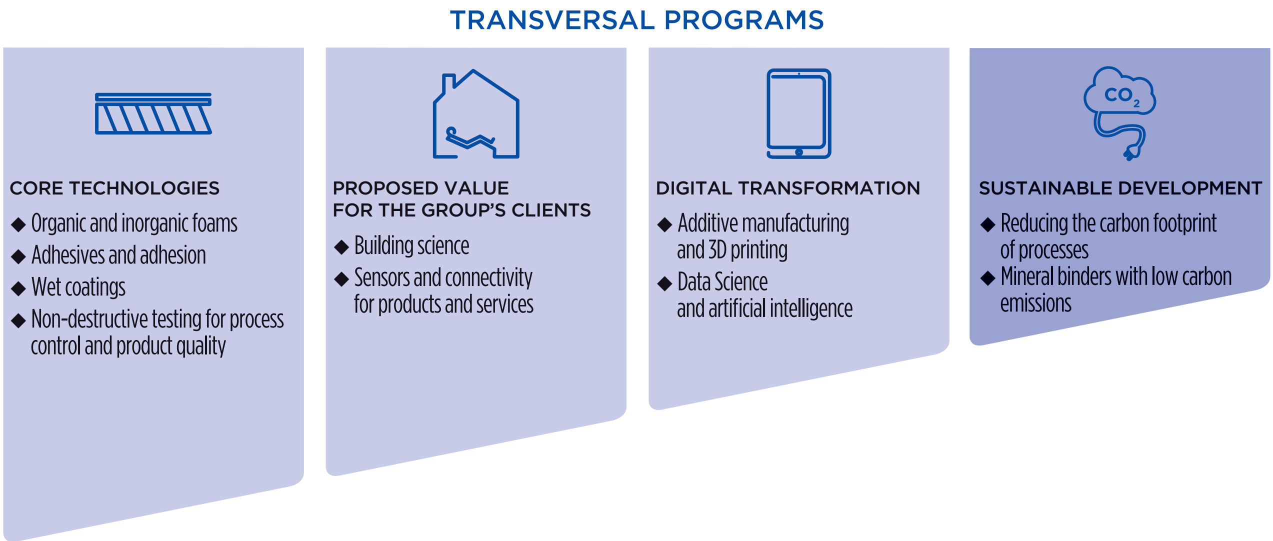
- working internally and with suppliers, and generally speaking with the Saint-Gobain's entire ecosystem to design and technically validate resource- and energy-efficient products that remain high-performance through such means as making them lighter or incorporating recycled materials;
- conceiving of recycling and disassembly from the design phase;
- using the numerous technologies of the Group to design functional systems with lower environmental impacts, such as reduced-weight façade solutions.

The second area of focus consists of ongoing work to improve processes, reduce energy consumption, increase yields and operating turnaround times, and the recovery and reuse of heat and fluids. In addition to these ongoing improvements, research is being carried out into more disruptive innovations to help increase the use of low-carbon energy sources and recycled materials.

Finally, in line with Saint-Gobain's strategy and purpose, the increasing use of product life cycle analysis also gives the Group the culture to develop, in an ever-more efficient manner, products that enable Saint-Gobain to help its customers reduce their environmental footprint themselves and make their ecological transition.

To support these priorities, cross-functional Group-wide R&D programs organize shared skills and enhance Saint-Gobain's ability to develop key technologies by anticipating major changes in techniques and markets.

4.2.3.4 Saint-Gobain R&D programs in 2021



4.2.3.5 An open innovation approach

In addition to its internal strengths, Saint-Gobain openly deploys its innovative approach, through exchanges and partnerships around the world with its customers and suppliers, with the ecosystem of start-ups and as part of 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 collaborations that provide access to the most recent scientific progress in the fields of interest to the Group and to a breeding ground of young talent.

More specifically, this leads to the establishment of data science and artificial intelligence partnerships with various institutions. For example, a challenge won by two PhD students from G-SCOP in Grenoble co-organized as part of the initiative led by ROADEF (French society for operational research and decision-making support), which enabled 150 participating researchers to work on an industrial issue for the Group, the optimization of flat glass cutting.

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's aim is to identify opportunities for long-term partnerships and to turn these into a reality, as well as to develop new ideas and business models. Since its creation, NOVA has studied 6,000 start-ups and signed nearly 150 partnerships.

NOVA focuses its efforts on the field of advanced materials, but also works across the board on major topics of interest to the entire Group such as the customer journey, the circular economy, sustainability and the performance of construction processes and new construction methods such as prefabrication and robotics or connected objects. It provides targeted support to Saint-Gobain teams working on mobility, in particular on autonomous vehicles, or life sciences.

NOVA's vision is to enable disruptive innovation by working to identify opportunities to create shared value. 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. Examples include Sweeten, an intermediation company in the United States, and InDeco (2019), a company based in China that specializes in the optimization of office spaces.

Since 2019, NOVA has had its own budget and accelerated the acquisition of minority stakes in innovative companies. To support its approach, Saint-Gobain is a partner, through NOVA, of several incubators, including:

- Greentown Labs in the United States, specializing in green technologies;
- Impulse Labs in France, which specializes in construction businesses;
- Cubo in Brazil, a specialist in digitization;
- RWTH Aechen 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 Caohejing Hi-Tech Park Innovation Center in Shanghai.

Finally, NOVA is also limited partner in three 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, focused on sustainable development.

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 window 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.

In Brazil, the internal venturing approach is structured around the InPulse program. The most promising ideas put forward by employees benefit from Group support and give rise to acceleration and financing initiatives. Elsewhere in the Group, calls for ideas and collaborative innovation platforms have also come to exist.

Beyond these concrete examples, 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.

4.3 Leveraging digital transformation

Through its offering of solutions and by changing the way it works, interacts with customers or suppliers, and produces and distributes its products, Saint-Gobain is integrating digital technology into its core business model. Digital technology offers many opportunities to intensify relationships with customers and prospects and to provide them with tailored services that enable them to become more efficient and grow their business. This digital transformation more broadly encompasses the Group as a whole and has a strong impact on working methods as well as talent acquisition and training issues.

4.3.1 Managerial culture and skills

First of all, digital technology is transforming the company's culture, especially its managerial culture. Management methods are changing to give more importance to the culture of continuous feedback. The Group has thus developed a panoramic evaluation tool (see Chapter 3, section 3.3.7.1), and this type of evaluation is a mandatory part of management school training.

Digital technology is also transforming the content of missions. It enables increasing automation in certain areas, which allows the Group's employees, on industrial sites as well as sales outlets and headquarters, to devote less time to certain repetitive tasks with low added value. These developments make it essential for employees to be able to train independently and continuously *via* an e-learning platform. Training is available in up to 30 languages on a platform accessible to all employees, including *via* a personal mobile phone. Generally speaking, the Group attaches great importance to the training and support of its teams for the enhancement of their digital skills so that they can keep pace with market and business developments.

Saint-Gobain has also joined forces with the online coaching start-up MoovOne to accelerate the cultural, managerial and digital transformation initiated several years ago. MoovOne and Saint-Gobain developed the new role of managers in three successful pilot projects. Today, the offer, which encompasses individual and group coaching, is available on an international scale. The MoovOne platform is based on a community of over a hundred certified coaches who speak a total of 23 languages, thus ensuring the support of each manager in his or her native language.

In a context where the profiles of recruits and future recruits are evolving, Saint-Gobain emphasizes the development of human and behavioral skills, the ability to work in hybrid environments or to innovate as a team. With digital and refined data processing, career paths can be more easily individualized and the HR support policy personalized (see Chapter 3, section 3.3.7.1).

In industry 4.0, digital marketing and cybersecurity, the growth of digital has significantly increased recruitment needs. New professions have thus become very important, such as data specialists, user experience specialists and SEO specialists. In a context of competition with many companies not necessarily operating in the same fields of activity, these new talents are precious resources that Saint-Gobain must succeed in attracting and retaining.

Finally, digital transformation, already started at Saint-Gobain and accelerated as part of the Transform & Grow plan, has led to the rapid reorganization of teams around tools enabling remote work in an efficient and secure manner (see Chapter 1, section 3.3). It should be noted that the impact of Covid-19 on the structuring of work in companies will not change with the end of the health crisis. The flexibility, facilitated by digital technology, that it has imposed is bound to last, with strong impacts on the managerial culture.

4.3.2 Using digital technology to drive performance

4.3.2.1 Industry 4.0

The Group is investing in industry 4.0 as part of its operational excellence goals to maintain its industrial tool 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 makes it possible to customize customer solutions further along the value chain and opens up further opportunities for co-development.

The future of industry will also be built on automation and the use of advanced robots for industrial tasks. Collaborative robots and automated trolleys safely perform repetitive tasks. Operators are also assisted by the use of augmented reality, which is particularly effective for maintenance and troubleshooting.

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 is piloting 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 Group factories 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 the storage and enhancement of data.

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 make the 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.

4.3.2.2 Using digital technology for better supplier interaction

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.

4.4 Efficiently allocating the Group's resources

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.

4.4.1 Implementing an investment policy targeting growth

4.4.1.1 Targeting the most promising market segments

To best seize growth opportunities, Saint-Gobain's investment policy focuses on targeting the most promising market segments, which can be broken down into three types: niche technologies with strong growth potential, *ad hoc* opportunities on the Group's principal markets and products with significant added value.

Investing in high-growth segments

In the Life Sciences Business Unit, Saint-Gobain invested in the extension of its Beaverton plant (Michigan, United States). The doubling of capacities and three new clean rooms will enable the Group to respond to the strong growth of the biopharmacy market. Beaverton produces silicone parts, tubes or single-use systems used for, among other purposes, the manufacture of vaccines or monoclonal antibodies. These are products for which demand has continued to increase, especially since the onset of the Covid-19 pandemic.

The Charny plant, in France, will double its slicon tube production capacity. A first 1,400 square meter facility with two clean rooms and a production line is being completed, in an Industry 4.0 approach combining robotics and automation.

Seizing growth opportunities in key markets

In the insulation market in France, Saint-Gobain is stepping up its efforts for bio-based insulation and has announced the doubling of wood fiber manufacturing capacities by 2023. The Mably wood fiber plant will see its production capacity increased to 19,000 tons of insulation panels in 2021 and to 42,000 tons by 2023, making it possible to meet growing demand from the biomaterials market, but also create jobs and strengthen local roots.

Strengthening high value-added product offering

In the automotive market, Sekurit is investing in ever more efficient installations to meet the growing demand for high added-value glazing. One of Chantereine's laminated glass lines in France was upgraded to meet the requirements of more complex shapes and to integrate the "head-up" display function. A new production line has been launched in Saltillo (Mexico) to supply windshields and laminated roofs for electric vehicles.

4.4.1.2 Investing primarily in fast-growth economies

In Romania, the Isover site in Ploeisti has invested in a second rockwool production line. It can now offer its customers a wider range of products, since it is capable of manufacturing high-density wool products, particularly sought-after for external thermal insulation (ETICS) systems. This work also provided an opportunity to accelerate the plant's environmental strategy. by allowing it to consume less energy thanks to natural gas and biomass as energy sources. It can also now recycle 100% of the waste produced internally.

In Asia, the biopharma market is experiencing dynamic global growth. The Life Sciences Business Unit has invested in two new production units, in Korea and in China. The first one includes a clean room dedicated to the integration of components into sterile assemblies used in various bioprocesses, as well as a molding press for C-Flex thermoplastics, while the second produces bioprocess bags used for preparing and storing culture media, stocking pharmaceutical products before final filling. This investment answers the crucial question of production capacity and its location to meet growing needs, further exacerbated by the Covid-19 pandemic.

In Poland, after two years of work, the Saint-Gobain Glass plant launched a new magnetron line (coater) to manufacture coated glass and offer high-performance, high-value solutions for both the residential and non-residential building markets.

4.4.1.3 Supporting digital transformation and logistics

Digital technology enables the Group's customers to be better informed and more demanding and enables the Group to increase its productivity. Saint-Gobain is therefore seizing this opportunity to innovate and offer an ever-increasing amount of added value to its customers. A digital and logistical transformation was initiated several years ago to propose a customized offer with ever more efficient service.

Continuing the deployment of new IT systems

Many digital solutions are backed by high-performance IT systems, which various Group entities are developing for greater performance. In distribution in particular, several brands are continuing to roll out these projects, such as Atlas in France and ICON in the United Kingdom. These systems aim at significant gains in productivity.

The Group's Purchasing function is continuing to roll out the Nazaré project, which aims to create centralized data governance, with decentralized "consumption" in the 70 countries where it is present. The internal data disseminated in the many ERP (Enterprise Resource Planning) systems of the Group are collected and then installed in a central "Data Lake", which is cleaned using algorithms and made available to users. The pooling of this data will make it possible to explore many opportunities such as optimizing contracts and monitoring their application, helping to develop negotiation and contracting strategies, analyzing monitoring and purchasing performance, or the automation of raw material inflation and deflation.

In addition, Saint-Gobain invests in improving the customer experience. SEFPRO has thus developed a remote inspection tool for products before receipt by the customer. Equipped with glasses and a headset, a SEFPRO operator makes a complete tour of the equipment, connected *via* a dedicated platform with the customer. In addition to saving time and costs, this technology offers great flexibility.

Finally, the Group is also investing in tools to support changes in working methods, with the deployment of the Office 365 software solution accelerated by the Covid-19 crisis.

2

4.4.2 Ensuring agile and value-creating portfolio management

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

4.4.2.1 Continuing the strategy of value-creating acquisitions

In 2020, the Group acquired 13 entities for a total amount of €1,229 million. The acquisition strategy focuses on three complementary areas: local acquisitions to strengthen local leadership, particularly in regional businesses; niche technologies, particularly in High Performance Solutions; acquisitions to enter new regions.

Strengthening the local leadership of the Group's activities

Saint-Gobain has made several acquisitions, enabling it to strengthen its position in key markets.

First, on February 3, 2020, after obtaining the agreement of its shareholders and the US anti-trust authorities, Saint-Gobain finalized the acquisition of Continental Building Products, a leading player in the plasterboard sector in North America. This transaction enabled the Group to expand its asset portfolio and increase its ability to offer innovative solutions to a broader customer base, as well as to strengthen its presence in high-growth regions in the United States. The strong fit between corporate cultures and operational models facilitates integration and accelerates value creation. As a result, cost synergies and performance improvements, estimated at least $50 million by the end of the third year following the completion of the transaction, are being carried out at a pace faster than initially anticipated with ca. $20 million for 2020.

In Europe, Saint-Gobain consolidated its leading position in the energy renovation market, notably through the acquisition of Strikolith in the Netherlands, a company specializing in the production of exterior insulation systems, interior finishing and renovation products and solutions. This acquisition enriches the Group's range of solutions, and in particular expands its offering in exterior thermal insulation systems and in construction chemicals in the Netherlands.

In Distribution, Saint-Gobain is continuing to strengthen its regional network in the Nordics, for example, with the acquisition of branches in Sweden and Norway, and is enriching its offering with the acquisition of the Danish start-up MobilePeople, which specializes in the Internet of Things, thus opening up new market opportunities, particularly for local authorities.

Niche technologies

Saint-Gobain has also acquired companies offering solutions with high growth potential.

In High Performance Solutions, the Life Sciences Business Unit expanded its capabilities in medical components with the acquisition of MS Techniques and Transluminal, companies based in Pompey, near Nancy (France). These companies bring to Saint-Gobain long experience in high-precision thermoplastic extrusion and expertise in the design of minimally invasive catheters, with a strong specialization in the cardiovascular sector. In return, their design and production capacities will be strengthened by Saint-Gobain's expertise in materials, its financial strength and its global presence in the medical devices market.

In Germany, Saint-Gobain invested in the prefabrication market with the acquisition of Brüggemann Holzbau, one of the leading German timber construction specialists in the field of 2D production and energy-efficient construction.

New regions

Finally, the Group's acquisition strategy makes it possible to seize opportunities to conquer new territories.

The acquisition of Zhambyl Gypsum, a manufacturer of dry construction mixes and plasterboard, allows Saint-Gobain to set up an industrial presence in a new country, Kazakhstan, and to strengthen its position in a rapidly growing region. This acquisition is part of Saint-Gobain's growth strategy in Russia, Ukraine and the CIS, through its extension of its presence in Central Asia to serve local customers as well as neighboring countries such as Kyrgyzstan.

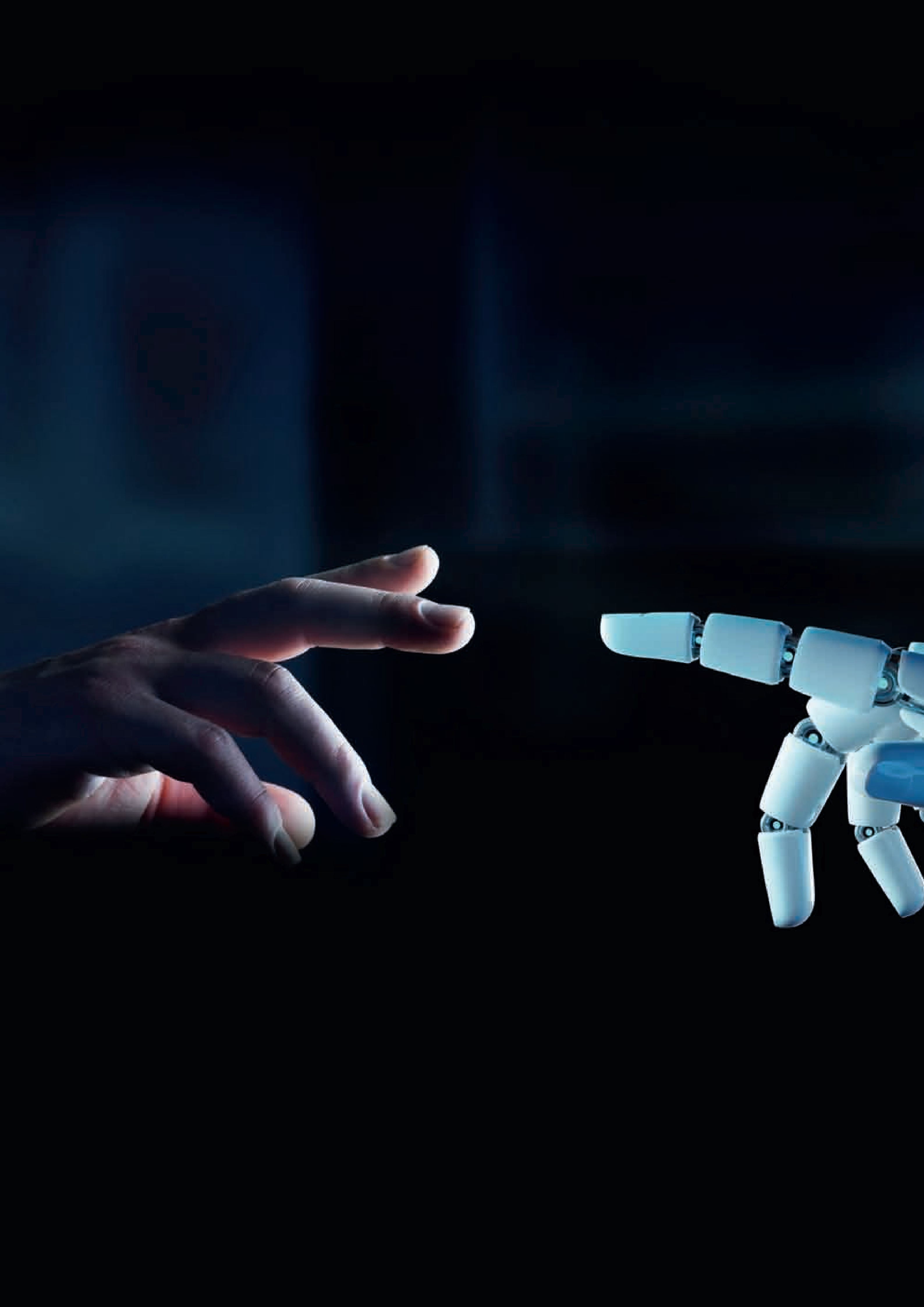
In Latin America, Saint-Gobain announced the strengthening of its partnership with El Volcan, which is already present in Chile, Colombia and Brazil, by extending it to two new countries: Peru (in mortars and plasterboard) and Argentina (in plaster and plasterboard). In each of these countries, the Group will thus be able to implement significant synergies, leading to increased competitiveness and a strengthened commercial offering in the region's construction markets, as has already been done successfully in Chile, Colombia and Brazil.

4.4.2.2 Continuing a disposal program to focus the Group's strengths

After reaching its ambitious disposal target in 2019, Saint-Gobain continued its portfolio rotation analysis to refocus the Group on its strategic activities, in the light of three key criteria: the outlook for the activity, contribution to value creation for Saint-Gobain and market conditions. In 2020, seven disposals were made, amounting to €1.3 billion.

- In March 2020, the Group sold part of its glass transformation business in Germany to DIK Deutsche Industriekapital GmbH through the sale of seven sites. Saint-Gobain Glassolutions will remain present in Germany through its large glass transformation sites intended for industrial customers, as well as through its sites with specific expertise, for example in the field of solar glass or curved glass.
- In addition, in November 2020, Saint-Gobain announced that it had entered into exclusive negotiations with Mutares, a company listed on the Frankfurt stock exchange, with a view to the disposal of Lapeyre, its subsidiary specializing in home improvement in France, based on a firm and irrevocable offer following a broad competitive process initiated in September 2019. This important step involves a period of consultations and approvals that should lead to a transaction that will be finalized in the first semester of 2021. The transaction is the conclusion of a rigorous and demanding selection process, and allows the Group to refocus its distribution activities in France on BtoB.
- Saint-Gobain also announced, on January 4, 2021, that it had entered into exclusive negotiations with BME (Building Materials Europe), to sell its distribution activities in the Netherlands. The transaction is subject to the approval of the European competition authority, as well as to the information and consultation of the employee representatives of the Dutch entities concerned. The transaction is expected to be finalized by the end of 2021.
- Lastly, in May 2020 Saint-Gobain sold approximately 15.2 million Sika shares held by its subsidiary Schenker-Winkler Holding AG, representing its entire stake of 10.75% of the share capital of Sika for a total amount of CHF 2.56 billion (€2.4 billion) (for more information, see page 246 of the Universal Registration Document for 2019). Achieving such a return on investment is a very positive development for the Group. As a result of this disposal, Saint-Gobain has generated net gains of €1.5 billion in cash since May 2018[1]. The gains from this sale helped to strengthen Saint-Gobain's balance sheet, financial flexibility and liquidity position.

(1) *Calculated as the difference between expected cash proceeds from disposals (current and in May 2018), dividends received (€61 million) and purchase consideration paid for stake in May 2018. This excludes taxes, transaction costs and funding costs. Press communiqué - https://saint-gobain.communication-financiere.com/pdf/02-saint-gobain-group-completes-sale-of-sika-shares-for-chf2-56-billion.pdf*



Au l mpj pb uOguk yl zwwuzpi sl nyv1 w

A 5r 63216vny l 3352l ou vl 92y9vl t 67l xr u2ypr 56

Cvuzpk l ypun Ool puO yl zOz vmv1 yzOgr l ovsk l yz
EOopj z guk j vt wsgguj l
Mgpu j vt wsgguj l guk l Oopj z wwspj pb z
Tl zwl j Omy o1 t gu ypnoOz pu Ool Gyv1 wz gj Op2pOpb z
Tl zwwuzpi sl wl yj ogzpun
PgyOpj pwgOpvu pu wl i spj kl i gOl
As yOz5zOl t

R 3r 5l 7V21l yr , or yyr 1 or

Jvpu05 j vuzOyl j Opun v1 y vmhyz
Pl ymyt guj l guk ypzr t gugnl t l uO
PyvOl j Opun Ool l u2pyvut l uO

E, or yyr 1 or vl u8O l 1 5r 6285or 6 O l 1 l t r O r 17

Dl wsv5pun gu l ungnl k HT wspj 5
PyvOl j Opun Ool ol gsOo guk zgrhO5 vml t wsv5l l z
FvzOl ypun l t wsv5l l j vt t pOt l uO

C21 75vn87V21 72 r 19V5210 r 17l y 62ovl y l 1 p 62ovr 7l yv668r 6

Cspt gOl j ogunl
Cpyj 1 sgyl j vuvt 5
Lvj gs puj sl zpvu

1. A responsible approach involving stakeholders

1.1 Considering the interests of our stakeholders

For many years, Saint-Gobain has incorporated the challenges of sustainable development into its strategy, practices and business model (see Chapter 1, Section 2.4). 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 June 2020, the Board of Directors decided to create a Corporate Social Responsibility Committee. The creation of such a committee is justified in view of the importance of Corporate Social Responsibility for Saint-Gobain (see Chapter 5, Section 1.2.3).

To create positive long-term impact, it is essential to integrate the interests of stakeholders into the process, identify their expectations and ensure a constant dialogue for strategic choices to minimize the negative impacts related to activities and the value chain, and increase the positive contribution to environmental, social and societal issues.

In 2020, Saint-Gobain 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.

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.

The entire manifesto is presented in Chapter 1, Section 2.2.

1.1.1 Structuring and prioritizing issues: materiality analysis

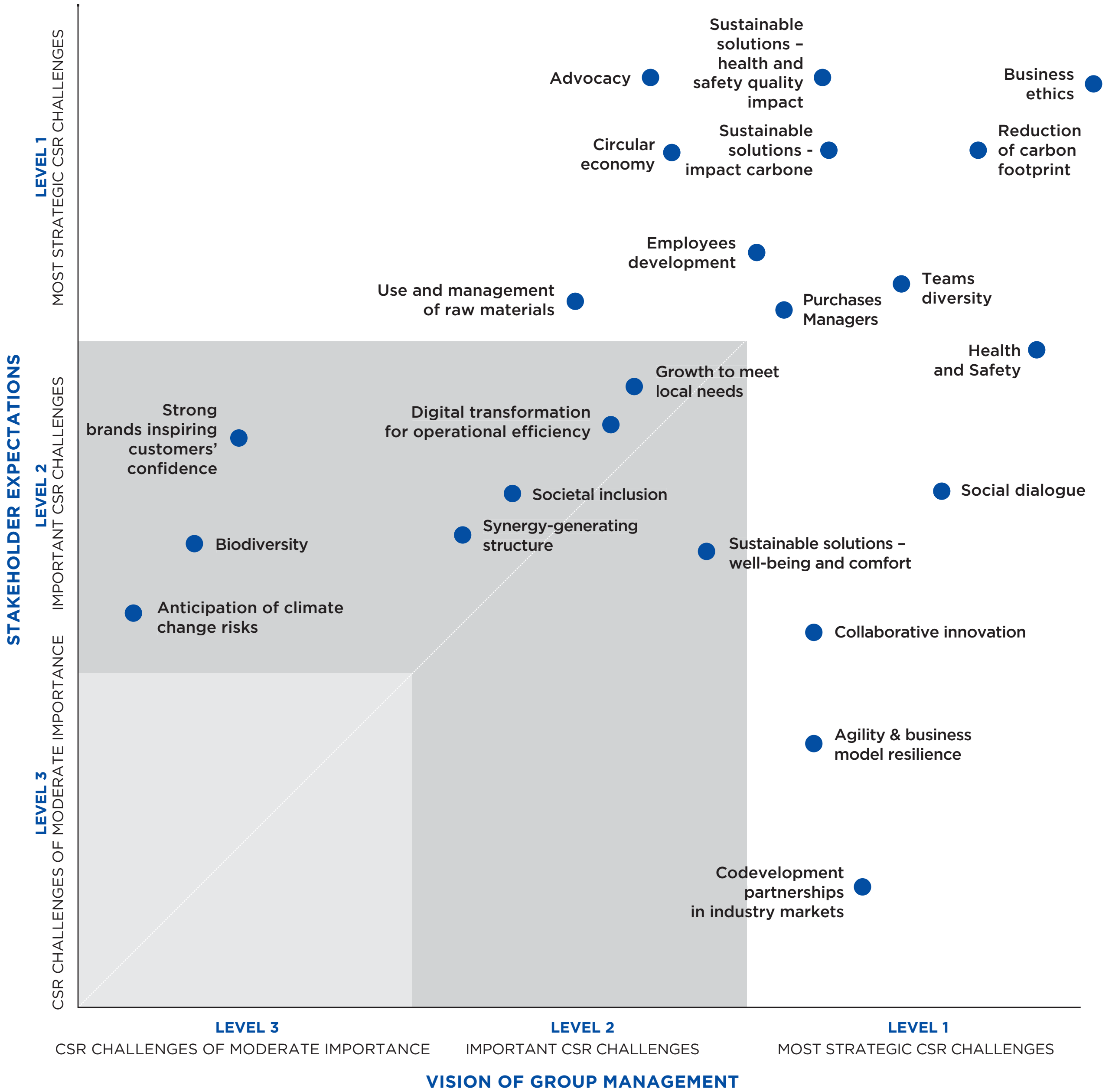
The materiality matrix published by the Group was reviewed in 2020 with the assistance of Mazars.

The same methodological principles were used:

- identify priority issues, based on the documentation available on the Company, 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.


STAKEHOLDER EXPECTATIONS
LEVEL 1
MOST STRATEGIC CSR CHALLENGES
LEVEL 2
IMPORTANT CSR CHALLENGES
LEVEL 3
CSR CHALLENGES OF MODERATE IMPORTANCE
Advocacy
Sustainable solutions – health and safety quality impact
Business ethics
Circular economy
Sustainable solutions - impact carbone
Reduction of carbon footprint
Employees development
Use and management of raw materials
Purchases Managers
Teams diversity
Health and Safety
Growth to meet local needs
Strong brands inspiring customers' confidence
Digital transformation for operational efficiency
Societal inclusion
Social dialogue
Biodiversity
Synergy-generating structure
Sustainable solutions – well-being and comfort
Anticipation of climate change risks
Collaborative innovation
Agility & business model resilience
Codevelopment partnerships in industry markets
LEVEL 3
CSR CHALLENGES OF MODERATE IMPORTANCE
LEVEL 2
IMPORTANT CSR CHALLENGES
LEVEL 1
MOST STRATEGIC CSR CHALLENGES
VISION OF GROUP MANAGEMENT

3

1.1.2 Assessment of the main non-financial risks and opportunities

In accordance with Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code, Saint-Gobain conducted a study of the risks and opportunities associated with CSR. The materiality analysis contributed to the identification of the main CSR risks and opportunities for the Group. Details on the methodology used are provided in the Non-Financial Performance Declaration (see Chapter 9, Section 3.3).

To conduct this analysis, the Group 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;
- supply chain;
- integration of recycled materials into products;
- energy and carbon performance of products and services;
- health and safety at work;
- product safety.

The detail of the risks and opportunities, the policies and action plans, as well as the measurement of the Group's performance are detailed in the Statement of Non-Financial Performance (DPEF).

1.2 Ethics and compliance

1.2.1 Applying our Principles of Conduct and Action

The Principles of Conduct and Action are the ethical code of conduct that forms the foundation of all of Saint-Gobain's policies and commitments (see Chapter 1, Section 2.3). They define the values and rules applicable to all Saint-Gobain entities and employees, across all employment contract types (open-ended contracts, fixed-term contracts and temporary staff) but also to their subcontractor and suppliers.

This applies in particular to compliance policies, the human rights policy, the Environmental, Health and Safety (EHS) charter, the purchasing and supplier 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. It is for this reason traduced in over 30 languages and can be viewed on the Group's website so that it is widely available 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 training is provided in all countries where the Group operates. It is performed by an employee of the Ethics and Compliance department or by a trained local officer. Modules are regularly included in management school sessions. These sessions are tailored according to the seniority of the managers. They aim to involve a discussion with managers about their day-to-day management practices, of problems encountered depending on the culture and of how decisions are guided by values.

In order to ensure wide deployment in countries, managers, usually 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.

Saint-Gobain has set itself the objective of training each and every new manager in the code of ethics and compliance policies within their first year. This objective is included in the CSR dashboard monitored by the Board of Directors (see Chapter 4, Section 2.1).

Due to the health crisis, the training formats had to be adapted to digital format in the hopes that the interactivity required to maintain discussion time for the experiences and difficulties encountered could be maintained.

1.2.2 Deploying our business ethics programs

At Saint-Gobain, the purpose of compliance is to ensure obedience by all and at all times to the laws, regulations and international agreements applicable to the Group, the violation of which may result in penalties (civil, administrative or criminal) and/or commercial, financial and reputational damage for the Company and its managers and employees.

Anchored in a risk-based approach, the ethics and compliance program has, since 2009, been based on the adoption and deployment of appropriate and effective tools (internal policies and procedures, training, alert, reporting, audit) and the promotion of appropriate behavior.

The Group's ethics and compliance program is thus designed and implemented as a natural extension of the Group's values and commitments.

The Ethics and Compliance Department is responsible for promoting the Principles of Conduct and Action and for designing and implementing 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.

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

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:

- consideration of ethics and compliance issues in strategic projects or decisions;
- implementation of the ethics and compliance program with the support of the Ethics and Compliance Department;
- internal and external communication of its overall support for ethics and compliance programs, including the whistle-blowing system and zero-tolerance policies for corruption.

The Group's Ethics and Compliance Department

Its mission is 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. 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.

The Ethics and Compliance Department 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.

1.3 Main compliance and ethics policies

1.3.1 Compliance with anti-corruption rules

Around the world, corruption is undermining economies, increasing inequalities and slowing the transition towards 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.

Beyond that, the Group has since then set up a program to prevent the risks of corruption and influence peddling, including strict compliance with the principle of zero tolerance.

This program is based on:

- risk mapping;
- policies and procedures;
- training sessions, in particular the e-learning course called "ACT", are taken by all managers when they are onboarded;
- communication actions;
- audits conducted internally or by external service providers.

In 2020, the Group publicly disclosed the new version of its anti-corruption policy.

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 risks are likely to materialize, such as gifts and invitations, conflicts of interest, recruitment, mergers and acquisitions, or the validation of intermediaries.

This policy is largely illustrated by concrete examples showing what is authorized or prohibited in the practice of professional life. It restates the fundamental principle: the fight against corruption assumes a principle of "zero tolerance".

While it has been given full commitment both by the Chairman and Chief Executive Officer and by the Group's executive committee, and has been signed by nearly 3,000 senior employees, it also assumes that each Saint-Gobain employee has a sense of responsibility in the fight against corruption. This is why the policy is based on concrete and educational examples and training programs are deployed.

The management of the anti-corruption policy is the responsibility of the Group's senior management, which delegates design and deployment to the Ethics and Compliance Department.

1.3.2 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 sessions and information campaigns: practical guides are made available, including the "Thread of Competition" available on the Group's website; all managers complete the "Comply" e-learning module for the first time during their induction, and must repeat it every two years; many in-person training sessions are provided by the General Secretary, Head of Ethics and Compliance, as well as the Ethics and compliance managers;
- audits conducted by third parties.

1.3.3 Compliance with economic sanctions and export controls

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

- a Group-wide policy;
- a dedicated network of Embargo Managers within the regions and in the businesses;
- a third-party verification tool;
- training sessions and information campaigns: an e-learning course is taken by managers exposed to these issues; tools are available online to monitor changes to laws and regulations;
- many in-person training sessions are provided by the General Secretary, Head of Compliance and members of the dedicated network;
- audits conducted by third parties.

1.3.4 Personal data protection

Saint-Gobain pays particular attention to personal data protection. In accordance with the General Data Protection Regulation (GDPR), 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, a data protection governance system has been set up to answer daily questions locally. This network of employees is led by the central team. It is made up of 45 Privacy Advisors (usually legal experts or auditors) and around 600 Data Officers with more operational profiles.

The Group continues to roll out a data protection management tool in its European entities. This platform makes it easier to manage GDPR compliance, by mapping data, evaluating the compliance of providers and tools. An impact study method has also been formalized, and the Privacy Advisors have received training in it.

1.3.5 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.

Therefore, the income tax paid by Saint-Gobain is in correlation with the places where it is based and thus the value created.

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.

1.4 Respect for human rights in the Group's activities

1.4.1 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, particularly the International Charter for Human Rights and the applicable conventions of the International Labour Organization.

The Group has been a signatory to 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, Saint-Gobain published its policy on respect for human rights. The policy has been presented to the Board of Directors. It describes how the Group 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.

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

The main issues facing Saint-Gobain related to respect for human rights are identified according to the United Nations reporting guidelines 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 selected by Saint-Gobain to identify the risks of actual or potential negative impacts is based on the recommendations of the United Nations, particularly those relating to the Guiding Principles on Business and Human Rights. It is also based 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 followed the protocols promoted by the Danish Institute for Human Rights and resulted in a mapping of the risks related to the Group's activities. The mapping of risks related to the supply chain and respect for human rights is described in the section on responsible purchasing (Chapter 3, Section 1.5).

The risk mapping covers the nature of the risks linked to activities and risks linked to the countries in which the Group operates. The risks linked to activities were identified jointly between the CSR teams and the local management teams.

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 risks associated with health and safety at work is described in Chapter 3, Section 3.2.1, and risks associated with respect for the environment in Chapter 3, Section 4.1.3.

The management of corruption risks is described in Chapter 3, Section 1.3.1. The Group's anti-corruption policy was revised in 2020 and published on its website.

1.4.3 Measures to control risks associated with employee rights

Respect for the rights of employees is essential to ensure a fair and equitable working environment and ensure personal and professional fulfillment (see Chapter 3, Section 1.4.3). Respect for employees' rights is one of the nine Principles of Conduct and Action. In publishing 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, Saint-Gobain has published an annual progress statement.

The Group'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, Saint-Gobain values and strives for diversity among its staff. 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. 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.

The training module created to combat stereotypes and biases related to diversity was updated in 2020 for deployment to all employees in 2021.

The system for collecting grievances reported by local HR networks 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 declared is examined and dealt with in the subsidiaries concerned. Group employees also have access to a whistleblowing system that guarantees their anonymity, which is described in Chapter 3, Section 1.7. Particular attention is paid to risks of harassment.

In addition to these measures, which affect all Saint-Gobain entities, a self-assessment questionnaire to identify risk management programs about respect for employee rights was sent to countries identified as being at risk. It confirmed that the procedures relating to salient matters for Saint-Gobain in the field of human rights were being applied.

It has been verified that in the countries identified as being at risk, the Group's employees have information on the code of ethics in their native language.

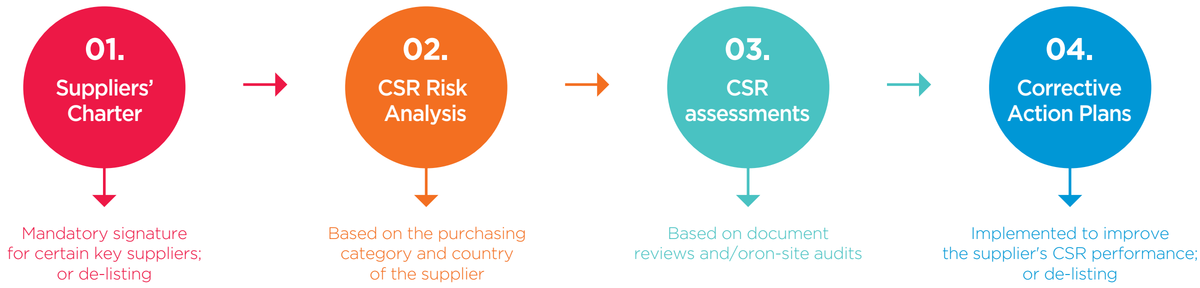
1.5 Responsible purchasing

The objective of the "Responsible Purchasing" program is to manage and reduce the environmental, social and societal risks associated with Saint-Gobain's supply chains.

In an environment where supply chains are becoming more complex, and where the collective awareness of the impacts on stakeholders related to purchasing 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.

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 includes four major steps set out in the Group's vigilance plan:



In 2020, the responsible purchasing process was linked to Saint-Gobain's "Net Zero Carbon" roadmap for the assessment and reduction of Scope 3 emissions.

In the context of the COVID-19 crisis, the Group's buyers have acted responsibly. The payment terms for VSE-SME suppliers have not been changed. The Purchasing policy is based on the establishment of medium- and long-term partnerships with suppliers. This remains the case during the health crisis.

1.5.1 Risk management

The purchases CSR risk mapping took place in 2016. Risks connected to the country of origin and risks connected to the purchase categories are integrated.

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 is based on 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 that work directly on the Group's sites;
- purchases made in countries exposed to risks regarding human rights in general and child labor, corruption and working conditions in particular.

1.5.2 Risk management and mitigation measures

In 2020, 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.

In addition to the measures taken, the purchasing teams made suppliers aware of the risks of COVID-19 for their employees and set up a dialogue on the measures to protect their employees and the prevention plans deployed.

1.5.2.1 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. Starting 2021, the minimum performance thresholds required of suppliers will be reassessed.

The Group has 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 consolidated net sales of more than €100,000 with the Group. The objective is to conduct around 40 to 50 CSR 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-Pilars" standard for on-site audits has been 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 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 the Group and entirely dedicated to responsible purchasing. Suppliers have access to it to acknowledge receipt of the Saint-Gobain 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 Saint-Gobain 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. This document incorporates the recommendations of the new ISO 20400 Sustainable Procurement standard.

1.5.2.2 Trade purchases

In 2020, 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 dedicated team within the Group’s responsible purchasing staff. 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 was gradually implemented during the year through 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[1]. These identified suppliers cover more than 76% of trade purchases.

At the same time, the marketing and purchasing teams of the “Building Distribution” Business Unit is continuing the qualification 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.

In 2021, the program and the new tools will be fully deployed. New targets for 2025 adapted to this new organizational structure may be published.

1.5.2.3 Management of risks 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. 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, Saint-Gobain is implementing an action plan to reduce the amount of sand it uses by replacing it with recycled materials as part of the program on the circular economy (see Chapter 3, Section 4.2). Since 2018, an indicator to monitor the reduction of withdrawals of virgin raw materials (sand and gypsum) has been implemented (see Chapter 4, Section 2.1).

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. Since the start of the 2000s, the timber purchasing policy has been issued, managed and updated by the distribution teams. Decisions to no longer sell certain species or to exclude regions of origin are taken on the basis of IUCN (the International Union for Conversation of Nature) reports, specifically its Red List of Threatened Species. For other species or regions at risk, special certifications are required, such as the FSC (Forest Stewardship Council) label.

Building on this history of responsible timber purchases, the timber policy was updated in 2020 to better take into account the risks associated with biodiversity and deforestation issues, and to adapt policy governance to the new organizational structure of the Group after the implementation of the Transform & Grow program.

Every year, the Group produces an inventory of its timber purchases. 94.8% of purchases are responsible timber. In addition to the review of the timber policy, an audit of our inventory by a third party specializing in deforestation issues was carried out at the end of the year. This audit confirmed the solidity of the programs to secure purchases and compliance with the Timber policy. It also identified potential areas for improvement.

After several years, Saint-Gobain did not complete in 2020 the CDP (Carbon Disclosure Project) questionnaire concerning forests. Saint-Gobain shares the objective of combating deforestation with the CDP through responsible forest management. The Group wants a transparent dialogue with the CDP so that the specific nature of construction timber is better valued 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.

Saint-Gobain continues to conduct a transparent and regular dialogue with non-governmental organizations (NGOs) and undergoes independent assessments to improve control of deforestation risks and promote responsible forest management.

(1) Countries: France, Norway, Denmark, Sweden and United Kingdom

1.6 Participation in public debate

1.6.1 Advocacy

Saint-Gobain participates in public debates on the strategic challenges for its business activity and environment. The Group and most of its subsidiaries belong to professional associations representing their industry at the national or supranational level.

In France, for example, Saint-Gobain is directly involved in professional associations representing companies, such as Afep and Medef.

The Group's subsidiaries also cooperate with various local associations and organizations involved in environmental, regulatory, labor, societal or economic issues in the various countries. 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.

Saint-Gobain refrains from financing any political party.

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 Entreprises pour l'Environnement (Businesses for the Environment, EpE) since the organization was founded. EpE is a grouping of around 40 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.

Saint-Gobain is active in the World Business Council for Sustainable Development (WBCSD). 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".

1.6.2 Multi-stakeholder partnerships

As a member of the 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 and CEO 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".

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, Saint-Gobain is a member company of the Transparency International France Forum. Thus, Saint-Gobain supports the association's activities and has committed to rejecting and combatting 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.

1.6.3 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 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. The decarbonization of buildings is essential to meet governments' greenhouse gas emission reduction targets.

European regulatory projects related to sustainable finance and in particular taxonomy 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.

Saint-Gobain supports the work of the Commission and the sustainable finance platform to ensure that changes in the texts better reflect the specificities of the business sectors affected compared to current projects.

1.7 Alert system

The alert system primarily enables Group employees to report any breaches of applicable regulations or internal rules and procedures, particularly those related to the Code of Ethics.

As early as 2011, and even before the law made it mandatory, Saint-Gobain had set up a whistleblowing system, which was revised in 2018. The Group's policy on this issue was updated and improved at the end of 2020 and the governance of the system was overhauled. A new alert system managed by an external company is now available on the Group's website. Its use has been opened to all stakeholders.

The highly secure platform makes it possible to report breaches, including anonymously.

Alerts issued answering eligibility requirements (including good faith) are investigated by an Alert Examiner, an employee who have been specially trained for this mission, bound by enhanced confidentiality obligation, and operating under the Compliance and Ethics Department. Saint-Gobain is committed to protecting good faith issuers:

- no disciplinary actions;
- no legal actions;
- no retaliation.

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

Annual data on the collection of incidents and alerts are published in the Group's non-financial results (see Chapter 4, Section 2.4).

2. Operational excellence

2.1 Jointly constructing our offers

2.1.1 An innovation process focused on safety and performance

Saint-Gobain has a procedure in place for monitoring product innovation, which was initiated by R&D and marketing. The tool constitutes 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 (Environment, Industrial Hygiene and Safety) checklist introduced in 2008 has been incorporated into the "Saint-Gobain stage gate process". It allows for the qualitative assessment of substances integrated into product formulations and the identification and reduction of EHS impacts associated with product life cycles. 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 which sets out customer needs. Compliance of a new product is checked throughout the process development stage, specifically during the stage gate validations.

Local marketing teams ensure that products comply with the legislation and standards applicable in the countries of commercialization. The process for launching new products, services and systems is specifically checked in the Internal Control Reference Framework (see Chapter 6, Section 2.5).

Finally, the World Class Manufacturing (WCM) industrial excellence program (see Chapter 3, Section 2.2.1) ensures the deployment of best practices in terms of quality and product compliance at industrial sites, based on the ISO 9001 standard approach.

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 in an IMDS (International Material Data System) database for the automotive industry of the composition of the components and materials supplied;
- specific labels such as the Environmental and Health Data Sheet in France for construction products;
- programs to monitor compliance with laws, standards and voluntary codes relating to marketing communication, including advertising, promotion and sponsorship.

Besides the legal obligations on information for the customer chain (CE marking, DOP, REACH, etc.), Saint-Gobain provides additional instructions, such as how to improve fitting comfort and installation safety through a range of channels such as the packaging on our products.

At European level, Saint-Gobain contributes to the work of the European Committee for Standardization (CEN) to design normative and regulatory systems. In the same way, its active involvement in European inter-professional associations such as EURIMA, Eurogypsum and EMO gives it a full overview of normative developments in Europe, particularly thanks to its discussions with the European Commission or its institutions such as the ECHA (European Chemicals Agency) which is responsible for the REACH (Registration, Evaluation,Authorisation and Restriction of Chemicals) regulations.

2.1.2 Eco-innovation and the improvement of the sustainable performance of solutions

To develop increasingly sustainable solutions to provide a better response to new market expectations, the Group introduced an eco-innovation initiative in 2013, with eco-innovation training.

Today, eco-innovation is systematically integrated into the integration processes for new research executives and R&D project managers. It also includes special training, which is intended mainly for marketing and R&D teams and integrated into Saint-Gobain University (see Chapter 3, Section 3.3.5). It is offered as part of the Unicampus initiative.

Since 2019, the process for developing new products and systems requires that any new project must take into account the challenges of sustainable development, and its specifications must be systematically analyzed by incorporating sustainable performance criteria.

Based on an innovative and rigorous methodology, Saint-Gobain has developed the SCORE tool that assesses construction products according to sustainable performance criteria.

Saint-Gobain's strategy is to move from a product-based offering to a solution-based offering, delivering benefits in terms of sustainability and performance to our customers with service provided by our structures locally (for construction markets) or globally (for high-performance solutions).

However, the performance assessment tools available such as life cycle analysis or EPDs or the SCORE tool are product-oriented and measure a limited number of benefits.

This is why a working group called “Solutions for Growth” has started its work in 2020 to formalize and deploy a methodology for quantifying the benefits provided by the Group’s solutions according to three priorities: response to environmental challenges, health and well-being, and performance.

The principle it adopted is to identify "reference cases" for the use of Saint-Gobain solutions characterized on the basis of market segment and local situation (climate, construction techniques, types of housing, maturity of environmental standards, etc.). 22 “reference cases” in 14 countries have already been defined. Construction and HPS Business Unit markets (mobility, health, ceramics, etc.) are taken into account. Local teams are mobilized to identify and measure the benefits of Saint-Gobain solutions.

The objective is to be able to assess the overall contribution of the Group’s portfolio of solutions and measure specific benefits generated, such as the contribution to the fight against climate change or the preservation of natural resources.

2.1.3 Product transparency (EPD and health)

The Group’s industrial activities linked to the construction markets pursued the life cycle analyses for their products and published environmental product declarations (EPDs) verified by third parties, throughout the world. Over 100 new EPDs were published this year. With over 1,255 verified EPDs published in over 33 countries, the Group is the world’s leading supplier of verified EPDs in the construction sector.

A new trend that originated in the United States is developing on the market relating to version 4 of the LEED label and the growing influence of the circular economy: transparency about substances contained in construction products. On this issue, the Group is keen to provide appropriate, rigorous responses that are consistent with existing regulations.

Depending on the geographical area, Saint-Gobain meets customers' expectations through various means such as inventories of substances in products and declarations according to the HPD standard and "Declare" labels. At the same time, the Group is proactively working to develop a European standard to provide a framework that is harmonized and consistent with the regulatory framework (REACH and CLP) for the declaration of substances contained in products and the identification of associated hazards.

Independently of the transparency initiatives, Saint-Gobain is committed to a global approach to reducing chemicals of concern in product composition and has included this parameter in its SCORE approach for assessing the sustainable performance of products.

2.1.4 Customer satisfaction

Several practices have been adopted by all the Group’s activities to measure customer satisfaction:

- after each interaction, actual and potential, direct and indirect customers are asked to complete a short questionnaire, to detect 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 of our customers our first decision-makers.
- secondly, a more stringent, responsive measurement of compliance and timeliness (see Chapter 3, Section 2.2.1), since these two parameters recur in all questionnaires as the most frequent causes of dissatisfaction: customers demand above all else that suppliers keep their promises.

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

2.2 Performance and risk management

2.2.1 The WCM

The World Class Manufacturing (WCM) of Saint-Gobain is a program specifically adapted to the Group's culture, combining a standardization of methods, tools and best practices, with a modularity that is indispensable to accommodate a wide variety of industrial processes and sites of different sizes. It is based on pillars which cover performance improvement methods such as Lean, Six Sigma and TPM (Total Productive Maintenance) or 5S. This ongoing improvement program defines the logic, rigor and actions necessary to implement lasting improvements to performance and customer satisfaction.

The WCM program ensures rigorous implementation of Saint-Gobain's internal and external standards, including certification procedures such as ISO 9001 for quality, ISO 14001 and 50001 for the environment, OHSAS 18001 and ILO OSH 2001 and ISO 45001 for health and safety or internal standards such as the OPEN program or Saint-Gobain Attitudes for Human Development and the risk prevention standard.

2.2.1.1 Governance of the program and its implementation

Its management, the monitoring of its implementation and the improvement of site performance are managed in a transversal and independent manner, in coordination with the industrial departments. In 2019, the program's governance was formalized to ensure intelligent, pragmatic implementation, improving operational efficiency and enhancing customer service.

The introduction of the program by a site depends on its size, its strengths and weaknesses identified by an internal benchmark for each business, and its objectives in terms of economic or environmental performance, or of quality and customer service. Each site defines its own roadmap, 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 is responsible for defining, leading and monitoring the results of the sites within its scope.

A network of WCM expertise has been implemented, enabling a better circulation of the program, resource optimization according to country, region or business, formalization and sharing of expertise by pillar.

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.

2.2.1.2 The Saint-Gobain WCM model and its tools

The Saint-Gobain WCM program is based on eight pillars, each of which representing a center of excellence.

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;
- improving standards to make progress easier to deploy and more robust over time.

Achieving industrial excellence is a demanding undertaking which requires gradual implementation with methodology and constancy. The benefits in terms of competitiveness, improvement of customer service 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, but also tailored to the diverse range of the Group's industrial sites: sizes, businesses or local context.

In addition to dashboards that measure performance improvement, WCM audits check the robustness of the actions implemented and the durability of the results obtained.

2.2.1.3 Risk management and performance improvement results

The WCM program therefore delivers a substantial reduction in production costs at the same time as a significant reduction in health/safety, environmental and industrial risks. The "Quality", "Industrial Performance" and "Environment" pillars contribute significantly towards reducing the Group's environmental footprint by reducing waste generated in production and water consumption and by optimizing energy efficiency.

The WCM program and its extension to the supply chain therefore represent a change in culture and management system to provide a high level of customer service, competitiveness and efficiency in a better health and safety environment for the Group's employees and partners. It also promotes employee engagement and mobility. It is an essential prerequisite for the successful digital transformation of plants (see Chapter 2, Section 4.3).

Similarly, competency matrices are developed in the "people development" pillar. They make it possible to manage the Group's technical skills by adapting training programs (see Chapter 3, Section 3.3.5), employees' career paths and, if necessary, the search for external skills.

2.2.2 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 Chapter 3, Section 1.5), they do not participate at the same level in the Group's value chain:

- non-trade purchases: purchasing upstream of the production stage (raw materials, energy, chemical products, components, etc.), purchasing of equipment necessary for production (machines, civil engineering, etc.), all logistics expenses, as well as purchasing for support functions (IT, Marketing, HR, EHS, Communication, Finances, and Audit expenses, etc.);
- trade purchases: purchasing downstream of the production to ensure the offerings of the Group's distribution brands.

The Group's purchasing policy is based on the establishment of medium- and long-term partnerships with suppliers.

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.

In the context of the coronavirus crisis, the Group's buyers have acted responsibly. The payment terms for VSE-SME suppliers have not been changed.

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

2.2.3 Managing industrial and distribution risks

Saint-Gobain's ambition is for each plant to be exemplary in many respects, in particular the health and safety of people and the protection of the environment. It is for these reasons that the Group ensures the protection of its assets and investments against the risk of accidental events and endeavors to preserve the continuity of operations in the face of the potential consequences of such events, whatever their origin.

The aim of the industrial and distribution risk prevention policy is to reduce the likelihood of such events occurring, minimize the seriousness of such events if they do materialize and finally protect the continuity of business operations. This policy applies to all Group sites.

Defined and led by the Risk and Insurance Department, the policy is rolled out within the organization to the sites by 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.

A site's risk evaluation tool, called "Risk Grading" 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.

Saint-Gobain 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.

On-site subcontractors are involved in prevention and must commit to a prevention plan.

Concerning natural disasters, the Group uses a mapping tool that enables it to establish the exposure levels of sites depending on the region and business line. There is a special focus on sites with high exposure to natural disasters. This tool also makes it possible to anticipate any necessary measures when setting up a new location.

2.2.4 Managing risks related to the environment as well as Health and Safety in the Group's activities

The EHS Frame of Reference is applicable to all of Saint-Gobain's 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 the Group's EHS Department. All sites must comply with this standard. In 2019, it was updated and simplified, to include the assessment of risks as a result of exposure to chemical agents and noise. In 2020, an appendix concerning work permits was added to provide better control for high-risk operations, in particular those carried out by subcontractors. Two guides on the risks specific to "Working alone" and "Restarting a site after a shutdown or reduction in activity" were also quickly made available as part of the measures associated with the prevention of risks related to the COVID-19 pandemic.

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 Reference Framework (see Chapter 6, Section 2.5.3).

Audits on compliance of the EHS management system are 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 simplified version adapted to non-certified ISO sites was launched in 2020. All internal EHS ISA auditors have been trained in the ISA-MINI simplified version.

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, ensure 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, Section 2.4.

2.3 Protecting the environment

Saint-Gobain is committed to protecting the environment. This means meeting the expectations of its 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 objectives: 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 the Group: resources; energy, atmospheric emissions and climate; water; biodiversity and the use of soil; environmental accidents and nuisances.

2.3.1 Energy and air emissions

The Group'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)[1] 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.

The deployment of the World Class Manufacturing (WCM) program (see Chapter 3, Section 2.2.1) in all of the Group's industrial sites is another lever for progress.

All of these actions are part of the CO_2 roadmap established to monitor Saint-Gobain's commitment to achieve carbon neutrality by 2050 (see Chapter 3, Section 4.1.5).

2.3.1.1 Greenhouse gas emissions

The Group's direct CO_2 emissions (scope 1) are mostly connected with 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 fusion. 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). Actions taken for the transition to the circular economy (see Chapter 3, Section 4.2) 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 2020, 89 sites in the scope of reporting in question are ISO 50001-certified, which represents 31% of the Group'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 our manufacturing processes.

2.3.1.2 The carbon impact of energy

More than three-quarters of the Group's total energy consumption is directly linked to the use of fossil energies. 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.

Actions plans have been implemented between the purchasing teams (excluding distribution) in the countries, the industrial departments and the local environment managers to identify regular, reliable sources of renewable energy.

On its sites, Saint-Gobain is also developing projects using new energies (wind power, biomass, biogas, solar power, etc.). These developments may be made in association with external partners.

(1) The calculation of greenhouse gas (GHG) emissions assessments is based on 12 categories grouped into three scopes, including scope 1, which makes it possible to calculate the direct GHG emissions generated by the activity of an organization or a territory. Scope 2 involves emission factors and calculates the emissions associated with electricity and heat consumption - https://www.bilans-ges.ademe.fr/fr/accueil/contenu/index/page/categorie/siGras/0

2.3.1.3 Limiting air emissions excluding greenhouse gases

Saint-Gobain actively manages its non-greenhouse gas atmospheric emissions. The Environment managers coordinate this strategy.

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 Saint-Gobain factories, mainly the glass furnaces and the pipe-manufacturing sites, emit substances that participate in the acidification of the environment such as sulfur dioxide (SO_2) or the formation of nitrogen oxides (NOx).

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 NOx 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. Raw materials optimization can reduce VOC emissions, while secondary measurements via a decontamination unit may also be foreseen.

2.3.2 Water management

Water is at the heart of the effects of climate change and keeping it available for populations, agriculture and industry is a challenge for the planet.

The Saint-Gobain water policy (“Water Policy”) was adopted in 2011 and updated in 2020. It affirms the desire to reduce the impacts of Saint-Gobain’s activities on water resources, whether in terms of water uptake or discharge, as much as possible. Its 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 parties involved.

To support the deployment of its Water Policy on industrial sites, Saint-Gobain has defined a Water Standard that helps structure the action plans implemented by the sites. Its aim is to improve the way in which Saint-Gobain uses water and, whenever possible, reuse or recycle it. To that end, the Group makes every effort to:

- reduce withdrawals from the natural environment;
- 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.

Saint-Gobain uses the World Resources Institute’s (WRI) “Aqueduct” atlas of the world, which allows each site to classify its water risk from “low” to “extremely high”. 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).

On the basis of Aqueduct 2016 data, 60 sites representing around 10% of water withdrawals were located in high or very high risk areas. In 2020, Saint-Gobain updated the assessment of sites on the basis of Aqueduct 2020 data, and today, 200 Group sites representing around 16% of the Group’s water withdrawals and 13% of the Group’s discharges are located in high or very high risk areas. Among these sites, currently 34 sites (two in 2019) that consume more than 5,000 m^3 per year are in very high risk areas.

The Group also has a specific monitoring program for sites that contribute to over 80% of the Group’s total water discharges. In 2020, this program involved 44 sites.

The main projects implemented in 2020 on those sites concerned the improvement of water efficiency in processes, water treatment systems and the installation of closed circuits for cooling water.

The Group’s commitment to water preservation has led it to participate in the CDP Water Disclosure since 2012, which aims to encourage businesses to report in detail on the risks and opportunities concerning water management and to report results transparently. In 2020, the Group obtained a "B" rating.

2.3.3 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.

Developed in 2015, the sustainable resource management thematic policy aims to promote the responsible management of resources to facilitate 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, Saint-Gobain is committed to providing innovative solutions and seizing opportunities related to the challenges of respectful management of materials, processing and efficient waste processing.

The action plans specific to promoting the circular economy are outlined in Chapter 3, Section 4.2.

2.3.3.1 Incorporating as much reused, recycled and bio-sourced content into its products as possible

Some of the Group'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 through 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, 22 countries throughout the world use plaster waste from worksites to manufacture their plasterboard. Almost 250,000 tons of waste plasterboard from the sites were recovered and recycled in this way across the globe in 2020, representing the equivalent of the annual output of 2 medium-sized factories.
- Logistics have been optimized for glass products to promote the recovery of cullet (glass debris) across the entire value chain where the Group 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 2020, external cullet accounted for over 55% of all materials loaded into the furnaces (and more than 89% in Japan).
  - Similarly, the production of cast iron pipes and other piping elements 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.

2.3.3.2 Generating a minimum of production waste and recovering 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. The operational excellence demonstrated in the WCM program (see Chapter 3, Section 2.2.1), in particular quality and productivity, is the first action to reduce waste and optimize the use of resources.

The sites then seek to reuse production waste in their own industrial process. The ceramics production plant in Zhengzhou (China) has implemented a plan to analyze the nature and composition of its production waste, and has identified solutions to reuse it on the site. This approach also makes it easier to research external recovery networks if no on-site solution has been found.

Likewise, a glass plant in China has initiated a new process to recycle fine dust from processing through the electrofiltration of this 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.

Finally, a new technology has been tested on a rock wool production site in Romania which has resulted in all of its production waste being recycled in its industrial process.

2.3.3.3 Externally recovering the waste from its processes

Even for industrial processes favorable to the incorporation of recycled materials, optimizations are possible. The 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.

2.3.4 Biodiversity and land use

Saint-Gobain is particularly committed to protecting biodiversity at its high-impact sites or in areas with remarkable biodiversity. Based on its experience in quarries, the Group today has a significant internal expertise on the subject. In June 2018, the Group adopted a biodiversity policy with the intention of preserving, restoring, strengthening and enhancing biodiversity, and to that end encouraging the involvement of all parties concerned.

A mapping study of all the sites was conducted in 2016 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 Conservation of Nature (UICN) or more locally defined as Natura 2000 or RAMSAR areas. In 2019, the study continued, with the addition of criteria such as the environmental impact of the sites, stakeholder expectations and the biodiversity initiatives already underway. This made it possible to finalize a list of around sixty priority sites in 2020 for the implementation of a biodiversity management plan and the sharing of best practices.

Out of the 143 underground or surface quarries operated by Saint-Gobain around the world, the vast majority are for the production of gypsum (103 or 72%). A charter for the environment and biodiversity in the Group's quarries and mines was published in 2019, capitalizing on the experience acquired over many years for 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 2020, 64% of the Group's active quarries already had a biodiversity management plan in place.

Following up the introduction of the Biodiversity policy in 2018, an internal committee was created, bringing together the relevant industrial activities and functions, such as purchasing and R&D. In 2020, the biodiversity network was expanded to include biodiversity representatives from the sites defined as priority sites. To support the rollout of the policy, a training module has been created, which explains the biodiversity priorities and outlines best practices for drawing up biodiversity management plans.

Among the local initiatives identified, in 2018, Saint-Gobain made a commitment to "Act4nature", a French initiative for voluntary commitments by companies for biodiversity.

3. Excellence in human resources management

3.1 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.

In a more local, sustainable and digital world, Saint-Gobain's human resources policy must allow for rapid adaptation of structures and, in particular, in-depth management of changes in skills requirements, and support for employees in the face of large transformations, as well as talent attraction and retention.

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 beings 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 the Group's objectives.

In addition to the HR operational performance indicators (see Chapter 4, Section 2.4), the success of this policy and the quality of social dialogue are measured each year in a survey of 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 affirms the Group's choice of a balance between local and global dimensions.

The monthly Human Resources Committee is chaired by the Senior Vice-President in charge of Human Resources and Digital Transformation. It brings together the Directors of the HR support functions, in particular the Vice-President of Social Affairs and the Vice-President of Group Talent and Executive Career Management, the main Vice-Presidents of Human Resources of the Regions and the Vice-President of Human Resources of the HPS entity. As a result, the local and global action plans are regularly monitored and the main HR indicators are analyzed.

Each year, Saint-Gobain submits its human resources practices to the Top Employers Institute, an independent body that assesses HR 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 16 companies to have gained global recognition. Saint-Gobain is also recognized as a "Top Employer" locally in 36 countries, corresponding to 91,6% of employees.

3.1.1 Managerial practices: a global ambition

Over the last few years, the Group has experienced profound change, including the shift from a product-oriented rationale to a market-oriented rationale, 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 anticipate the needs of external and internal customers and meet them 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 to introduce new collaborative working methods and inspiring examples to work on with their teams (see Chapter 3, Section 3.3.5).

3

The employee satisfaction survey (see Chapter 3, Section 3.3.8) made it possible to measure progress in employee perception of this new way of leadership. 80% of the Group's employees feel that they are involved in defining their objectives, 78% have confidence in management and 85% agree that their manager promotes teamwork and collaboration. The survey was conducted in the fall of 2020. These results were obtained while the health crisis forced the rapid transition to remote working in many countries and communication with teams via digital tools.

3.1.2 Local operational responsibility

Each country implements the Group'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: employee dialogue, diversity, compensation and benefits, talent management, recruitment and integration, and mobility.

3.2 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 safety and the safety of all of their colleagues.

The Group's commitments are published in the EHS Charter, which is available on the Group's website and sets out the four principles:

- 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;
- ongoing dialogue with stakeholders.

This charter is accompanied by a letter of commitment from the Chief Executive Officer reminding everyone of the goals of zero occupational accidents and zero occupational illnesses and the principles.

The management of health and safety risks is decribed in Chapter 3, Section 2.2.4: Managing risks related to the environment as well as Health and Safety in the Group's activities.

3.2.1 Employee health

With regards to health, in 2013, Saint-Gobain adopted a Health policy that is in continuity with the actions already undertaken by the Group. It establishes the guidelines of its action for protecting the health of its employees, its customers and users of its products, as well as for residents adjacent to its sites. All the Group's sites throughout the world have to implement it, in accordance with their local regulations and in addition to the health and industrial hygiene standards and tools already in place.

Saint-Gobain's ambition is to reduce, as much as possible the risk level for the health of its employees, temporary workers and subcontractors working on its sites throughout the world. It is fundamental to know and draw up an exposure profile for occupational risks. It is a question of ensuring the protection of employees and deploying individual health surveillance adapted to the risk profile.

To ensure the same level of protection and medical care for all Saint-Gobain employees worldwide, the Group has established mandatory standards and recommendations for health and industrial hygiene. Each site adapts them according to its local specificities and requirements. They are supplemented by specific standards for certain activities and operating kits.

The recommendations on the organization of first aid and equipping entities with external automatic defibrillators have been communicated and monitoring takes place at Group level to ensure that these recommendations are followed.

In addition to managing workplace health risks, be they of a chemical, physical, ergonomic or psychological nature, the Health policy also promotes the general health of all Group employees, through actions to prevent sickness linked to individual risk factors such as sedentary lifestyles or smoking and to promote health.

3.2.1.1 The Covid-19 health crisis

The management of the Covid-19 pandemic implemented throughout 2020 relied on human resources and physician networks as well as an EHS management system deployed in all countries and at all industrial and distribution sites. As soon as health risks were detected in China, global coordination of epidemic monitoring was set up, and these three networks worked in close collaboration to ensure scientific and regulatory monitoring, communicate prevention measures, and support and monitor deployment on all sites.

In February 2020, a central crisis unit consisting of members of the Executive Committee, plus the vice-presidents of the major support functions, in particular the VPs of Medicine and Occupational Health and of Sustainable Development in charge of EHS, was put in place.

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 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 related to confinement measures, the switch to telecommuting and other psychological risks.

Thus, Group procedures were deployed, including individual protection measures such as the wearing of masks, barrier gestures, temperature measurement and on-site tests and preventive measures such as cleaning procedures and frequent cleaning, ventilation systems, management of high-risk situations on site such as canteens or public transportation for commutes 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 Chapter 3, Section 3.3.3) and manager guides to support the implementation of telecommuting, maintaining employee social bonds and motivation.

Finally, general communications have been set up directly on the intranet site accessible to all employees to give updates on the pandemic, general scientific information, prevention measures, videos and e-learning to support managers in management of the crisis and regular updates on the Group's situation.

Health alerts specific to the implementation of internal measures such as travel restrictions starting January 2020 and communication flashes informing them of the general situation were issued on a regular basis at a frequency appropriate to the management of the crisis.

3.2.1.2 Managing chemical risks

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 classifications. 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 but also potentially generated during industrial production processes. In the second phase, it allows sites to make and document exposures. This data is consolidated at Group level.

The inventory of the products and substances used by Group entities is an ongoing process. In 2020, new indicators from the Saint-Gobain SAFHEAR tool were communicated to countries and businesses 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 2020, 44% of sites have updated their inventory in SAFHEAR according to the new rules.

A new organization has been set up at Group level to develop the competence of the EHS managers on site, through training, educational materials and technical assistance.

Finally, Saint-Gobain actively monitors the updates to the list of substances applying for authorization or subject to authorization or restriction. The Group anticipates the deadlines for substance authorization in Europe, in order to fulfill its obligations of substitution and communication to its customers.

In non-EU countries subject to other regulations on chemicals (PARCHEM in Switzerland, Toxic Substances Control Act in the USA, Canadian Environmental Protection Act and the Chemicals Management Plan in Canada, CHINA REACH in China, etc.), Saint-Gobain applies the regulations in force and monitors any changes.

To complete the system, a multi-disciplinary cross-functional working party (doctors, hygienists, product managers and environment managers) ensures technical, scientific and regulatory monitoring. It aims to identify and establish control over substances in the nanoparticulate state used within the Group, and in particular monitors the implementation of the practices recommended in the Code of Conduct on the handling of nanomaterials in the research and development centers.

This cross-functional control of chemical substances and products also forms part of the product innovation and stakeholder communication initiative, with a particular focus on consumers (see Chapter 3, Section 2.1.3).

3.2.1.3 Management of noise and ergonomic factors

The Group has followed a similar approach in terms of assessing and managing noise in the workplace and ergonomic factors:

- a noise assessment standard and a guide for implementing technical and individual protection methods;
- a grid for detecting ergonomic factors;
- the Group finally has a set of information and precautions as to the use of exoskeletons.

3.2.1.4 A steering indicator for health risks

In parallel with the indicators monitoring safety (total recordable accident rate, or TRAR) and the environment (EvE), the Group has defined an indicator to control the risk to the health of its employees connected with their activities, in keeping with its health standards and as a priority targeted on toxic agents and noise risks. It constitutes the rate of potential major exposure to a health hazard.

This health indicator, known as HICE (Health Indicator for Occupational Exposure) is applied across all sites. The part of the indicator applied to noise-related risks will be rolled out in 2021 on the basis of the assessments made during the 2020 reporting.

3.2.2 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. The operational management is responsible everywhere and guarantees all aspects of safety: objectives, action plans and performance measurement. To underline this commitment, part of managers' variable compensation is based on actions and results, in terms of security. The performance of safety inspections and the application of safety standards are also considered (see Chapter 5, "Corporate governance").

To build on this result and sustain the overall effort, the TRAR indicator is included in the criteria for the long-term compensation plan as of 2017 (see Chapter 5, Section 2.4).

3.2.2.1 Day-to-day safety management

This approach affects all the Group's businesses and endeavors to place safety at the heart of the corporate culture.

When a serious accident occurs, local management informs their superiors. 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 worldwide networks of EHS coordinators but also with management. Alerts are circulated and shared with the other sites, to make staff aware of certain risks and encourage them to ask themselves the following questions: "Could an event like this happen on our site?" or "If yes, what can we do 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. Those events had limited consequences, but it had the potential to cause much more serious damage (such as a fatal accident) if the circumstances had been slightly different.

Safety inspections are organized on all sites according to the SMAT (Safety MAnagement Tool) standard. 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 2020, 383 031 SMAT visits took place within the Group, a ratio of 1,96 visits per employee, temporary worker and permanent subcontractor.

3.2.2.2 Results that continue to improve

The Group has seen a steady decline in the number of occupational accidents with and without lost time for its employees, temporary workers and subcontractors. This decrease is illustrated by the change in the TRAR indicator, which fell from 2.4 in 2018 to 2.2 in 2019 and to 1,8 in 2020.

The reduction in the number of accidents recorded in 2020 compared to 2019 is partly linked to the reduction in activity due to the COVID-19 pandemic. But the main factor is undoubtedly the inclusion of anti-COVID barrier measures, which have strengthened risk assessments and supplemented the implementation of technical security standards. The common safety culture has been strengthened by barrier measures as a result.

In 2020, 75% of the entities did not declare any 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 specifically, including all the individuals present on a site (employees, temporary workers, subcontractors, visitors, etc.). In 2020, a total of 250 sites were in the "Millionaires' Club" (compared to 254 at the end of 2019). It increases the standing of the units that have the best results and that demonstrate to all that the objective of zero work-related accidents is possible. Out of these sites, 81 are "Silver Millionaires" (ten years with no lost-time accidents) and 20 are "Gold Millionaires" (15 years with no lost-time accidents) compared to 84 and 19 on December 31, 2019.

3.2.2.3 Additional efforts required to manage subcontractors and temporary staff

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 which actions can be conducted over the long term and for which the results have been included in the Group's overall results since 2017;
- occasional subcontractors (worksite, maintenance, etc.) for which a prevention plan must be drawn up in advance and the introduction, control and supervision procedures improved. 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.

3.3 Fostering employee commitment

3.3.1 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 Saint-Gobain'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 the Group's HR policy (see Chapter 3, Section 3.1).

Saint-Gobain CEOs in each country meet with employee representatives periodically to discuss strategy and local issues.

Even though Saint-Gobain encourages social dialogue at a local level, Group coordination exists. As a result, the Chairman and Chief Executive Officer of Saint-Gobain meets with the central union coordinators several times a year and chairs at least twice a year the Group Committee. At European level, the Chairman and CEO chairs the Convention for European Social Dialogue which brings together 70 union representatives from 27 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 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 2020 (see Chapter 3, Section 3.3.8) shows that over 80% of employees believe that their working conditions are good and that the balance between personal and professional life is satisfying.

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, Saint-Gobain 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 the Group. 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.

3.3.2 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 2020, less than 1% 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 setting common rules and principles to ensure a fair compensation for Saint-Gobain's employees was shared within the HR framework.

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 2020, employee shareholding programs were available in 46 countries. More than 88% 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 introduced long-term compensation plans, including stock options, performance shares and performance units (see Chapter 5, "Corporate governance").

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 least at a rate of at least 80%;
- the arrival of a child in his family, including adoption procedures, by paying at least 14 weeks of maternity leave with full pay and 3 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, and the aim is for all countries worldwide to be covered by the end of 2022. Parenthood measures were rolled out in 2020, and all Saint-Gobain employees currently enjoy minimum guaranteed parental leave at their full salaries.

3.3.3 Well-being at work

Saint-Gobain places fundamental importance on both the physical (see Chapter 3, Section 3.2.2) and mental health of its employees. In 2019, 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 Chapter 3, Section 2.2.1). 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, Saint-Gobain wishes to create a motivating and engaging work environment, respectful of the work/life balance for all employees. As such, flexible working and telecommuting are encouraged.

This tool was particularly useful in the context of the COVID-19 crisis during the transition to telecommuting by a large number of employees. The well-being of employees and maintaining personal relationships in this particularly stressful environment were priorities.

3.3.4 Diversity

With the diversification of its teams, the Group is able to adapt to the world around it and to understand its challenges, to benefit from different skills and experiences while developing its ability to innovate. To meet its diversity and inclusion targets, 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. 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. 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.

Saint-Gobain embodies a strong commitment to diversity and inclusion; they are key CSR priorities for the Group (see Chapter 3, Section 1.4.3). The requirements to be followed are defined at Group 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 part of the CSR dashboard (see Chapter 4, Section 2.1). It is also a performance component in the long-term compensation for Group managers (see Chapter 5, "Corporate governance"). The Group is committed to maintaining a diversity index of over 90%, as it did in 2020 with a diversity index of 90.7%.

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: in 2020, nearly 1,600 apprentices were employed by the Group in France.

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. To date, more than 1,400 employees have completed the training.

3.3.4.1 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.

3.3.4.2 Gender diversity

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.

Gender diversity targets were set in 2016: 25% of women managers 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 Group's management bodies:

- 30% women membership of Group Executive Committee in 2025;
- an average of 30% women membership on 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 by 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 Chapter 3, Section 3.1), 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 Chapter 3, Section 3.3.2) has been 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 gaps of the Group's employees are measured and published in Chapter 4, Section 2.4.

In 2020, the number of female managers changed from 24.2% to 25.3%. The Executive Committee consists of 25% women members (4 women out of 16 in 2020, compared to 4 out of 17 in 2019 and 3 out of 14 in 2018).

In 2020, Saint-Gobain was included on the Bloomberg Gender Equality Index for the third consecutive year.

3.3.5 Training

Throughout their working lives, the training provided by the Group must guarantee the employability and success of all employees. 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:

- support cultural transformation and leadership based on trust, accountability and collaboration 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;
- roll out compulsory trainings (compliance, ethics, cybersecurity, etc.) and programs dedicated to the Group's professional areas (finance, HR, purchasing, marketing...).

In 2020, in the context of a health crisis, the training teams succeeded in converting the vast majority of planned in-person training into digital format. Also, new trainings have been made rapidly available to managers to help them manage the Covid crisis, in particular to support the rapid implementation of working from home.

The annual employee satisfaction survey measures the perceived adequacy of the training offered with the need to improve skills, easy access to the training offer and the personal feeling of being properly trained.

The level of satisfaction measured in 2020 is high as more than two thirds of respondents have validated the relevance and effectiveness of the programs offered.

New leadership

The School of Management supports managers at key stages of their professional life within the Group, through five progressive programs.

These programs 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 the Group'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 the Group's operations, logistics and the business operations;
- 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 consisting mostly of 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. Over 50 e-camps were held in 2020 with more than 1,880 people in attendance.

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 Chapter 3, Section 2.2.1) 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 our 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.

For example, the Glass Technical Academy covers all glass manufacturing training, but 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 centers 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 points.

Offering solutions tailored to individual expectations

Programs are designed and implemented to promote adaptation to individual preferences. Combining classroom training, blended training or e-learning modules, 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.

3.3.6 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 the Employer Brand, "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.

The year 2020 saw the consolidation of the country/cluster organizations and there was a return to the mobility levels of managers of previous years (despite the constraints related to COVID).

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 our activities. They both constitute one of the foundations of the Group's employer promise.

3.3.7 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.

3.3.7.1 Listening to individual employees

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.

Finally, with the help of external partners, Saint-Gobain has developed a 360° assessment tool. This tool is available on request for any manager and is compulsory before taking part in any training in the Management School.

3.3.7.2 Mobility

Every Saint-Gobain employee, no matter what their position in the company, should benefit from career enrichment. Their professional path at Saint-Gobain should be a positive marker of their career so they feel they are an ambassador 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 lever to bring diversity, innovate, develop the individual and collective skills necessary for the organizational and technological requirements of the Group's activities;
- this also enables the sharing of market and customer knowledge, exchange of different experiences, development of an open mindset and enrichment of the careers of its employees;
- mobility should reconcile employees' professional development with business requirements. 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.

This communication is based on a Mobility Charter, common to all Group entities, allowing movement management rules to be disseminated and harmonizing employee review practices. Similarly, all employees are invited to consult the job offers that are made and to apply for them. The online platform OpenJob has been developed and used in the countries to meet this requirement. This platform is accessible on mobile devices for all employees.

In various Group entities, mobility committees bring together human resources managers to share job offers and exchange points of view of 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.

3.3.8 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 78% in 2020, over 120,000 employees took part.

The level of commitment measured is even higher despite the particular environment of 2020 and the health crisis.

The commitment index reached a score of 82%, an improvement of three points compared to the survey conducted in 2019. 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.

4. Contribution to environmental, social and societal issues

4.1 Climate change

In response to climate change and the risks linked to rising average temperatures, Saint-Gobain's goal is to encourage the emergence of low-carbon economies in the countries in which it operates. In concrete terms, the objective is to help its customers reduce their carbon emissions through the use of its products and solutions while reducing the carbon impact of their production.

In September 2019, Saint-Gobain responded to a call for action issued by a broad coalition of business leaders, civil society representatives and UN leaders to help limit the rise in global temperature to a maximum of 1.5°C above pre-industrial levels.

4.1.1 Governance

BOARD OF DIRECTORS

The role of the **Board of Directors** is to determine the Company's strategic direction and monitor its implementation and proper management. All Directors were trained in climate risks by experts (see Chapter 5, Section 1.2.3.1). Climate change is regularly monitored by the Board of Directors. Climate-related issues were discussed in four sessions in 2020.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The **Corporate Social Responsibility Committee** ensures that corporate social responsibility issues are taken into account in the definition of the Group's strategy and its implementation (see Chapter 5, Section 1.2.3.2) for the description of the duties and activities of the Corporate Social Responsibility Committee in 2020).

Finally, considering that climate change is a strategic challenge for the Group, reducing CO_2 emissions is a performance criterion in the long-term compensation plans (see Chapter 5, Section 2.4).

"ROADMAP 2030"

The **"Carbon Roadmap 2030"** working group is a response to the Group's commitment to achieve carbon neutrality, or "net zero 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 all residual emissions.

The success of our "net zero emissions" ambition is based on the Science Based Targets Initiative objectives and on several action levers.

At Group level:

- the Strategy Department supports the Group's ambition to be a leader in sustainability by integrating sustainable development as a key focus of Saint-Gobain's growth and differentiation strategy;
- the Finance Department monitors industrial investments and targeted research and development to achieve this objective;
- the Research and Development Department coordinates innovation efforts in both industrial and product design processes;
- the Technology and Industrial Efficiency Department oversees the coordination of industrial excellence programs, including the WCM program;
- the Purchasing Department ensures the mobilization of suppliers by incorporating their sustainable development performance and the signing of our "Responsible Purchasing" charter as selection criteria.

Business Units and countries contribute to the carbon neutrality objective:

- roadmaps are developed by countries or Business Units so that they define their short- and medium-term priorities and objectives in line with the Group's objectives and 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 environments;
- 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 is responsible for defining, leading and monitoring the results of the sites within its scope.

In November 2020, the Group unveiled its CO_2 roadmap to achieve carbon neutrality. It incorporates new targets for 2030 approved by the Science-Based Target initiative, which considers them to be aligned with Saint-Gobain's net zero carbon commitment by 2050:

- 33% absolute reduction in CO_2 emissions between 2017 and 2030 in Scopes 1 and 2;
- 16% absolute reduction in CO_2 emissions between 2017 and 2030 in Scope 3.

EXECUTIVE COMMITTEE

The **Saint-Gobain 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 Chairman and Chief Executive Officer. The issue of climate change is regularly monitored by the Executive Committee, which holds meetings on these subjects.

The **Senior Vice-President, Human Resources and Digital Transformation** is in charge of sustainable development.

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

GENERAL SECRETARIAT

The **General Secretary** is in charge of Corporate Social Responsibility.

The **Corporate Social Responsibility Department** coordinates with the Sustainable Development Department the monitoring of climate objectives as part of the CSR Roadmap.

SUSTAINABLE SOLUTIONS FOR GROWTH

The **"Sustainable Solutions for Growth"** working group strives to improve the solutions offered by Saint-Gobain by taking into account the expectations of various stakeholders as well as potential changes in regulatory requirements. The working group supports the Group's strategy of moving from a product-based offering to one based on sustainable, high-performance solutions tailored to our markets.

At Group level:

- the Strategy Department supervises;
- the Marketing and Development Department facilitates and accelerates the Group's innovation process, based on meeting consumer expectations;
- the CSR Department ensures that the solutions proposed by the Group fit into the objectives and action plans operationally.

At the level of Business Units and Countries:

- 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 make it possible to identify cross-cutting issues for which Saint-Gobain can provide innovative and competitive solutions by 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 is not 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, thereby integrating climate risk management into the Group's medium and long-term strategy and contributing to the Group's resilience;
- the Audit and Internal Control Department develops and updates the climate risk management methodology and updates the Group's risk mapping;
- the Risk and Insurance Department defines the Group's policy on prevention and insurance of risks, in particular climate ones.

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.

4.1.2 Strategy

The Group's strategy includes a transition to a low-carbon economy through risk management and the expansion of its markets, including through the identification of new opportunities. The implementation and results of this strategy are included in scenarios to limit global warming to under 1.5°C.

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

- design, production and distribution of sustainable products and solutions. In this way, in November 2020, Saint-Gobain has set up a "Solutions for Growth" working group (see Chapter 3, Section 4.1.1), which aims to better assess the benefits of the solutions and understand the benefits of the means to accelerate the Group's innovation processes. Indeed, the transition to a low-carbon economy requires a change in lifestyles, which is linked to changes in the energy supply and to the scarcity of available natural resources. To address demographic growth and increased urbanization, cities will integrate new principles of construction, mobility and personal services that are more sustainable, affordable and close to the needs of end-users;
- the definition and implementation in 2020 of a roadmap towards carbon neutrality by 2050 by incorporating intermediate objectives for 2030 approved by the Science-Based Target Initiative (SBTi) concerning not only its direct and indirect impact (scope 1 and 2), but also its value chain;
- identifying and creating opportunities in partnership with global and local players. 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, which is based on a unique combination of local and global, makes it possible to benefit from new opportunities that meet local needs while being part of global dynamics, especially in terms of energy renovation;
- risk identification, assessment and management. in response to climate risks, by acting locally (countries, regions, etc.), resilient local ecosystems that are more favorable to the development of a low-carbon economy can be used. The ability to forge local partnerships is an asset in risk management.

4.1.2.1 Opportunities and risks related to the Group's value chains, in construction especially

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, Saint-Gobain has identified ten risks and five strategic opportunities related to climate change. Each risk and opportunity affects each segment of the Group'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 been aligned with TCFD recommendations.

TYPE OF RISK	RISK	IMPACT ON VALUE CHAIN			
		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 constructions to limit losses and delays
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

4.1.2.2 Climate scenario analysis towards 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 anticipate the impacts of climate change on their markets.

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, kitchens, high-tech). 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.	

4.1.3 Risk and opportunity management

The challenges related to climate change represent both risks and opportunities for Saint-Gobain. The Group's Sustainable Development Department oversees the management of these risks and opportunities in collaboration with the other departments (see Chapter 5, Section 4.1.1.1). The system for identifying, assessing and managing global and local risks is detailed in Saint-Gobain's response to the CDP climate questionnaire.

None of the risks related to climate change is of major financial significance for the Group in 2020.

4.1.3.1 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 continually 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 Chapter 3, Section 2.3.1 and Chapter 6, Section 1.1.6). The management of these risks is then reflected in the development and implementation of specific policies supporting the Group's environmental commitments, such as water management and biodiversity (see Chapter 3, Section 2.3.3 and Section 2.3.5). In addition, Saint-Gobain ensures that physical risks are taken into account throughout its value chain. As part of its responsible purchasing program, the Group relies on a diversity of suppliers and supply sources to reduce the risk of transportation difficulties and supply chain disruptions (see Chapter 3, Section 1.5). 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 goal 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 have been introduced to support the viability of the Group’s projects and strategy (see Chapter 3, Section 4.1.4.2).

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 Chapter 6, Section 1.1.6). In addition, the marketing teams ensure that the Group’s products comply with local environmental regulations. (see Chapter 3, Section 2.1.1). Similarly, the risks of litigation related to climate change are assessed as part of our existing risk management process. In addition, Saint-Gobain monitors changes in climate reporting requirements to meet the expectations of its stakeholders (see Chapter 3, Section 4.1.5).

Finally, aware of the impact of a bad reputation on environmental matters, Saint-Gobain fully integrates reputational risk into its overall risk management policy. The Group is demonstrating its commitment to the climate through concrete targets for reducing its carbon 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.

4.1.3.2 Opportunities

Improve resource management and energy efficiency

Saint-Gobain anticipates the risk of a scarcity of raw materials by actively acting in the transition towards a greater circular economy (see Chapter 3, Section 4.2) and reducing water consumption (see Chapter 3, Section 2.2.3). 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 4.3.2.1).

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 4.1.2).

In addition to its efforts to achieve carbon neutrality in its operations, Saint-Gobain participates through its commitment to the promotion of renewable energies and develops solutions to improve the energy efficiency of its customers to enable them to meet the climate and environmental challenges they face (see Chapter 2, Section 1.1.1.3).

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 1.1.1.4).

4.1.4 Solutions

4.1.4.1 Designing innovative solutions with 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.

4.1.4.2 Measuring the carbon benefits of products and solutions

The innovative solutions developed by the Group to improve the energy efficiency of buildings lessen the negative impacts of the construction sector on the climate and cut consumers’ energy bills, while enhancing well-being. They therefore play an important role in the fight against climate change, as they permit 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.

In partnership with EY, Saint-Gobain developed in 2015 a methodology that allows for the estimation of greenhouse gas emissions prevented thanks to the utilization of its insulation solutions in Europe. The calculations realized with 2014 sales numbers were updated in 2017 with 2016 sales; the scope of Europe was enlarged to the world.

In 2020, the study was completely revised to update the methodology in line with the changes in carbon avoidance guidelines and standards. As a result, the new methodology takes into account the situations of each region or country, in particular the climate, the existing building stock and the construction techniques available locally.

The updated carbon avoidance calculation will be available and made public on its website during the first half of 2021 and is part of the overall approach to formalize and quantify the benefits provided by the Group's portfolio of products and services (see Chapter 3, Section 2.1.2).

4.1.4.3 Co-developing solutions for new markets arising from 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. For example, the Group is investing in the fields of prefabrication and 3D printing.

The development of prefabricated or off-site construction solutions encourages the use of lighter construction methods using wood or metal structures as an alternative to traditional cement and brick constructions (see Chapter 2, Section 3.2.1.3).

The transition to a low-carbon economy is also impacting markets related to mobility and energy. Thus, the Mobility BU 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.

4.1.5 The "Net zero carbon emissions" program for 2050

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, in accordance with the Group's commitment to achieve carbon neutrality by 2050, Saint-Gobain published a roadmap with an action plan and intermediate objectives for the end of 2030.

4.1.5.1 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 the Group'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. Saint-Gobain set two internal carbon price levels 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 communication of the roadmap for 2030 in November 2020, an update of the price levels was carried out for implementation starting in 2021. The price level applicable to investments will rise from €30 to €50 per ton of CO_2 and the level applicable to R&D projects from €100 to €150 per ton of CO_2.

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 new rules reducing the free allocation of carbon allowances from 2021 are not fully known. 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 7 million tons of allocations.

Ensuring the control of its direct emissions and prudent management of previous allocations are two principles that Saint-Gobain has applied since the introduction of European regulations, and will continue to do so in this new phase.

4.1.5.2 Innovate to optimize the industrial processes and to favor 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 Chapter 3, Section 2.2.1) and the specific action plans for continuous "energy" and "CO_2" improvement (see Chapter 3, Section 2.3.1) structure 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, Saint-Gobain encourages 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, carbon capture and recovery.

Finally, the development of industry 4.0 (see Chapter 2, Section 4.3.2.1), in particular the use of data as close as possible to reality, makes it possible to manage energy consumption.

Thus, on 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 low-carbon electricity in national grids. Energy buyers have therefore been involved in identifying reliable and competitive sources of green electricity in the countries in which we operate.

This transition to the use of decarbonized energies takes the form of direct investments such as the installation of solar panels in India that generate around 4 GWh of renewable electricity or the use of market mechanisms such as green certificates or Power Purchase Agreements (PPAs). For example, in 2020, Saint-Gobain North America signed an agreement with Blooming Grove Wind Farm that covered 120 of the facility's 250 megawatts. This agreement has a significant impact on the carbon emissions of the Group's activities in the United States, since it represents a reduction in emissions of more than 20%.

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.

To support this effort towards carbon-neutral industrial processes, a budget of €100 million per year has been allocated to CAPEX and R&D investments for the next ten years.

4.1.5.3 Scope 3 control

In parallel, Saint-Gobain has continued to evaluate the CO_2 emissions of the entire value chain of its activities and has identified the main categories forming scope 3 of the Group's industrial activities and distribution:

- purchases of raw materials;
- transport and logistics;
- purchases related to trade activities.

In collaboration with the Purchasing teams, suppliers were informed of the Group's carbon objectives. The principles used to assess the impact of the supply chain and the associated emission factors have been coordinated globally and are now available to all buyers worldwide.

The program involves suppliers in negotiations conducted by the trade and non-trade Purchasing teams. The objective is to identify common approaches and innovations that the Group could support to accelerate their availability.

A specific program on transport and logistics is being rolled out on a country-by-country basis based on the availability of innovative offers, in particular non-road freight capacity (ship or rail), or a distribution network for decarbonized fuels for trucks.

4.1.6 Collaboration with stakeholders

4.1.6.1 Strong climate commitments

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 September 2019, Saint-Gobain responded to a call for action issued by a broad coalition of business leaders, civil society representatives and UN leaders to help limit the rise in global temperature to a maximum of 1.5°C above pre-industrial levels. Through its products and services, the Group is already making a significant contribution to improving energy efficiency and reducing carbon emissions in its building, mobility and industrial markets. Through this commitment, Saint-Gobain is going even further in reducing its impact. This 2050 vision is a key factor in advancing its medium- and long-term investment policy as well as its industrial roadmaps, research and development programs and product development strategy.

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, notably 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 Roundtable of Industrialists) and within the AFEP in France.

Likewise, Saint-Gobain is supporting the strengthening of its climate commitment at the European level by revising its objectives for 2030 upwards, notably through its support for the initiative led by the "Corporate Leadership Group" in September 2020.

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.

4.1.6.2 Actions that support a 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 move to a low-carbon energy system that enables strong economic growth, while limiting global warming to levels well below 2°C.

Furthermore, because construction is its largest market, Saint-Gobain is particularly active in promoting sustainable construction and is involved in energy efficiency initiatives.

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.

This is the case at European level, for example. Saint-Gobain is a member of various initiatives and coalitions, and in particular has been a member of the LEVEL(S) steering committee for over two years. 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. The European Commission launched the pilot phase of LEVEL(S) in December 2017, which continued in 2020.

Markets' transformation also means changing the entire construction market value chain. Many stakeholders share this desire to promote more sustainable buildings. Saint-Gobain is building partnerships with them. The Green Building Councils (GBC) are a vital partner in this regard. The GBCs form a global network of national associations of construction market professionals and players. 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. They 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. For this reason, Saint-Gobain is a founding member of the "Global Alliance for Building and Construction" (GABC) and sits on its steering committee. Saint-Gobain is also a member of the project 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 "Building Efficiency Accelerator" of the World Resources Institute.

4.1.6.3 Train clients locally, inform the end user

Some of the training courses delivered by local teams (see Chapter 2, Section 3.2.1.4) cover energy efficiency and reducing the environmental impact of buildings. 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 put in place by distribution accelerate the transition to more sustainable construction and reduce the carbon impact of buildings.

In France, the POINT.P network has implemented "Energy Efficiency" counters in over 130 agencies. Sellers receive specific training, and tools such as a simulator to evaluate a project's energy efficiency are made available to customers. A training program on how 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 +.

In other countries, like the Netherlands, Norway or even Denmark, dedicated spaces are offered to installers and individuals to provide them with advice and training in the realm of renewable energies.

Beyond building distribution, training structures are offered by country. They are open to craftsmen, installers, architects and other actors of the construction 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 called seformeravecsaint-gobain.com offers the possibility of training via e-learning or face-to-face. 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.

4.1.7 Objectives and performance measurement

Saint-Gobain has set objectives 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. They 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.

4.2 Circular economy

The circular economy is a resilient growth model suited to changes in available resources (scarcity of resources, new energy sources, reduction of greenhouse gas emissions etc.) and to societal changes (urbanization, demographics, etc.). This model exists closest to the markets, at the regional level. Successfully transitioning to the circular economy will make it possible to continue offering solutions and services over the long-term which take into account environmental, labor and societal expectations and which balance well-being, sustainability and performance for stakeholders.

Saint-Gobain's strategy to develop the circular economy has the following focus areas:

- evolve products and solutions to reduce the intensity in virgin raw materials and to promote increased integration of recycled or renewable materials, extend their lifespan and facilitate their recycling or reuse in order to reduce the resource intensity of the solutions;
- develop manufacturing processes;
- work with stakeholders to change society and to develop new business models and value chains.

The subject of the circular economy is managed by the Vice President of Sustainable Development, in collaboration with the Industrial, Marketing and Research and Development Departments. Each country and BU are developing specific programs.

4.2.1 Developing the offer of products, solutions, and services

The increasing implementation of the circular economy is changing value chains and ecosystems. From the design phase of products, solutions or services with the benefits expected by customers and end users to the management of the end of life of products, the Saint-Gobain offer must adapt to new requirements: include more recycled materials to reduce the use of virgin raw materials and the consequences of their use, particularly on biodiversity; extend the lifespan of products to reduce their environmental impact; facilitate the recycling or reuse of products to successfully meet market needs with a limited impact on natural resources.

Hence, the Saint-Gobain portfolio of products and solutions is analyzed in a transversal manner under the responsibility of the marketing teams. There are three priorities:

- replace raw materials with recycled or renewable materials, including packaging;
- change formulations to reduce the content of dangerous substances and in some cases completely replace them, thus avoiding dissemination of the materials generated during the recycling process in the cycles;
- improve product recyclability and system including their packaging, by integrating repairability and ease of end-of-life disassembly.

Likewise, product design incorporates these eco-innovation principles (see Chapter 3, Section 2.1.2).

The SCORE tool makes it possible to assess and improve the sustainable performance of products (see Chapter 3, Section 2.1.2). The product's role in the circular economy is a subject category on which the evaluation is based, particularly the ability to include recycled materials. Their life cycle analyses allow to measure the positive contribution of the choices made on the reduction environmental impacts of products and services.

Most of the Group's business lines strive to reduce the resource intensity of their products by reducing the average weight of a single product unit without affecting their technical performance. This is being done, for example, with automotive windshields and plasterboard. Several countries have already deployed the BANTAM program, which aims to lighten plasterboard by working on industrial processes and product formulations. Some factories have been able to reduce the weight of their standard sheets by over 20% compared to the initial weight.

The SLIMWOOL program deployed worldwide since 2018 aims to optimize the weight of glass wool while guaranteeing the product's thermal performance.

Finally, because construction already represents 40% of global resources consumption, Saint-Gobain is actively and collaboratively participating in discussions on the evolution of construction methods towards lighter construction solutions integrating fewer materials for an at least equivalent performance.

4.2.2 Developing manufacturing processes

Reducing the volume of raw materials used for each functional unit produced and cutting waste generated by industrial processes are the pillars of the sustainable resources management policy introduced in 2015 (see Chapter 3, Section 2.4.4) with the intention of moving toward "zero non-recovered waste".

Synergies among the Group's different industrial processes are used to optimize the reuse of waste and by-products.

In the countries in which the Group operates, the teams are gradually introducing services to recover waste from customer activities, in particular waste from renovation or demolition/deconstruction.

This waste is collected, sorted, and reprocessed before being reused in the manufacturing process in the place of natural raw materials.

Overall synergies are possible across the businesses for each process or raw material to identify for each country the deposits, material qualities or good technical practices and favorable technical innovations.

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 technological performance improvement program (see Chapter 3, Section 2.2). The aim of these replacements must be to maintain the quality and competitiveness of the products and solutions and potentially improve 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.

4.2.3 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.

Within their professional areas, Gypsum and Flat Glass for Buildings signed commitments with the French authorities on the recycling of waste plaster and glass.

The Commitment to Green Growth for flat glass signed by the trade associations in 2017 could lead to the collection and sorting of 80,000 tons of cullet per year in 2025 for the whole of the subsidiary in France.

To meet these objectives, in 2019, Saint-Gobain Glass France signed partnership agreements with five companies specialized in the recovery of windows at the end of their useful life. In addition to recovery, these companies sort and process glass to facilitate its reincorporation into glass floats.

Lastly, Saint-Gobain distribution activities in France have had a structure in place since January 1, 2017 to take back waste from the same types of construction materials, products and equipment, which are sold to professionals, thereby becoming the first private network of collection points for waste from construction and civil engineering sites.

In 2017, the "Plateforme du Bâtiment" brand offered trade customers a service called "Les Ripeurs" which provides a solution to collect and recover waste directly from their worksites in the Paris region. Customers use a mobile app to specify the type of waste, provide a time slot, the address of their worksite and their preferred waste removal method. Depending on the requirements, rubble bags or loose waste can be removed by "les Ripeurs" in three hours if they are on the floor or the sidewalk. They can also collect waste left in a provided dumpster or flexible container in 24 hours.

In 2019, the POINT.P brand launched a new worksite waste collection service: Batireprise. Waste collection centers are now available in 11 sales outlets. Their aim is to raise awareness and support construction trade customers in their waste sorting and recycling efforts. This service is provided in partnership with Suez.

In 2019, the Group launched its ILOOP project, supported by the European Union via its LIFE finance 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, ultimately providing a profitable alternative to landfill.

This project, lasting 6.5 years, began at the end of 2019 and will continue until mid-2026. Its total amount is close to €13 million, and the level of planned subsidies exceeds €4 million.

In 2019, the Group also contributed to the WOOL2LOOP European project to recover mineral wool waste. Saint-Gobain Finland Oy is coordinating this circular economy project, the first innovation project supported by the European Union via its Horizon 2020 financing program. WOOL2LOOP aims to recover mineral wool waste from the construction and demolition sectors to convert it into new concrete-replacement materials, using geopolymer technology. The project also involves demolition, sorting, analysis and processing of mineral wool waste. Around 2.5 million tons of mineral wool waste are generated each year in Europe by the construction and demolition sectors and sent to landfill, representing an annual cost of around €250 million for the construction sector.

WOOL2LOOP acts across the entire value chain and involves the world's largest construction materials producers, innovative companies in the circular economy field and research institutes.

4.3 Local inclusion

4.3.1 Acting for an inclusive economy

Saint-Gobain has developed an inclusive growth model that takes into account environmental, social and societal challenges and the expectations of its stakeholders. In an increasingly local, digital and sustainable world, the Group's strategy and structure is adapting to these changes.

Direct jobs, indirect jobs and jobs generated by the Group

Saint-Gobain participates to 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 thus be calculated at three levels:

- direct jobs, which take into account the Group's paid employment;
- indirect jobs, which take into account employment generated by purchases of the Group among its 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 their solicitation in the purchasing frame of the Group.

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, the Group generated more than 549,000 indirect jobs, in addition to more than 190,000 jobs induced.

Inclusive societal actions

Saint-Gobain's organization is based on strong local decision-making autonomy 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 Chapter 3, Section 3.3.2). 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) covered by the end of 2022. 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.

Saint-Gobain 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 offered meet the criteria for sustainable and comfortable solutions with particular attention to the cost price of housing and the ease of implementation of materials. The resulting energy efficiency provides the future tenant with an improved quality of life at a controlled cost. These programs are deployed in particular in Sub-Saharan Africa, Brazil, Central America and India.

4.3.2 A network of players contributing to inclusive action

The companies, activities and countries, within their respective perimeters and according to their local challenges, implement sponsorship actions in the Group's key markets, but also in areas such as education, research, culture and health.

To develop these actions, Saint-Gobain relies on local partnerships, in particular with non-profit organizations or associations.

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 Group site. The Foundation provides direct financial support to the projects selected. In 2020, the Foundation's annual endowment was €2 million invested in 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 281 projects, including 37 in 2020. The global health crisis has had an impact on the Foundation's projects. Some of the projects supported had to be postponed by the associations.

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, a program 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 Non-Governmental Organizations (NGOs), approximately 9,500 girls have benefited from these programs each year.

In France, the PAM Foundation of the Pipe Division helps young people in social or financial difficulty by providing them with the support of a sponsorship provided by the Company's employees. The Fondation Placoplatre supports the integration of young people through work in the building sector. It also supports programs related to the preservation of the environment and the development of cultural activities in the vicinity of the sites.

Sponsorship

Each entity and each country makes its choice of project support based on local issues. The actions take place in several ways, such as financial donations, donations of materials, skills-based sponsorship or volunteering.

All of these actions with a strong local societal impact are not fully reported by the Group.

Only a portion of financial donations and donations of materials are collected. The assessment of the number of beneficiaries is also partial.

4.3.3 Actions focused on local needs

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, Saint-Gobain has built a partnership with the NGO YouthBuild USA in response to a twofold ambition: providing former out-of-school young adults with the opportunity to learn green habitat skills and participate in sustainable renovation projects 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.

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 3 in Sub-Saharan Africa. 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 France, Saint-Gobain inaugurated an apprenticeship training center (CFA) in 2020. Two channels have been developed: industrial maintenance and sales and marketing. For this first year, 70 young people took part in training. Starting in 2021, the Group wants to double the number of young people supported and eventually train nearly 250 young people.

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

Support for local development programs

In 2020, Saint-Gobain mobilized to support the French recovery plan for the renovation of buildings by implementing four measures:

- training for craftsmen: roll out an "Objective RGE" (Recognized Guarantor of the Environment) training program by enabling craftsmen to train remotely and have access to a certification system;
- available and clear information to help consumers and the general public familiarize themselves with the challenges of renovation;
- an offering of innovative and ecological solutions for public buildings and private habitat, including support through comfort measurement and diagnostic services, initiatives to promote innovation in renovation and the increase in production capacity in bio-sourced insulation;
- employee mobilization: a corporate philanthropy scheme to enable employees to dedicate four days a year to supporting initiatives related to the energy renovation of buildings.

The aim of this program is to qualify an additional 10,000 craftsmen by 2022, compared to the current 2,000 per year, and to increase the production capacity of the Isonat subsidiary by 2023, making it possible to insulate the equivalent of an additional 9,000 houses per year, and almost 100,000 hours of sponsorship.

Other countries support programs to combat unemployment, such as South Africa, where the Group took part in the national Y.E.S program to combat youth unemployment. Since March 2019, 59 black unemployed between the ages of 18 and 35 were employed and will be trained for 12 months. This allows them to gain professional experience and eventually be hired by Saint-Gobain or an associated partner, customer or supplier.

Solidarity in emergency situations

The year 2020 was marked by a global pandemic. Saint-Gobain and its employees mobilized around three main actions: donations to research, hospitals and communities, donations of masks and protective equipment, and mobilization of the production system and of industrial synergies to strengthen the capacity of hospitals or supply materials for medical devices.

Likewise, the Group mobilized to participate in the reconstruction of the city of Beirut after the explosions of August 4, 2020. This took the form of donations of materials, projects funded by the Saint-Gobain Foundation and the mobilization of local teams to support reconstruction projects.

yl z1 sOz
guk v1 Osvvr mVy

Fvl l 1 ovl y5r 68y76

Owl ygOpun wl ymvyt gujl

Ul nt l uOwl ymvyt gujl

Fpugujpgs Tl z1 sOz

Uogyl ovskl yyl Ol yu wvsj 5

Cvt wsl Opvu vmVyguzmvyt Gyv3

v1 Osvvr

P21 svl l 1 ovl y5r 68y76

Aspnut l uOvmOol CUT kgzoi vgyk
3 pOo Ool Gyv1 wz j ogssl unl z

luOl nygOpvu vmOol aupOl k NgOpvuz U1 zOgpugi sl
Dl 2l svwt l uOGvgsz

bgsl l j yl gOpvu pu spul 3 pOo zOgrl ovskl yz
l 4wl j OgOpvuz

Nvu mpugujpgs pukpj gOvyz

The 2020 consolidated financial statements were approved and adopted by Saint-Gobain's Board of Directors at its meeting of February 25, 2021.

The consolidated financial statements were audited and certified by the statutory auditors.

2020 KEY FIGURES

	€38.1bn Sales		€2.855m Operating income		
	Actual	Like-for-like	Actual	Like-for-like	
2020	-10.4%	-3.8%	-15.8%	-12.3%	Op. margin 7.5%, -50 bps
H2 2020	-2.5%	+4.8%	+15.8%	+22.4%	Op. margin 10.0%, +160 bps

	€1.470m Recurring net income (EPS €2.74, -22.4%)	€3.044m Free cash flow	€4.415m EBITDA(6)	
	Actual		Actual	
2020	-23.2%	+63.9%	-9.3%	EBITDA margin 11.6%, +20 bps
H2 2020	+23.4%		+13.3%	EBITDA margin 13.7%, +200 bps

Record free cash flow(1) in 2020

Record operating margin(2) and recurring net income(3) in H2 2020

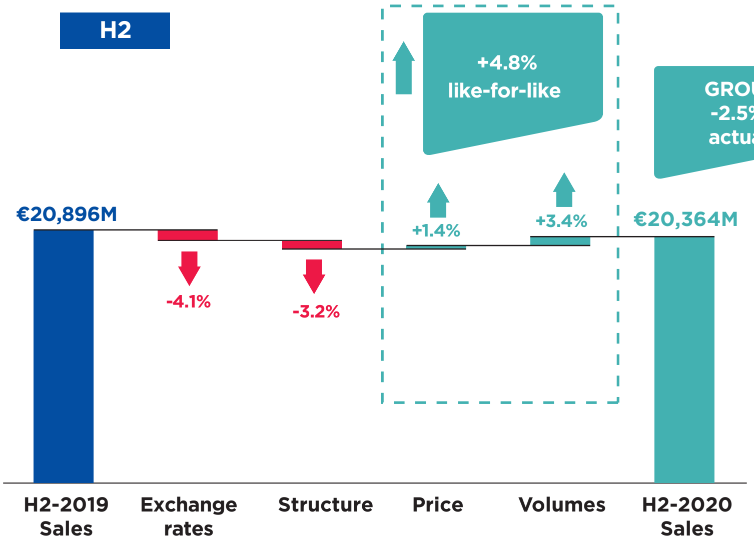
- Responsible management of the health crisis with regard to all of the Group's stakeholders; solid achievements in ESG(4), with new commitments for 2030;
- Successful completion of "Transform & Grow", a year earlier than planned;
- Strong 4.8% organic growth in sales in H2, accelerating to 6.4% in Q4;
- Sharp rebound in operating income in H2 2020 up 22.4% like-for-like, with a record operating margin of 10% (up 160 bps versus H2 2019);
- Increase of 20 bps in the EBITDA margin(5) to 11.6% for the full year, and of 200 bps in H2;
- Record recurring net income in H2, up 23.4% to €1,198 million;
- Record free cash flow(1) of €3,044 million in 2020 (up 64%), and net debt reduced to €7.2 billion;
- Reduction in the number of shares outstanding, to 530 million from 542 million at end-2019;
- 2020 dividend at €1.33 per share, to be paid wholly in cash;
- Evolution in Saint-Gobain governance with effect from July 1st, 2021.

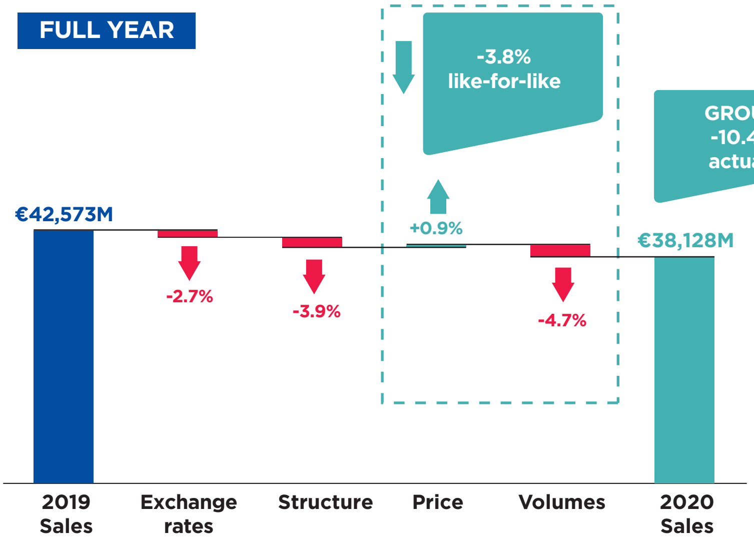
(1) Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense, plus income tax, less capital expenditure excluding additional capacity investments, plus changes in working capital requirement.
(2) Operating margin = Operating income divided by sales.
(3) Recurring net income = Net attributable income excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
(4) ESG = Environmental, Social and Governance.
(5) EBITDA margin = EBITDA divided by sales.
(6) EBITDA = Operating income, plus operating depreciation and amortization, less non-operating costs.

1. Financial results

1.1 Operating performance

Organic growth: sharp rally in H2





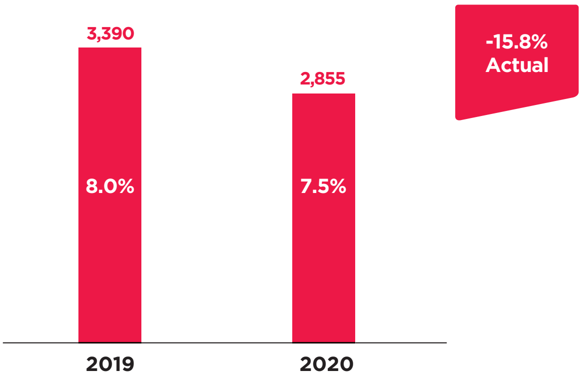
- **Exchange rates:** depreciation of the **Brazilian real** and other emerging country currencies, the **US dollar** and the **Norwegian krone**
- **Structure: divestments** as part of “Transform & Grow” and **acquisition** of Continental Building Products

Like-for-like sales climbed **4.8% in the second half,** with a marked improvement in all segments after the steep 12.3% contraction in the first half, helping to limit the full-year decline to 3.8%. After hitting a low in April with trading at 60% of prior-year levels, the Group’s sales steadily rallied, back to normal levels in most countries as from June. There was good momentum in volumes (up 3.4%) and in prices (up 1.4%) in the second half (down 4.7% and up 0.9%, respectively, over the full year).

On a reported basis, sales came in at **€38,128 million**. The currency effect was a negative 2.7% over the year, including a negative 4.1% in the second half due notably to the depreciation of the Brazilian real and other emerging country currencies, the US dollar, and the Norwegian krone.

Changes in **Group structure** had a negative 3.9% impact on sales over the year, and a negative 3.2% impact in the second half, as a result of the divestments carried out as part of “Transform & Grow”, with negative structure impacts for the year of 10.0% in Northern Europe (in Germany with the Raab Karcher Distribution business and Glassolutions; in Denmark with the Optimera generalist distribution business), 3.2% in Southern Europe – Middle East & Africa (in France with DMTP civil engineering materials distribution and K par K, and with the expanded polystyrene business; in the Netherlands with Glassolutions) and 9.3% in Asia-Pacific (in South Korea with Hankuk Glass Industries, an upstream glass business). The Group structure impact also reflects acquisitions carried out to consolidate our strong positions (Continental Building Products in North America as from February), develop new niche technologies (HTMS in HPS) or services, and expand in emerging countries (gypsum and mortars in Latin America). In light of the hyperinflationary environment in Argentina, this country which represents less than 1% of the Group’s sales, is excluded from the like-for-like analysis.

Sharp rebound in operating income in H2 2020



	2019	2020	
H2	1,752	2,028	+15.8%
	8.4%	10.0%	+160bps

- **Sharp rebound in H2 of 22.4% like-for-like; record operating margin of 10% (up 160** bps versus H2 2019**)**
- **Positive price-cost spread ~ +€160M, of which €110m in H2**
- **Strong action on costs, with €690M in cost savings in 2020**

Operating income rose 15.8% on a reported basis in the second half to €2,028 million, and 22.4% like-for-like, helping to limit the full-year decline to 15.8% at €2,855 million as reported and 12.3% like-for-like.

The Group's **operating margin** rose to a record level of 10.0% **in second-half 2020** from 8.4% in second-half 2019, standing at 7.5% for the full year compared to 8.0% in full-year 2019.

In the second half of 2020, the Group benefited from:

- good momentum in volumes, reinforced in the post-pandemic period by increased demand on the renovation market, which the Group was able to take full advantage of thanks to its new organization close to customers in each country or market;
- upward trends in sales prices, generating a positive price-cost spread of €110 million in the second half (after €50 million in the first half);
- structural improvement in its profitable growth profile as part of "Transform & Grow":
  - €50 million in additional recurring and structural savings, allowing the Group to meet its savings target of €250 million at the end of 2020, a year earlier than planned;
  - successful optimization of the portfolio through divestments and acquisitions (particularly Continental Building Products), with a positive impact on the operating margin;
- €50 million in cost savings resulting from additional adaptation measures launched in order to lower the break-even point of businesses where the recovery is more uncertain;
- €45 million temporary decrease in discretionary spending (after €65 million in the first half);
- €165 million resulting from the continuation of the operational excellence program, which offset wage inflation and other fixed costs.

Over full-year 2020, the Group took strong action on costs, achieving €690 million in cost savings:

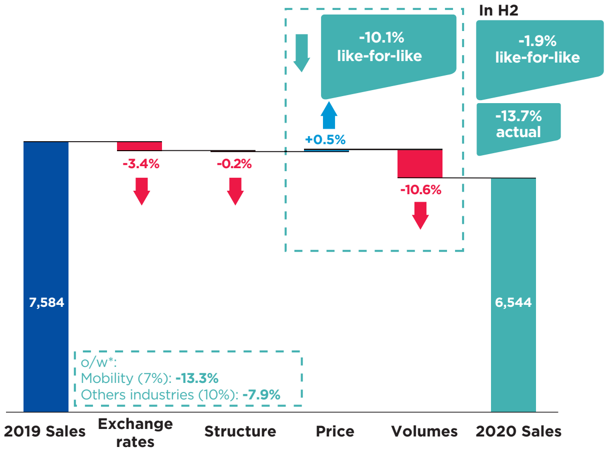
- €130 million in recurring and structural savings under "Transform & Grow";
- €190 million to mitigate the impact of the health crisis during the lockdown periods, thanks to the temporary reduction in discretionary spending and partial employment measures (net of additional Covid-19 costs); €50 million resulting from the additional adaptation measures launched;
- €320 million relating to the continuation of the operational excellence program, which aims to offset the various impacts of inflation on costs.

1.2 Segment performance

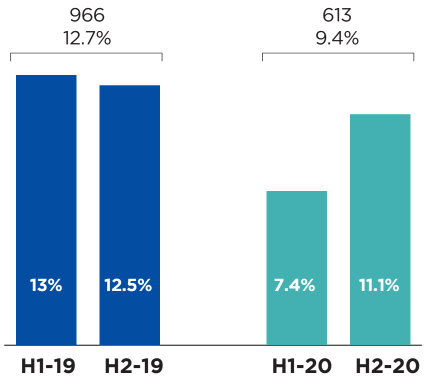
(like-for-like sales)

1.2.1 High Performance Solutions (HPS)

High Performance Solutions: sequential improvement



* Sales by segment: as a % of Group total and like-for-like growth



4

High Performance Solutions (HPS): sequential improvement

HPS sales edged down 1.9% in the second half and advanced 0.8% in the fourth quarter (down 10.1% over the full year). HPS benefited from a recovery in most industrial markets in the second half of 2020. Against this backdrop, the operating margin was 11.1% for the second half (versus 12.5% in second-half 2019), a clear improvement on the six months to June 30, 2020 at 7.4%, and 9.4% for the full year (versus 12.7% for full-year 2019).

Mobility sales stabilized in the second half, and even progressed in the fourth quarter against an easier comparison basis. Sales for the year remained sharply down, affected by the second quarter (market contraction of 17% in 2020 in terms of volumes). Although Europe was down in the second half, sales to China and the Americas were up sharply. Mobility once again outperformed the automotive market throughout the year, due mainly to its increasing exposure to products for electric vehicles.

Industry sales remained down in the second half, but showed a clear improvement on the six months to June 30. Activities linked to consumable goods, particularly in Do-It-Yourself (DIY) markets, rallied steadily, delivering growth in emerging countries. However, the slowdown in our customers' investment cycles took a heavy toll on related activities throughout the year.

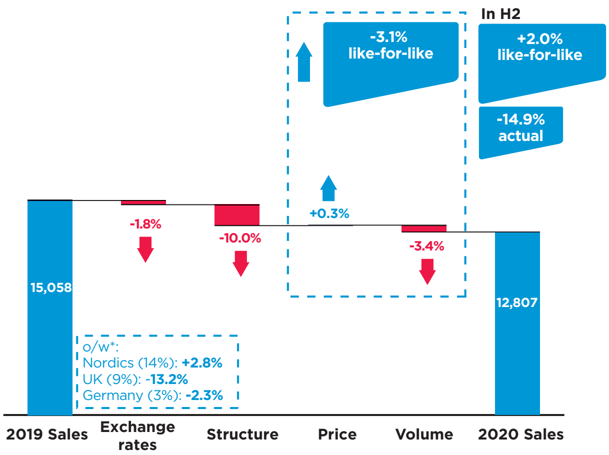
Activities serving the **Construction Industry** held up well over the full year, with sales virtually stable and significant gains in market share. The upturn was pronounced in the second half, especially for external thermal insulation solutions (ETICS), leading to double-digit growth in the fourth quarter.

Life Sciences continued to enjoy good growth momentum in the pharmaceutical and medical sector, benefiting from its recent capacity investments.

1.2.2 Northern Europe:

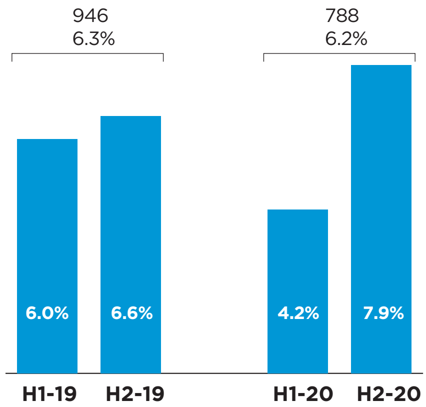
Northern Europe: significant rise in margin in H2

› **SALES** (M€)



* Sales by country: as a % of Group total and like-for-like growth

› **OPERATING INCOME** (M€) **AND MARGIN** (%)



Northern Europe: sales growth in the second half; significant rise in margin

Northern Europe progressed 2.0% in the second half and 3.8% in the fourth quarter (down 3.1% over the full year), with a return to good market trends across the Region and robust trading in the month of December.

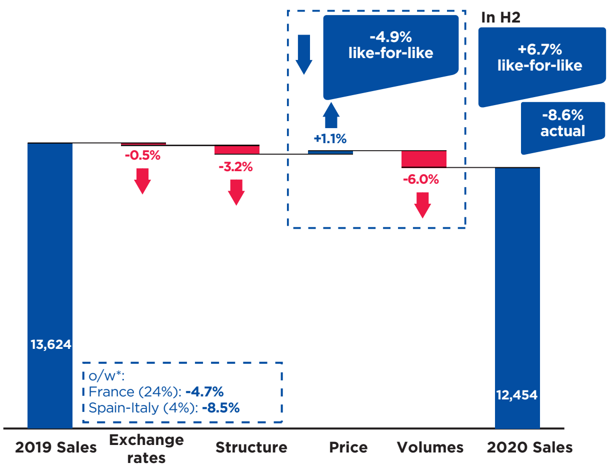
Nordic countries delivered a solid performance, posting sales growth in each quarter in 2020, thanks notably to Distribution, which continued to outperform the market thanks to its successful omnichannel digital strategy and benefited largely from its exposure to the renovation market, despite less dynamic new construction. UK sales, which were down by nearly half in the second quarter, picked up in the second half, driven by a good fourth-quarter performance in Distribution, bolstered by network optimization efforts. Germany limited its decline over the full year and leveraged its successful local organization to bounce back in the second half, led by all of its light construction solutions in the fourth quarter. Eastern Europe was up slightly over the full year, enjoying a good dynamic in its main markets in the fourth quarter.

The Region's operating margin for 2020 was back at 2019 levels (6.2% versus 6.3%), thanks to a significant advance in the second half, up to 7.9% (from 6.6% in second-half 2019), supported by the full impact of "Transform & Grow" with portfolio divestments and structural cost reductions, along with post-coronavirus cost adaptation measures, a clear positive raw material and energy cost-price spread, and an upturn in volumes.

1.2.3 Southern Europe – Middle East & Africa

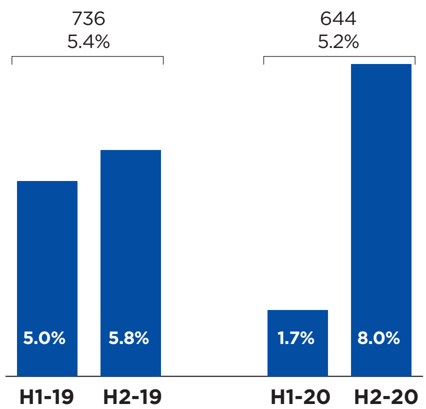
Southern Europe: significant upturn in sales and margin in H2

› **SALES** (M€)



* Sales by country: as a % of Group total and like-for-like growth

› **OPERATING INCOME** (M€) **AND MARGIN** (%)



Southern Europe – Middle East & Africa: significant upturn in sales in the second half; strong margin growth

Sales for the Southern Europe – Middle East & Africa Region rebounded 6.7% in the second half (down 4.9% over the full year), with a good performance in both the third and fourth quarters led by upbeat renovation markets and additional activity in December.

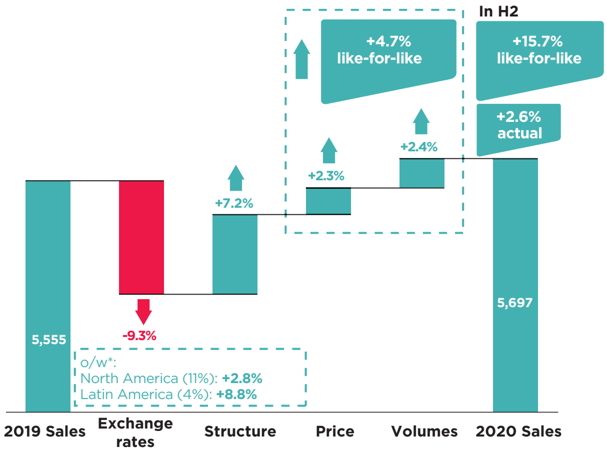
France drove the momentum for the entire Region in the second half, reporting a sharp rise in renovation projects with high levels of orders, fueling growth in the Distribution business in particular. The Group's efforts in terms of training trade professionals in the full range of Saint-Gobain's solutions, common referrals for different product categories, positioning in energy-efficient renovation solutions and intermediation with its other activities within the scope of the Group's new organization, have created significant opportunities for growth and market share gains. The website *La Maison Saint-Gobain*, for example, reported a 60% jump in work requests in the fourth quarter. Excluding the Netherlands which was down slightly, other European countries advanced in the second half, with Spain and Italy in particular seeing the full benefits of the new organization on their performance. Lastly, the Middle East and Africa also delivered growth in the second half of 2020, despite a different pace of recovery from one country to the next.

The operating margin for the Region in 2020 was close to last year's figure, at 5.2% (versus 5.4% in 2019), lifted by a very strong performance in the second half, at 8.0% (versus 5.8% in second half 2019), here again benefiting from the full impact of "Transform & Grow" – with successful portfolio divestments and structural cost reductions, a clear positive raw material and energy pricecost spread, and good volume growth.

1.2.4 AMERICAS

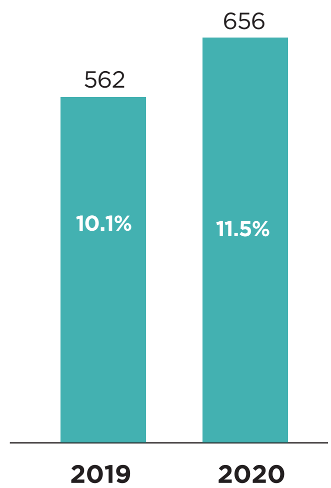
Americas: sharp rise in sales and margin

› **SALES** (M€)



* Sales by country: as a % of Group total and like-for-like growth

› **OPERATING INCOME** (M€) **AND MARGIN** (%)



Americas: sales growth over the year; sharp rise in operating income

The Americas delivered 15.7% organic growth in the second half, with an acceleration in the fourth quarter at 20.6%, resulting in a 4.7% advance over the full year.

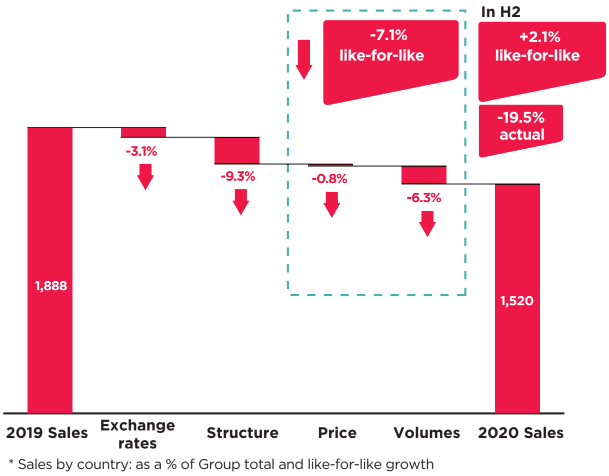
- North America rebounded sharply by 11.2% in the second half (up 2.8% over the full year), driven by renovation volumes and new residential construction, and by an effective pricing strategy. Thanks to the successful integration of Continental Building Products, the profit target was exceeded, as well as the expected synergies, with $20 million in synergies unlocked during 2020. Combined with the benefits of the new organization, this acquisition broadly strengthens the Group's positions in construction businesses in North America, which delivered a very good performance.
- Latin America enjoyed vigorous momentum in second-half sales, up 25.3% (after the major disruptions in the second quarter), buoyed by strong local sales synergies and significant market share gains.

There was a significant rise in the Region's operating margin, at 11.5% for the year (versus 10.1% in 2019), lifted by the 15.4% margin recorded in the second half (11.2% in second-half 2019), supported mainly by double-digit growth in volumes and a clear positive raw material and energy cost-price spread.

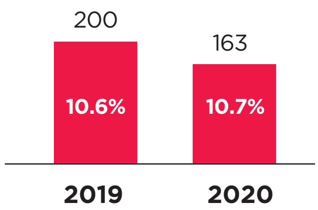
1.2.5 Asia-Pacific

Asia-Pacific: margin up slightly over the full year

› **SALES** (M€)



› **OPERATING INCOME** (M€) **AND MARGIN** (%)



Asia-Pacific: return to sales growth in the fourth quarter; margin up slightly over the full Year

The Asia-Pacific Region saw 2.1% organic growth in the second half, driven by the 7.6% rebound in the fourth quarter (down 7.1% over the full year), with a month-on-month improvement in a more favorable pricing environment.

From the second quarter on, China enjoyed bullish trading, with double-digit growth, a marked improvement in the margin, and a significant advance for all of our construction solutions, which continued to capture market share. In India following a marked contraction in the second and third quarters, trading rallied towards the end of the year, driven by both volumes and prices – particularly for building solutions. South-East Asia reported a mixed picture over the year, with growth in Vietnam spurred by gains in market share, and an improvement in other countries in the second half, although this was not enough to fully offset the sharp downturn reported in first-half 2020.

The Region's operating margin was up slightly, at 10.7% over the year (from 10.6% in 2019), despite the drop in sales, supported by a strong second-half increase, up to 13.5% (from 11.6% in second-half 2019), on the back of a sharp decrease in costs and a clear positive raw material and energy price-cost spread.

1.3 Financial Results

Consolidated sales were up 4.8% like-for-like in the second half (including a positive 3.4% volume impact and a positive 1.4% price effect), helping to limit the full-year decline to 3.8%. On a reported basis, sales retreated 2.5% in the second half (down 10.4% over the full year), with a negative 4.1% currency effect (negative 2.7% for the full year) and a negative 3.2% Group structure impact (negative 3.9% for the full year), reflecting divestments carried out as part of "Transform & Grow" and the acquisition of Continental Building Products.

Operating income progressed in the second half, up 15.8% on a reported basis to €2,028 million and up 22.4% like-for-like, helping to limit the full-year decline to 15.8% and 12.3%, respectively. The consolidated operating margin increased to 10.0% of sales in second-half 2020 (versus 8.4% in second-half 2019), and 7.5% for the full year (8.0% for 2019).

Business income and Ebitda

(in EUR million)	2019	2020	2020/2019	H2-2020/H2-2019
Operating income	**3,390**	**2,855**	**(15.8%)**	**+15.8%**
Non-operating costs	(421)	(342)		
Disposal gains (losses) and impacts resulting from changes in Group structure	(13)	(58)		
Asset write-downs and other	(403)	(1,023)		
BUSINESS INCOME	**2,553**	**1,432**	**(43.9%)**	**+13.9%**
Operating income	**3,390**	**2,855**	**(15.8%)**	**+15.8%**
Operating depreciation and amortization	1,901	1,902		
Non-operating costs	(421)	(342)		
EBITDA	**4,870**	**4,415**	**(9.3%)**	**+13.3%**
EBITDA MARGIN	**11.4%**	**11.6%**	**+20 PB**	**+200 PB**

Ebitda climbed 13.3% in the second half to €2,780 million, helping to limit the full-year decline to 9.3%. The Group's **Ebitda margin improved to 13.7% in the second half** (11.7% in second-half 2019), and to 11.6% **for the full year** (versus 11.4% in 2019).

Non-operating costs improved, at €342 million versus €421 million in 2019, mainly due to the discontinuation of the accrual to the provision for asbestos-related litigation involving CertainTeed in the US (€88 million accrual in 2019). The amount for 2020 includes €42 million in restructuring costs associated with cost savings measures linked to "Transform & Grow".

The net balance of capital gains and losses on disposals, asset write-downs and impacts of changes in Group structure represented an expense of €1,081 million compared to an expense of €416 million in 2019. This item consists mainly of a write-down of intangible assets in the UK Distribution business (€571 million), and write-downs taken against operations held for sale (including Lapeyre) or related to new post-coronavirus adaptation measures.

Business income totaled €1,432 million compared to €2,553 million in 2019.

Recurring net income and recurring EPS

(in EUR million)	2019	2020	2020/2019	H2-2020/H2-2019
BUSINESS INCOME	**2,553**	**1,432**		
Net financial expense	**(496)**	**(453)**		
Dividends received from investments (Sika)	28	34		
Income tax	**(631)**	**(526)**		
NET ATTRIBUTABLE INCOME	**1,406**	**456**		
RECURRING NET INCOME	**1,915**	**1,470**	**(23.2%)**	**+23.4%**
Recurring EPS *(in EUR)*	**3.53**	**2.74**	**(22.4%)**	

Net financial expense excluding Sika dividends fell to €453 million (from €496 million in 2019). Dividends received from equity investments (Sika) totaled €34 million.

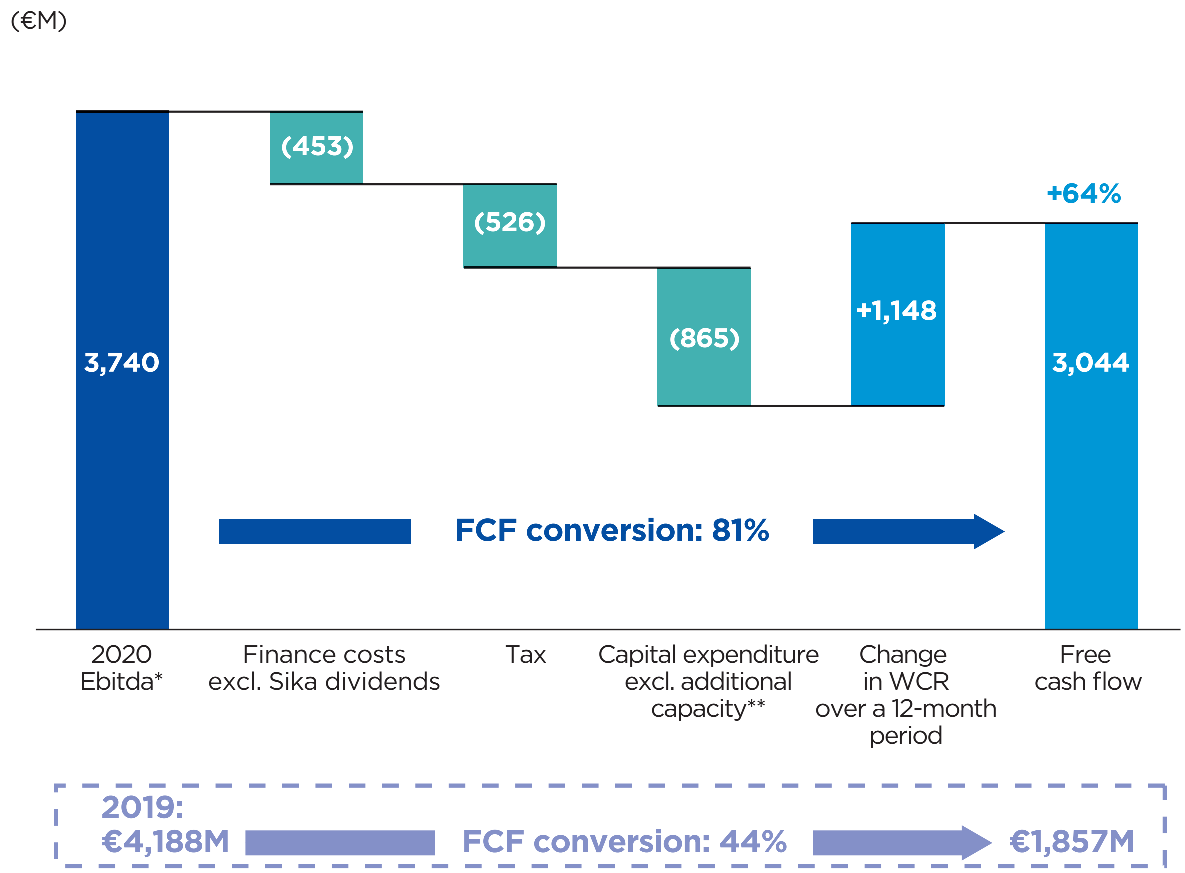
Income tax was €526 million compared to €631 million in 2019. The tax rate on recurring net income was 28% (25% in 2019), and 23% in the second half (25% in second-half 2019), after a first half which included several exceptional items.

Recurring net income (excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions) was down 23.2% at €1,470 million. **In second-half 2020, it hit a record high of €1,198 million**, a rise of 23.4% versus second-half 2019.

Net attributable income amounted to €456 million for the year, compared to €1,406 million in 2019.

Investments in property, plant and equipment and intangible assets (capital expenditure) fell 32.0% to €1,236 million, exceeding the target reduction of over €500 million, and as a percentage of sales were down to 3.2% from 4.3% in 2019. However, the Group took care to continue investing in additional capacity in order to prepare for future growth, with an outlay of €371 million in the year, mainly in the following areas: Construction Industry and Life Sciences, façade and gypsum solutions in emerging countries (Mexico, India and China).

Record free cash flow of €3.0bn, up 64%



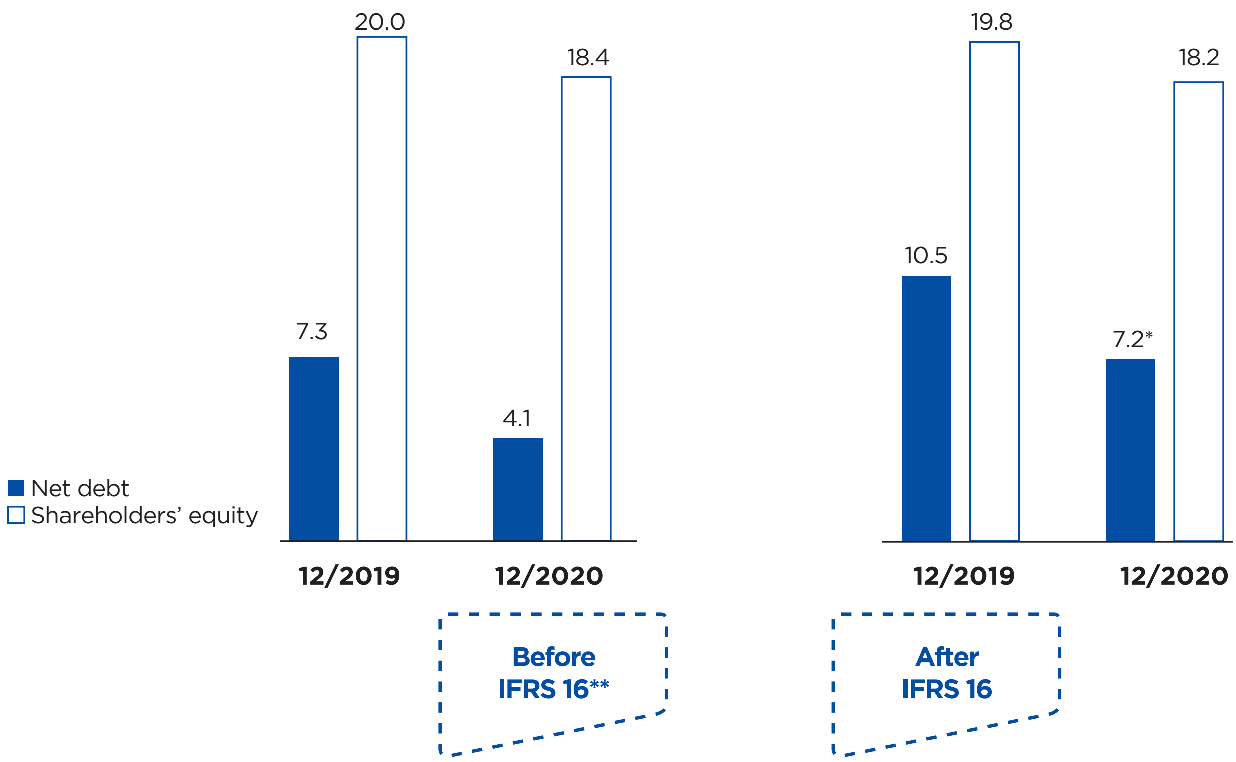
* Ebitda less depreciation of right-of-use assets: €4,415M - €675M = €3,740M (versus €4,188M in 2019)
** Capital expenditure = €1,236M, including €371M in additional capacity investments linked to organic growth

Free cash flow soared 63.9% to an **all-time high of €3,044 million** (8.0% of sales compared to 4.4% in 2019), with a rise in the free cash flow conversion ratio at 81% (44% in 2019), thanks mainly to a significant improvement in working capital requirement (WCR), the reduction in capital expenditure, and the fall in non-operating costs. Operating WCR represented a historic low of 18 days' sales at December 31, 2020, versus 27 days' sales at end-December 2019, attributable in equal proportions to a structural gain and a one-off gain.

Investments in securities totaled €1,343 million (€297 million in 2019) and mainly included the acquisition of Continental Building Products. Continental Building Products reported $480 million in 12-month pro forma sales and $112 million in 12-month pro forma Ebitda, representing an Ebitda margin of 23.3%. The amount of synergies generated has exceeded initial expectations, at $20 million in 2020. Expectations for value creation in year three are confirmed. In all, the Group made 13 acquisitions in 2020, representing around €500 million in full-year sales and €110 million in Ebitda.

Divestments totaled €2,567 million (€1,052 million in 2019), and mainly related to the sale of Sika shares.

Decrease in net debt



Net debt/shareholders' equity	36%	22%		53%	39%
Net debt/Ebitda	1.8	1.1		2.2	1.6

* €0.15bn reduction in net debt at December 31, 2020 relating to debt carried by entities in the process of being sold.
** Before IFRS 16: estimates.

Net debt fell sharply to €7.2 billion at December 31, 2020 compared to €10.5 billion at end-December 2019, thanks mainly to sharp growth in free cash flow generation, the accounting classification of debt carried by entities in the process of being sold within liabilities held for sale for €0.15 billion, and proceeds from disposals net of acquisitions for around €1.2 billion. In fact, the sale of the 10.75% stake in Sika for €2.4 billion generated a net cash gain of €1.5 billion. Excluding IFRS 16, net debt fell to €4.1 billion at December 31, 2020, compared to €7.3 billion at December 31, 2019. Net debt represents 39% of consolidated equity compared to 53% at end-December 2019. **The net debt to Ebitda ratio** came in at 1.6 (1.1 excluding IFRS 16) compared to 2.2 (1.8 excluding IFRS 16) at December 31, 2019.

1.4 Shareholder return policy

In the second half of 2020, the Group **reduced the number of shares outstanding to 530 million** at December 31, 2020 from 542 million at end-December 2019.

At today's meeting, Saint-Gobain's Board of Directors decided to confirm its recommendation for the Shareholders' Meeting of June 3, 2021 to pay a cash **dividend of €1.33 per share**. This dividend represents **48% of recurring net income** and a dividend yield of 3.5% based on the closing share price at December 31, 2020 (€37.50). The ex-dividend date has been set at June 7 and the dividend will be paid on June 9, 2021.

The Board has moreover confirmed that it will maintain its policy of privileging a dividend in cash targeting a normalized dividend payout rate representing between 35% and 40% of recurring net income, a rate that will be exceeded for the dividend payable in respect of 2020 in the context of the pandemic.

1.5 Completion of Transform & Grow

The Group's "Transform & Grow" initiative has brought a profound transformation of the Group thanks to a lean, agile and customer-focused organization and to accelerated portfolio rotation to secure profitable and sustainable growth.

Structural cost savings

The new organization by country and by market had generated cost savings of €250 million by end-2020, meeting its target a year earlier than planned, with savings of €120 million in 2019 and €130 million in 2020. The positive operating margin impact is around 60 basis points.

This structural improvement in the Group's cost base results mainly from Europe (around 70%), High Performance Solutions (15%), the Americas (10%) and Asia-Pacific (5%). It was driven by simplified organizations (around 55% of cost savings), streamlined central structures and support functions (around 25% of cost savings), as well as synergies and optimizations within each country and market (around 20% of cost savings).

Ongoing accelerated rotation of the portfolio

With **€3.4 billion** in sales divested as of the end of 2020, the Group has already exceeded its initial target: the positive full-year impact on the operating margin is more than 40 basis points.

Saint-Gobain continues to optimize its portfolio, and its total divestments now represent sales in excess of €**4.6 billion** (for over €1 billion in total divestments), of which around €1.2 billion in additional sales is in the process of being divested, with Lapeyre (€641 million) and Distribution Netherlands (€522 million).

These local optimization measures should continue, depending on the strengths and weakness identified by management teams in each country or market.

A stronger growth outlook

Having aligned its organization more closely with its customers in each country or market, the Group has improved its growth profile, by offering a comprehensive range of integrated solutions for each segment of the construction (individual homes, apartment blocks, hospitals, schools) and industry sectors.

1.6 2021 outlook

In a macroeconomic and health environment which remains affected by uncertainties, the dynamic in our main markets proved upbeat – especially renovation in Europe and construction in the Americas – in second-half 2020 and the start of 2021. In this market environment, and provided there is no new impact relating to the coronavirus pandemic, Saint-Gobain expects the following trends for its segments:

- **High Performance Solutions**: continued sequential improvement in most industrial markets. Businesses related to customer investment should rally steadily during the year, although are expected to remain down on the good level recorded in 2018;
- **Northern Europe:** continued outperformance in construction and support from stimulus programs; Nordic countries and Germany should benefit from good momentum in renovation, except in the event of strict new lockdown measures; the UK should bounce back though the environment remains uncertain;
- **Southern Europe – Middle East & Africa**: continued outperformance in construction thanks to strong residential renovation markets and support from national and European stimulus plans which should particularly benefit the Group's energy-efficient renovation solutions, notably in France, although certain markets such as new construction remain down;
- **Americas**: market growth, particularly new residential construction, in both North America – as expected – and Latin America;
- **Asia-Pacific**: market growth, with continued good momentum in China and a sharp rebound expected in India.

2021 priorities

1. **Improvement in the Group's profitable growth profile, driven by:**
   - **the continuation of its portfolio optimization** (divestments and acquisitions) and growth in plasterboard in North America fueled by Continental Building Products;
   - **outperformance versus the markets** thanks to its range of integrated solutions for customers in each country and end market, meeting the full breadth of needs of the construction world and industry;
   - **strategy of differentiation and innovation** to develop solutions for sustainability and performance.
2. **Rise of more than 100 basis points in the operating margin compared to the 2018 margin of 7.7%, and ongoing strong discipline in terms of free cash flow generation:**
   - **constant focus on the price-cost spread,** thanks to strong pricing discipline, amid inflation in raw material and energy costs;
   - **reduction in costs as part of additional post-coronavirus adaptation measures**, which should generate €150 million in cost savings in 2021, following €50 million in second-half 2020;
   - continuation of the **operational excellence program** aimed at offsetting inflation (excluding raw material and energy costs);
   - **maintaining the structural drivers for improvement in operating working capital requirement**;
   - **capital expenditure** of around €1.5 billion, with investments in additional capacity focused on high-growth markets; ongoing digital transformation;
   - continued reduction in **non-operating costs**.

For 2021, the Group is targeting a significant like-for-like increase in operating income, with an improvement of more than 100 basis points in the operating margin compared to the 7.7% margin in 2018 (assuming that volumes return to their 2018 levels), confirming the success of "Transform & Grow".

This press release 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 Saint-Gobain's Universal Registration Document available on its website (www.saint-gobain.com). 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 press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.

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 1.5). They also take into consideration the expectations of stakeholders identified in the materiality analysis, as well as the Group's environmental 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 demonstrates Saint-Gobain's willingness to assess its performance in terms of the environmental, social and societal impacts of its activities, taking the expectations of its stakeholders into account.

OBJECTIVES/INDICATORS	2019	2020
Business ethics		
To share our values with our stakeholders to build together over the long term		
Train 100% of new managers to the Adhere (Principles of Conduct and Action), Comply (competition law) and Act (fight against corruption) programs during their first year with Saint-Gobain	Adhere: 93% Comply: 92% Act: 89%	Adhere: 97% Comply: 96% Act: 94%
Climate change		
To contribute to the emergence of low-carbon economy capable of preserving the common good		
Reduce our carbon emissions by 20% by 2025 at ISO production (base 2010)	14.5%	12.2%
Circular economy		
To change the way we design, produce and distribute our products and solutions to develop the circular economy		
Reduce the use of virgin natural raw materials (sand, gypsum)	8,461,903 tons	10,100,574 tons
Reduce non-recovered waste by 50% by 2025 at ISO production (base 2010)	11.5%	26.3%
Health and safety across the entire value chain		
Our first responsibility is to guarantee the health and safety of our employees and our stakeholders		
Achieve a lost-time and non-lost-time accident rate (TRAR) of 2.2 in 2020 (employees, temporary workers and contractors on site)	2.2	1.8
Inclusion and diversity		
To have broadly diverse teams to build an open and engaging corporate culture		
Keep a diversity index always above 90%	91.4%	90.7%
Have 25% of women managers by 2020	24.2%	25.3%
Have 25% of women senior managers by 2025	17.1%	19.0%
Local and inclusive value creation		
Behave like a corporate citizen in each country		
Percentage of our employees responding to our satisfaction survey	74%	78%
Proportion of shares held by employees through the Group Savings Plan Funds	8.7%	9.1%
Percentage of our employees who have received training during the year	79.1%	73.2%

2.2 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 3, Section 1.1.1), 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 *SDGs aligned with the strategy*

SDG *SDGs moderately aligned with the strategy*

SDG *Non-priority SDGs*

The Group is especially committed to twelve Sustainable Development Goals, which are part of its strategy:

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 3);
- for local communities: Saint-Gobain contributes to economic development and local employment (see Chapter 3, Section 4.3.3).

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 3.2);
- for customers: one of the Group's priorities is to design comfortable and sustainable products (see Chapter 3, Section 2.1);
- for local communities: Saint-Gobain offers sustainable and comfortable solutions to promote local, inclusive economic development (See Chapter 3, Section 4.3);
- 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 1.5).

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 3.1);
- for customers: the Group supports craftsmen and other professionals through training (see Chapter 3, Section 3.2.1.4);
- 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 4.3). Saint-Gobain also helps society through sponsorship and philanthropy (see Chapter 3, Section 4.3.2);
- for civil society: supporting young people is a priority in all countries where the Group operates. For example, in France, 3.9% of contracts are youth contracts. The Group offers several different types of internships, work/study programs, apprenticeships and the International Postgraduate Internship Program (VIE) (see Chapter 3, Section 3.3.4).

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 3.3.4);
- 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 4.3.3).

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 4.1.6.2).

SDG 8

Decent work and economic growth:

to create conditions guaranteeing quality jobs for our employees.

- for employees: in 2018, Saint-Gobain launched a 4.0 version of its OPEN program (Our People in an Empowering Network), a management tool designed to boost the satisfaction of its employees (see Chapter 3, Section 3.1.1);
- for suppliers: the Group's suppliers that are signatories are committed to guaranteeing decent working conditions (see Chapter 3, Section 1.5);
- for civil society: as part of the Global Deal, Saint-Gobain is committed to ensuring decent work for all (see Chapter 3, Section 1.6.2).

SDG 9

Industry, innovation and infrastructure:

engaging 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 eco-innovation approach and measures the sustainable performance of its products and solutions (see Chapter 3, Section 2.1.2);
- 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 1.6.1).

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 3.3.4);
- 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 3.3.4).

SDG 11

Sustainable cities and communities:

offering 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 3.1);
- for civil society: at the local level, Group subsidiaries are involved in partnerships, e.g. with the Green Building Councils (GBC) (see Chapter 2, Section 4.1.6.2).

SDG 12

Responsible consumption and production:

to change the way we design, produce and distribute our products and solutions to develop the circular economy.

- for employees: today, eco-innovation is covered in the training programs provided for new research managers and R&D project leaders (see Chapter 3, Section 2.1.2);
- for customers: Saint-Gobain designs, produces and distributes sustainable and comfortable solutions (see Chapter 3, Section 2.1).

SDG 13

Climate action:

to contribute to the emergence of low-carbon economies capable of preserving the common good.

- 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 4.1.2);
- 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 4.1);
- for investors: Saint-Gobain upholds the recommendations of the Task Force on Financial Disclosures (TCFD) (see Chapter 3, Section 4.1.2.1);
- for regulatory authorities: the Group takes part in the public debate on climate change (see Chapter 3, Section 1.6.1);
- 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 1.5).

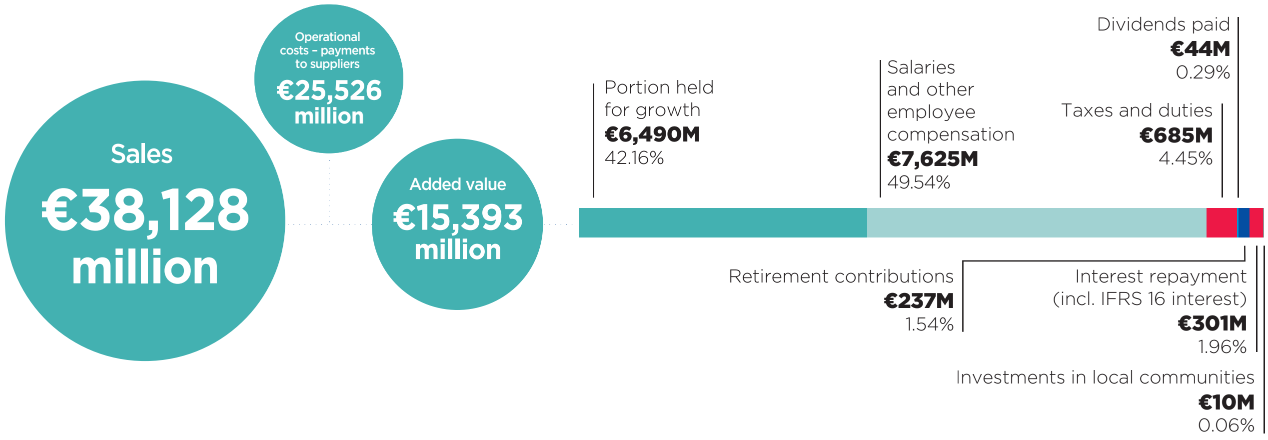
SDG 16.

Peace, justice and strong institutions:

to share our values with our 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 1.2.1);
- for suppliers: the Responsible Purchasing approach incorporates suppliers' compliance with the Suppliers' Charter, based on Principles of Conduct and Action (see Chapter 3, Section 1.2.1);
- 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 1.2.1).

2.3 Value creation in line with stakeholders' expectations



2.4 Non-financial indicators

2.4.1 Environment

ENVIRONMENTAL MANAGEMENT	2020	2019	2018	GRI	SDG
Total environmental expenditure, of which:	**€156.4 M**	**€155.4 M**	**€159.4 M**	**EN31**	
a) Salaries and other payroll expenses for environmental officers	€26.6 M	€27.9 M	€28.2 M	103-2	13
b) Environmental certification and renewal costs (ISO 14001, EMAS or ISO 5001)	€2.5 M	€2.7 M	€3.0 M	307-1	13
c) Environmental taxes	€6.9 M	€7.1 M	€6.8 M	307-1	13
d) Insurance and warranties	€11.7 M	€12.2 M	€16.6 M	103-2	13
e) Environmental fines	€0.0 M	€0.1 M	€0.4 M	307-1	13
f) Cost of environmental incidents	€0.5 M	€0.7 M	€0.8 M	307-1	13
g) Cost of technical measures	€9.2 M	€9.9 M	€9.7 M	103-2	13
h) Environmental R&D budget	€86.4 M	€80.9 M	€78.3 M	103-2	9
i) Soil decontamination, site remediation and other clean-up costs	€12.6 M	€13.9 M	€15.6 M	307-1	9
Capital expenditure on environmental management measures	€91.2 M	€86.0 M	€84.1 M		13
Provisions for environmental risks	€156.1 M	€153.8 M	€151.4 M		13
Number of sites certified for Environment management (ISO 14001 and/or EMAS) (1)	610	610	599		
Proportion of certified sites in scope of consolidation	77%	76%	77%		13; 15
Number of sites certified for Energy management (ISO 50001) (1)	158	160	158		
Proportion of certified sites in scope of consolidation	20%	20%	19%		7; 13
Number of quality-certified sites (1)	636	656	635		
Of which ISO 9001	579	597	583		
Proportion of sites certified (across the total scope)	60%	60%	62%		9; 13
Variation in production in sellable units	+5%	-3%	+14%		13

(1) The values are adjusted to the 2019 scope and/or to the scope to which the 2020-2022 environment applies.

In 2020, the CO_2 roadmap with the new objectives for 2030 was published. These new objectives for reducing emissions from scopes 1 and 2 and from scope 3 in absolute terms have been validated by the Science Based Target initiative (SBTi).

Concerning the monitoring of the CO_2 emissions reduction objective (scope 1 and 2) at iso production by 2025, the deterioration of the results in 2020 is due to the need to maintain the glass furnaces in heating despite a reduced activity. Despite this result, Saint-Gobain remains on track to achieve the objective of a 20% reduction in emissions at iso production by the end of 2025.

GHG EMISSIONS	2020	2019	2018	GRI	SDG
Monitoring the goal to reduce CO_2 emissions (scope 1+2) by 20% between 2010 and 2025	**-12.2%**	**-14.5%**	**-11.7%**	**305-4**	**7; 13**
Monitoring of the target of reducing CO_2 emissions (scope 1+2) in absolute terms by 33% between 2017 and 2030 (SBTi validation)	**-22.2%**	**-19.4%**	**-12.7%**		**7; 13**
Total CO_2 emissions (scope 1 and 2)	10.4 Mt	10.8 Mt	11.7 Mt	305-1	7; 13
Change in total CO_2 emissions (scope 1 and 2)	-0.4 Mt -3.7%	-0.9 Mt -7.7%	-1.3 Mt -10%	305-5	7; 13
Direct CO_2 emissions (scope 1)	7.9 Mt	8 Mt	8.6 Mt	305-1	7; 13
Variation in direct CO_2 emissions	-0.2 Mt -2%	-0.6 Mt -7%	-1.0 Mt -10.4%	305-5	7; 13
Other relevant direct emissions (entire Group or scope of reporting concerned) of greenhouse gases, by weight (tons-equivalent of CO_2)***	Not applicable	Not applicable	Not applicable	305-1	7; 13
Indirect GHG emissions (purchases of electricity, steam, hot water) (scope 2)	2.5 Mt CO_2-eq	2.7 Mt CO_2-eq	3.1 Mt CO_2-eq	305-2	7; 13
Change in indirect emissions of greenhouse gases (purchases of electricity, steam, hot water)	-0.1 Mt CO_2-eq -4%	-0.4 Mt CO_2-eq -12.9%	-0.3 Mt CO_2-eq -8.8%	305-5	7; 13
CO_2 impact (scope 1+2) on Group revenue (value in 2010: 0.47)	0.27 kgCO_2/€	0.25 kgCO_2/€	0.28 kgCO_2/€	305-4	7; 13
Other indirect GHG emissions (scope 3) updated to align our methodology to the one validated for the objective validated by the “Science-Based Targets”	17.4 Mt				7; 13

OTHER EMISSIONS INTO THE AIR	2020	2019	2018	GRI	SDG
Monitoring the goal to reduce SO_2 emissions by 20% between 2010 and 2025	**-51.8%**	**-57.5%**	**-46.0%**		**7; 13**
SO_2 emissions	10,276 t	11,366 t	18,213 t	305-7	7; 13
Monitoring the goal to reduce NO_x emissions by 20% between 2010 and 2025	**-15.7%**	**-23.0%**	**-20.6%**		**7; 13**
NO_x emissions	16,988 t	18,116 t	19,308 t	305-7	7; 13
Monitoring the goal to reduce dust emissions by 20% between 2010 and 2025	**-53.0%**	**-54.7%**	**-49.0%**		**7; 13**
Dust emissions	4,817 t	5,512 t	7,482 t	305-7	7; 13

Given the impact of energy on Scope 1 and Scope 2 carbon emissions, Saint-Gobain favors the transition to carbon-free energy in its choices. In some cases, these energy changes result in an increase in energy consumption at iso-production. In addition to these decisions, the deterioration in results in 2020 is also due to the need to keep glass furnaces in heating despite reduced activity due to the Covid-19 crisis. Details of the Group’s actions in the area of energy efficiency are available in Chapter 3, Section 2.3.1 and Section 4.1.

ENERGY	2020	2019	2018	GRI	SDG
Monitoring the goal to reduce energy consumption by 15% between 2010 and 2025	**+1.3%**	**-2.1%**	**-2.9%**	**302-3**	**7**
Total energy consumption of entire Group	41,020 GWh	41,974 GWh	44,111 GWh	302-1	7
Change in the impact of energy consumed on Group revenue (value in 2010: 1.58 kWh/€)	1.08 kWh/€	0.99 kWh/€	1.06 kWh/€		7
Change in total energy consumption	-954 GWh -2.3%	-2,137 GWh -4.8%	-1,678 GWh -3.7%	302-4	7
Total indirect energy consumption	8,000 GWh	8,480 GWh	9,610 GWh	302-1	7
Change in indirect total energy consumption	-480 GWh -5.7%	-1,130- GWh -11.8%	124 GWh +1.3%	302-4	7
Electricity consumption	7,891 GWh	8,375 GWh	9,504 GWh	302-1	7
Consumption of renewable electricity generated on site	14 GWh	10 GWh	5 GWh		7
Share of renewable electricity in total electricity consumption	18.9%	18.2%	11.9%		7
Consumption of renewable electricity (electricity purchases, electricity generated on site and biomass)	2,412 GWh	2,454 GWh	2,343 GWh		7
Utilities consumption (steam, hot water, etc.)	95 GWh	95 GWh	102 GWh	302-1	7
Total direct energy consumption	33,020 GWh	33,494 GWh	34,501 GWh	302-1	7
Change in direct total energy consumption	-474 GWh -1.4%	-1,007 GWh -2.9%	-1,802 GWh -5.0%	302-4	7
Coal and coke consumption	3,422 GWh	3,714 GWh	3,654 GWh	302-1	7
Natural gas consumption	27,039 GWh	26,243 GWh	26,229 GWh	302-1	7
Petroleum products consumption	1,656 GWh	2,622 GWh	3,411 GWh		7
Renewable energy consumption/total energy consumption	5.9%	5.8%	5.3%		7
Sale outside the Group of renewable electricity generated on site	4 GWh	2 GWh	5 GWh		7
Sale outside the Group of utilities (steam, hot water, etc.) produced on site	1.2 GWh	0.7 GWh	0.7 GWh		7

In 2020, the Aqueduct database used by Saint-Gobain for water stress was updated by WRI. The result in 2020 is a new assessment of the Group's impact: the evolution between 2019 and 2020 of our indicators on water-stressed areas is linked to this update and not to its operational performance.

Today, 200 Group sites (compared to 60 in 2019) representing approximately 16% (10% in 2019) of the Group's water withdrawals and 13% of its discharges appear to be located in high or very high risk areas. Of these sites, 34 sites (2 in 2019) consuming more than 5,000 m^3 per year are in very high-risk zones.

The deterioration in 2020 of the indicator for the reduction of water discharges at iso production by 2025 is due to the cooling process of the glass furnaces, which had to be kept hot even if the production is reduced. .

WATER	2020	2019	2018	GRI	SDG
Monitoring the goal to reduce water discharge by 80% between 2010 and 2025	**-31.5%**	**-34.5%**	**-35.0%**		**6**
Total water withdrawal	45.4 M of m^3	48.9 M of m^3	52.8 M of m^3	303-1	6
Surface water withdrawal on sites with very high water stress *(sites with >5,000 m^3/year) based on Aqueduct 2020 data Previous data on the Aqueduct 2016 database*	2.5 M of m^3	57,763 m^3	59,806 m^3	303-2	6
Municipal water withdrawal	15.4 M of m^3	16.1 M of m^3	16.2 M of m^3	303-1	6
Surface water withdrawal	11.3 M of m^3	12.2 M of m^3	15.1 M of m^3	303-1	6
Ground water withdrawal	16.2 M of m^3	17.8 M of m^3	19.0 M of m^3	303-1	6
Total water discharge	23.0 M of m^3	24.3* M of m^3	27.6 M of m^3	306-1	6
Water discharges into the surrounding environment	14.4 M of m^3	16.2 M of m^3	18.9 M of m^3	306-1	6
Water discharges into the municipal waste water collection system	7.1 M of m^3	8.5 M of m^3	8.2 M of m^3	306-1	6
Quantity of water reused in production processes through internal recycling systems	258.6 M of m^3	275.5 M of m^3	322.2 M of m^3		6
Percentage of water reused in production processes through internal recycling systems	85%	85%	85%		6

** Updated data.*

RAW MATERIALS AND PRODUCTION WASTE	2020	2019	2018	GRI	SDG
Monitoring the goal to reduce non-recovered waste by 50% between 2010 and 2025	**-26.3%**	**-11.5%**	**-15.9%**		**6; 12; 15**
Quantity of waste generated	1.309 Mt	1.585 Mt	1.614 Mt	306-2	6; 12; 15
Quantity of hazardous waste generated	0.081 Mt	0.102 Mt	0.123 Mt	306-2	6; 12; 15
Quantity of non-recovered waste	0.445 Mt	0.515 Mt	0.517 Mt	306-2	6; 12; 15
Quantity of non-recovered hazardous waste	0.036 Mt	0.045 Mt	0.038 Mt	306-2	6; 12; 15
Quantity of waste reused or recycled	0.854 Mt	1.083 Mt	1.091 Mt		6; 12; 15
Recycled materials incorporated in the product (cullet, gypsum, scrap iron)	8.437 Mt	8.382 Mt	8.961 Mt		6; 12; 15
Natural raw materials saved (sand and gypsum)	10.100 Mt	8.462 Mt	9.025 Mt		6; 12; 15

2.4.2 Social

HEALTH – SAFETY	2020	2019	2018	GRI	SDG
Group accident frequency rate (TRAR) (employees, temporary workers and permanent subcontractors)	1.8	2.2	2.4	403-2	3; 8
Total recordable accident rate with and without lost time of more than 24 hours (employees, temporary workers and permanent subcontractors)	1.2	1.2	1.3	403-2	3; 8
Group accident severity rate (employees)	0.08	0.09	0.09	403-2	3; 8
Number of fatal incidents connected with the work of Saint-Gobain employees	1	2	1	403-2	3; 8
Number of fatal incidents connected with the work of subcontractors	1	3	5		3; 8
Number of fatal incidents connected with the work of temporary workers	1	0	0		3; 8
Number of fatal incidents connected with the work of third parties	0	0	0		3; 8
Number of Health & Safety certified sites at the actual scope (OHSAS 18001 – ILO OSH 2001 – ISO 45000) Percentage of employees covered	359 28%	368	364		3; 8
Percentage of sites offering medical inspections at comparable scope	81%	81%	80%		3; 8
Number of occupational illnesses in France	61	71	71		3; 8
Absenteeism rate	3.7%	3.5%	3.6%		3; 8
Education, training, advising, prevention and risk control programs to assist employees in the event of severe illness	YES	YES	YES		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		3; 8
Extension of the program to communities	Sometimes in collaboration with associations	Sometimes in collaboration with associations	Sometimes in collaboration with associations		3; 8
Proportion of health and safety signed and active agreements with employee representatives *Methodology change in 2020*	8.8%	5.2%	7.5%	403-4	3; 8

EMPLOYMENT	2020	2019	2018	GRI	SDG
Number of employees					
Total headcount	167,552 people	170,639 people	181,001 people		8
Percentage of workers	40.4%	40.6%	40.5%		8
Fixed-term employment contract rate (1)	6.3%	6.1%	6.9%	102-8	8
Percentage of fixed-term employment contracts transformed into permanent contract	37.1%	35.4%	53.1%		8
Turnover rate	10.5%	11.7%	11.0%		8
Industry turnover rate	9.5%				8
Distribution turnover rate	12.4%				8
Resignation rate	4.3%	6.1%	6.2%		8
Layoff rate	4.0%	4.5%	3.7%		8
Managers turnover	8.9%	10.7%	8.9%		8
Recruitment					
Hiring rate	13.5%	16.3%	19.0%	401-1	8
Number of employees hired	22,021 people	26,665 people	34,299 people	401-1	8
Hiring rate of young people under 30	49.5%	48.6%	45.8%	401-1	8; 10
Hiring rate of employees aged 50 or older	8.5%	8.3%	8.0%	401-1	8; 10
Hiring rate by gender M/F	72.9% 27.1%	74.2% 25.8%	73.6% 26.4%	401-1	5; 8; 10
Manager hiring rate by gender M/F	69.1% 30.9%	72.2% 27.8%	68.3% 31.7%	401-1	5; 8; 10
Work structure					
Overtime rate	3.1%	4.0%	4.4%	102-8	8
Percentage of temporary workers	4.7%	4.6%	5.9%	102-8	8
Rate of part-time employees	4.3%	4.2%	4.2%	102-8	8

(1) Basis of calculation: excluding North America, i.e. 87.8% of the Group scope.

DIVERSITY	2020	2019	2018	GRI	SDG
Gender diversity					
Employee distribution by gender (M/F)	77.4%/ 22.6%	77.6% / 22.4%	77.4% / 22.6%	102-8	5; 10
Percentage of women on fixed-term employment contracts	29.2%	27.5%	29.1%		5; 10
Share of women managers among managers Objective: 25% by 2020	25.3%	24.2%	23.8%	405-1	5; 10
Promotion of female managers among all management promotions	33.7%	26.0%	27.7%	405-1	5; 10
Percentage of female managers among all senior executives (senior management) Objective: 25% by 2025	19.0%	17.1%	15.2%	405-1	5; 10
Percentage of women on the Executive Committee	25.0%	23.5%	21.4%		5; 10
Turnover rate by gender (M/F)	10.3%/ 11.1%	11.5%/ 12.5%	10.7%/ 11.9%		5; 10
Age diversity					
Proportion of young people under 30	17.2%	18.0%	18.0%	405-1	8; 10
Proportion of people between 30 and 50	56.8%	57.0%	54.0%	405-1	8; 10
Proportion of people over 50	26.0%	25.0%	28.0%	405-1	8; 10
Disability					
Proportion of disabled employees within the Group	1.6%	1.5%	1.5%	405-1	8; 10

TALENT DEVELOPMENT	2020	2019	2018	GRI	SDG
Training [1]					
Proportion of payroll of training investment	0.33%	0.93%	1.1%		4
Employees who received training during the year	73.2%	79.1%	87.7%	404-1	4
Average number of training hours per employee per year	12.1 hours	31.6 hours	23.3 hours	404-1	4
Share of technical and EHS training	56.1%	54.4%	41.4%		4

(1) According to the note on methodology in Chapter 9, Section 2.1.

EMPLOYEES' ENGAGEMENT	2020	2019	2018	GRI	SDG
Annual reviews					
Proportion of Group employees receiving annual reviews	61.3%	59.8%	61.4%	404-3	8
Proportion of non-managers receiving annual reviews	55.0%	53.7%	56.3%	404-3	8
Proportion of managers receiving annual reviews	91.3%	88.8%	87.2%	404-3	8
Employee relations					
Percentage of employees with employee representation	67.7%	54.4%	53.7%		8; 16
Percentage of Group employees covered by a collective bargaining agreement	65.0%	64.9%	66.0%	102-41	8; 16
Number of signed and active agreements with employee representatives *Methodology change in 2020*	2,638	1,437	1,506		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
Group Savings Plan					
Proportion of shares held by employees through the Group Savings Plan Funds	9.1%	8.7%	8.0%	401-2	8
Number of countries participating in the Group Savings Plan	46	47	47	401-2	8
Coverage rate of participating countries (as a percentage of total headcount)	88.1%	88.0%	88.6%		8

2.4.3 Ethics

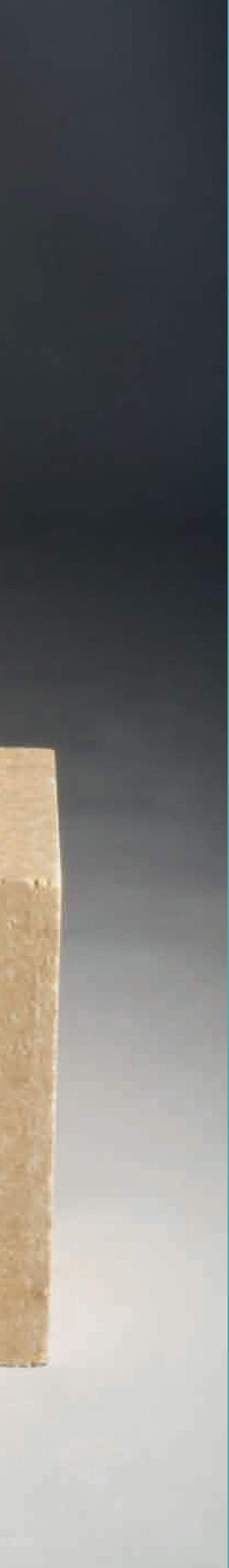
GROUP VALUES	2020	2019	2018	GRI	SDG
Code of ethics: Principles of Conduct and Action					
Training of managers in their first year	97%	93%	96%	412-2	4
Human rights					
Percentage of countries identified as human rights risks having a local trainer in the Principles of Conduct and Action	100%	100%	100%		8; 16
Number of incidents involving forced or compulsory labor	0	0	0	409-1	8
Number of incidents involving union freedom	1	2	1	407-1	8; 16
Other incidents involving human rights, including child labor	0	0	0		8; 16
Reports received through the occupational whistle-blowing system	477	537	406	103-2	8; 16
Anti-corruption					
ACT training: training of managers in their first year	94%	89%	95%		4; 16
ACT training: share of managers trained	94%	95%			4; 16
Number of cases of corruption reported	0	0	0	205-3	4; 16
Respect for the law					
Online training Comply (anti-trust laws): proportion of managers trained in the 1st year after joining the Group	96%	92%	94%		4; 16
Online training Comply (anti-trust laws): share of managers trained	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

NON-DISCRIMINATION	2020	2019	2018	GRI	SDG
Equal treatment					
Ratio of basic average male to female wages	0.94				5; 10
Ratio of basic average male to female wages for managers	0.97	0.95	0.91	405-2	5; 10
Ratio of basic average male to female wages for junior managers	0.96	0.98	0.99	405-2	5; 10
Ratio of basic average male to female wages for confirmed managers	0.95	0.95	0.95	405-2	5; 10
Ratio of basic average male to female wages for senior managers	0.98	0.96	0.92	405-2	5; 10
Ratio of total average male to female remuneration	0.92				5; 10
Ratio of total average male to female remuneration for managers	0.94	0. 93	0.88	405-2	5; 10
Ratio of total average male to female remuneration for junior managers	0.95	0.97	0.97	405-2	5; 10
Ratio of total average male to female remuneration for confirmed managers	0.93	0.93	0.93	405-2	5; 10
Ratio of total average male to female remuneration for senior managers	0.94	0.93	0.88	405-2	5; 10
Number of incidents declared					
Total incidents *of which:*	59	54	59	406-1	8; 10
Disability	10	9	5		8; 10
Harassment	20	32	32		8; 10
Ethnic origin	5	3	1		8; 10
Gender	7	2	0		8; 10
Other	17	8	21		8; 10

RESPONSIBLE PURCHASING	2020	2019	2018	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 sales*					
Percentage of so-called "risky" purchases following risk mapping – 27.1% Percentage of so-called "risky" purchases evaluated in terms of CSR – 43.2%					
Proportion of document reviews concluding on a "critical" CSR performance	5%	16%	9%	414-2	9; 12
Proportion of document reviews concluding on a "to be improved" CSR performance	11%	45%	18%	414-2	9; 12
Proportion of document reviews concluding on an "effective" CSR performance	84%	39%	73%	414-2	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	2%	0%	0%		9; 12
Proportion of onsite audits concluding on a "to be improved" CSR performance	35%	68%	69%		9; 12
Proportion of onsite audits concluding on an "effective" CSR performance	63%	32%	31%		9; 12
Responsible timber purchases	94.8%	96.5%	95%		8; 9; 12; 15
Non-trade suppliers and outside contractors					
Training in the Responsible Purchasing policy (including Purchasing Department)	2,428 (1,251)	2,525 (1,239)	2,734 (1,163)		9; 12
Total non-trade purchases covered by the Suppliers Charter (eligible perimeter)	90.6%	89.1%	82.6%		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 sales*					
Percentage of so-called "risky" purchases following risk mapping – 18.7% Percentage of so-called "risky" purchases evaluated in terms of CSR – 62.3%					
Proportion of document reviews concluding on a "critical" CSR performance	22.6%	2.7%	2.4%	414-2	9; 12
Proportion of document reviews concluding on a "to be improved" CSR performance	32.2%	91.5%	92.1%	414-2	9; 12
Proportion of document reviews concluding on an "effective" CSR performance	45.3%	5.7%	5.5%	414-2	9; 12
Proportion of onsite audits concluding on a "critical" CSR performance	5.2%	8.9%	8.7%		9; 12
Proportion of onsite audits concluding on a "to be improved" CSR performance	38.5%	59.3%	58.8%		9; 12
Proportion of onsite audits concluding on an "effective" CSR performance	56.4%	31.9%	32.5%		9; 12

2.4.4 Societal impact

Local impact	2020	2019	2018	GRI	SDG
Support to local communities					
Investments in projects	€9.9 M	€6.1 M	€6.8 M		1; 4; 8; 10; 11



Cvywwyg0l nv2l yugujl

C20 326v7v21
l1p 23r 5l 7v21
2s 7ur t 29r 5l vl t n2pvr 6

Cvt wwzpbvu vm0ol Bvgyk vmDpyl j 0vyz

Ml t i l yz vm0ol Bvgyk vmDpyl j 0vyz

lukl wl ukl uj l kp2l yzp05 wwsp 5 guk yl wyl zl u0g0pvu vml t wsv5l l zogyl ovskl yz guk l t wsv5l l zvu 0ol Bvgyk vmDpyl j 0vyz

Cvumsp 0z vmpu0l yl z0guk zog0l t l u0z yl ngykpun t l t i l yz vm 0ol Bvgyk vmDpyl j 0vyz

Tl l sj 0pvu vm0ol Bvgyk vm Dpyl j 0vyz guk j ogunl z pu p0z j vt wzp0pvu

Owl yg0pvu vm0ol Bvgyk vmDpyl j 0vyz

Gv2l yuguj l z0yl j 0l yl l 2vsl 0pvu pu Ugpu0 Gvi gpu nv2l yuguj l guk z1j j l zzpvu vm0ol Cop mE4l j 1 0p2l Ompj l yguuv1uj l k my

Owl yg0pun yl sl z vm0ol Bvgyk vm Dpyl j 0vyz pu0 yugsyl sl z

Pyvuj pwgsgj 0p2p0pl z vm0ol Bvgyk guk p0z j vt t p00l l z k1ypun mpzj gs 5l gy

Bvgyk gzzl zzt l u0

Dpyl j 0vyz pu k1j 0pvu wyvj l zz

Gyv1 w Mgugnl t l u0

Cogpyt gu guk Cop mE4l j 1 0p2l Ompj l y guk Cop mOwl yg0pun Ompj l y

E4l j 1 0p2l Cvt t p00l l

Ol 1l t r 0 r 1 7l 1p
Dv5r o7256 o20 3r 16l 7v21

Dpyl j 0vyz Cvt wl uzg0pvu

Cvt wl uzg0pvu wwsp 5 my Dpyl j 0vyz

Cvt wl uzg0pvu j vt wwul u0z wgpk 0v Dpyl j 0vyz k1ypun 0ol mpzj gs 5l gy vy nyguQ k pu yl zwl j 0 vm0ol zgt l mpzj gs 5l gy z1i dij 00v 0ol gwwyv2gs vm0ol Gl ul ygs Uogyl ovskl yz Ml l 0pun vmJ1 ul

Cvt wl uzg0pvu vmE4l j 1 0p2l j vywwyg0l vmpj l yz

Gl ul ygs wypuj pwsl z vm0ol Cvt wl uzg0pvu wwsp 5 my 0ol E4l j 1 0p2l j vywwyg0l vmpj l yz

Cvt wl uzg0pvu guk i l ul mp0z gsvj g0l k 0v 0ol E4l j 1 0p2l j vywwyg0l vmpj l yz

Cvt wl uzg0pvu j vt wwul u0z wgpk 0v 0ol E4l j 1 0p2l j vywwyg0l vmpj l yz k1ypun 0ol mpzj gs 5l gy vy nyguQ k pu yl zwl j 0 vm0og0 mpzj gs 5l gy z1i dij 00v gwwyv2gs vm0ol Gl ul ygs Uogyl ovskl yz Ml l 0pun vm J1 ul

Cvt wl uzg0pvu wwsp pz my 0ol E4l j 1 0p2l j vywwyg0l vmpj l yz z1i dij 00v 0ol gwwyv2gs vm0ol Gl ul ygs Uogyl ovskl yz Ml l 0pun vm J1 ul

Cvt wl uzg0pvu yg0pvz

Cvt wl uzg0pvu vmt l t i l yz vm 0ol Gyv1 wz Ul upvy Mgugnl t l u0

Lvun 0l yt j vt wl uzg0pvu wsguz wl ymvyt guj l zogyl z z0vj r vw0pvuz guk wl ymvyt guj l 1 up0z

Aszvj g0pvu wwsp 5

Cvuzpkl yg0pvu vm0ol pt wgj 0 vm0ol Cv2pk wguk l t pj j ypzpz

Pl ymvyt guj l Uogyl Pcguz

U0vj r vw0pvu wsguz

Pl ymvyt guj l 1 up0 wsguz

C20 3l 1: 672ox 75l pr p
n: o25325l 7r 2ssvor 56

br 32572s 7ur B21 5p
2s Dv5r o7256 21 o25325l 7r
t 29r 5l l 1or
A57voyr N 2s
7ur F5r 1ou C20 0 r 5ovl y
C2pr

c7l 78725: A8pv7256
63r ovl y5r 325721
5r yl 7r p 31 57: l t 5r r 0 r 176

Anyl l t l u0z 0v i l z1i t p00l k my 0ol gwwyv2gs vm0ol guu1 gs nl ul ygs t l l 0pun

Anyl l t l u0z wyl 2pv1 zs5 gwwyv2l k i 5 gu guu1 gs nl ul ygs t l l 0pun

1. Composition and operation of the governing bodies

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.* of the French Commercial Code, the composition of the Board and 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. It includes one Director representing employee shareholders and two Employee Directors, appointed pursuant to the law, and one Lead independent Director in charge of overseeing the efficient running of the Company's governance bodies.

82%
INDEPENDENT DIRECTORS, COMMITTEE CHAIRMEN ALL INDEPENDENT

99%
ATTENDANCE RATE

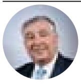
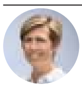
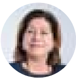
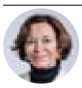
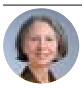
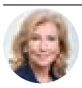
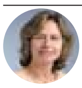
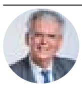
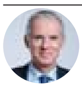
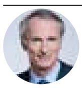
1
LEAD INDEPENDENT DIRECTOR

45%
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, 2021.

	Name	Age	Independent (1)	Other terms (5)	ARC (6)	NRC (7)	CSRC (8)	Years of seniority
	**Pierre-André de Chalendar**	62	No	1				15
	**Jean-François Cirelli**	62	Yes	0				0.5
	**Lydie Cortes**	49	No (2)	0		(M) (9)		2.5
	**Sibylle Daunis**	46	No (3)	0				1
	**Iêda Gomes Yell**	64	Yes	2		(M)		5
	**Anne-Marie Idrac**	69	Yes	3		(P) (10)	(M)	10
	**Pamela Knapp**	62	Yes	2	(M)			8
	**Agnès Lemarchand**	66	Yes	2	(M)		(P)	8
	**Dominique Leroy**	56	Yes	2		(M)		3
	**Denis Ranque**	69	No	1		(M)		18
	**Gilles Schnepp**	62	Yes	3	(M)			12
	**Jean-Dominique Senard (4)**	67	Yes	1			(M)	9
	**Philippe Thibaudet**	40	No (2)	0			(M)	2.5
	**Philippe Varin**	68	Yes	1	(P)			8
	NUMBER OF MEETINGS			**BOARD: 16**	**ARC: 5**	**NRC: 5**	**CSRC: 2**	
	ATTENDANCE RATE			**99%**	**90%**	**100%**	**100%**	

(1) According to the criteria set forth in Recommendation 8.5 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 at the Board of Directors, in compliance with the recommendations of the AFEP-MEDEF Code, nor in the gender parity ratio at the Board of Directors, in accordance with the law.

(3) Director representing employee shareholders, co-opted on March 26, 2020 to replace Jacques Pestre, who has retired. 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 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, which was created on June 4, 2020, date on which the Strategy and Corporate Social Responsibility Committee was dissolved.

(9) Member of a committee.

(10) Chairman of a committee.

5

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 March 15, 2021, 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
Principal office held: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

62 years old
Nationality: French
Number of shares held: 224,768
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

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), Pierre-André de Chalendar was named Senior Vice President 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, elected Director in June 2006, then Chief Executive Officer of Compagnie de Saint-Gobain on June 7, 2007, he has been Chairman and Chief Executive Officer since June 3, 2010.
Within the Saint-Gobain Group, he is a Director of Saint-Gobain Corporation and of GIE SGPM Recherche. He was Chairman of the Board of Directors of Verallia (former Packaging Sector) from March 2011 to March 2014. Pierre-André de Chalendar was also a Director of Veolia Environnement from 2009 to 2015. He has been a Director of BNP Paribas since 2012.
His offices and duties held outside the Group over the past five years are described below.
Pierre-André de Chalendar has been a Director of Compagnie de Saint-Gobain since June 2006.

Offices and duties held outside the Group

- Director of BNP Paribas*

Other offices held outside the Group and expired over the past five years

- Director of Veolia Environnement* (2009-2015)

* Listed company

JEAN-FRANÇOIS CIRELLI

Independent Director
Principal office held: Chairman of BlackRock France, Belgium and Luxembourg (1)
BlackRock France – 16 rue du 4 Septembre – 75002 Paris, France

62 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

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, Jean-François Cirelli 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.
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.
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
- Director 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 Vallourec's Supervisory Board and Strategy Committee* (2009-2016)

(1) Board Member as an individual, and not as a BlackRock representative, Jean-François Cirelli does not represent BlackRock at the Board of Directors.
* Listed company
** Non-listed foreign company

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

49 years old
Nationality: French
Number of shares held: 1,979
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
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, 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, 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.
Lydie Cortes has been the Product Safety Coordinator (management and evaluation of hazard classes of raw materials and semi-finished goods, use awareness and prevention) at Saint-Gobain Weber France since 2012.
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.

SIBYLE DAUNIS

Director representing employee shareholders
Principal office held: Chief Executive Officer of PUM
PUM – 4 rue René Francart – 51100 Reims

46 years old
Nationality: French
Number of shares held: 3,818
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 2020 (1)

Expertise and experience
Sibylle Daunis began her career in 1996 in a 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.
Sibylle Daunis 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.

(1) The term of office of the Director representing employee shareholders must be renewed in accordance with the new appointment procedures provided for by the bylaws of Compagnie de Saint-Gobain, which were brought into compliance with the PACTE Law by the General Shareholders' Meeting of June 4, 2020. Sibylle Daunis, Chairwoman of the Supervisory Board of the "Saint-Gobain PEG France" corporate mutual fund, currently representing employee shareholders on the Board of Directors, has been designated as a candidate by the said Supervisory Board. This candidacy was supported by the Supervisory Board of the "Saint-Gobain PEG Monde" corporate mutual fund, which did not propose any other candidate, as the employees holding registered shares.

5

IÊDA GOMES YELL

Independent Director
Member of the Nomination and Remuneration 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

64 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

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), Chairman of BP Brazil (2000-2002), Vice President of Development of BP Solar (2002-2004), and Vice President 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. Iêda Gomes Yell was also Vice President of New Ventures for the Middle East and South Asia (2004-2011) and Independent Chairperson 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, 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). 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.
Iêda Gomes Yell has been a Director of Compagnie de Saint-Gobain since June 2016.

Offices and duties held outside the Group

- Director and member of the Audit and Risk Committee of Bureau Veritas*
- Director and member of the Nominating, Governance and Sustainability Committee and Human Capital and Compensation Committee of Exterran Corporation* (United States)
- Director and member of the Strategic Committee and the Human Resources, Compliance and Sustainable Development Committee of Prumo Logistica SA** (Brazil)

Other offices held outside the Group and expired over the past five years

- Director and Chair of the Governance Committee of InterEnergy Group Holdings** (2013-2020)
- Director and member of the Compliance Committee of Odebrecht SA (Brazil) (2018-2019)
- Founding President of Energix Strategy Ltd** (2011-2017)

* 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

69 years old

Nationality: French

Number of shares held: 827

Date of first election: June 2011

Term start date: June 2015

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022

Expertise and experience

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, 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.
Anne-Marie Idrac was also President 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 Deputy Chairwoman of the Robert Schuman Foundation and is senior advisor of the firm Sia Partners. In addition, since 2017, Anne-Marie Idrac has been Senior Representative of the French Government for autonomous vehicle development strategy and, since January 2020, President of the France Logistique association.
Her other offices and positions held during the last five years are described below.
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, Chairwoman of the Ethics, CSR and Patronage Committee and member of the Audit Committee of Bouygues *
- Director and member of the Governance and Ethics Committee and of the Strategy & CSR Committee of Total*
- Director and Chairman of the Remuneration 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)
- Member of the Supervisory Board of Vallourec* (2011-2015)

* Listed company

PAMELA KNAPP

Independent Director
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

62 years old

Nationality: German

Number of shares held: 1,818

Date of first election: June 2013

Term start date: June 2017

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2020

Expertise and experience

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. 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.
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

66 years old

Nationality: French

Number of shares held: 2,252

Date of first election: June 2013

Term start date: June 2017

Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2020

Expertise and experience

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 industrial group Lhoist. 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.
Her other offices and positions held during the last five years are described below.
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*

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)
- Member of the Supervisory Board of Areva* (2011-2015)

* 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

56 years old
Nationality: Belgian
Number of shares held: 1,000
Date of first election: November 2017
Term start date: November 2017
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022

Expertise and experience

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 President with responsibility for sales and e-business for the Consumer Business Unit, before becoming its Executive Vice President in June 2012. Between January 2014 and September 2019, Dominique Leroy was CEO 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.
Dominique Leroy is currently an independent member of the Supervisory Board, the Governance and Nomination Committee, the Risk Committee and the Sustainability and Innovation Committee of Ahold Delhaize and, since May 2020, Senior Advisor of Ergon Capital Partners. 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.
Dominique Leroy has been an independent 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 Supervisory Board, the Governance and Nomination Committee, the Risk Committee and the Sustainability and Innovation Committee of Ahold Delhaize* (Netherlands)

Other offices held outside the Group and expired over the past five years

- Senior Advisor of Bain & Company (Belgium) (2019-2020)
- Chief Executive Officer of Proximus* (Belgium) (2014-2019)
- Director and Chairman of the Audit Committee of Lotus Bakeries* (2009-2018)

* Listed company

DENIS RANQUE

Director
Member of the Nomination and Remuneration Committee
Principal office held: Director of companies
Compagnie de Saint-Gobain – "Tour Saint-Gobain" – 12 Place de l'Iris – 92400 Courbevoie, France

69 years old
Nationality: French
Number of shares held: 888
Date of first election: June 2003
Term start date: June 2015
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2022

Expertise and experience

Denis Ranque began his career at the Ministry of Industry, where he held several positions in the energy sector, before joining the Thomson Group in 1983 as Planning Director.
The following year he was transferred to the Electronic Tubes Division, first as Director of the "Space" activity then, starting 1986, as Director of the Hyperfrequency Tubes Department. Two years later, this division became a subsidiary of Thomson Tubes Électroniques, for which he was appointed Chief Executive Officer in 1989.
In April 1992, he was appointed Chairman and Chief Executive Officer of Thomson Sintra "Submarine activities". Four years later, he became Chief Executive Officer of Thomson Marconi Sonar, the sonar systems joint venture of THOMSON-CSF and GEC-MARCONI.
In January 1988, Denis Ranque was appointed Chairman and Chief Executive Officer of the THOMSON-CSF Group, which in 2000 took the name THALES, which he left in 2009 due to a change of shareholder. He was also Chairman of the Board of Directors of Airbus until 2020. Denis Ranque was Chairman of the Board of Directors of Mines Paris Tech, the *Cercle de l'Industrie*, the *Association Nationale de la Recherche et de la Technologie* and the *Haut Comité de Gouvernement d'Entreprise*. He is currently Chairman of the Board of Directors of the *Fondation de l'École Polytechnique*.
His other offices and positions held during the last five years are described below.
Denis Ranque has been a Director of Compagnie de Saint-Gobain since June 2003.

Offices and duties held outside the Group

- Director of CMA-CGM

Other offices held outside the Group and expired over the past five years

- Chairman of the Board of Directors of Airbus SE* (2013-2020)
- Director of Scilab Enterprises (up to 2017)

* Listed company

GILLES SCHNEPP

Independent 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

62 years old
Nationality: French
Number of shares held: 800
Date of first election: June 2009
Term start date: June 2017
Term end date: General Shareholders’ Meeting convened to approve the financial statements for fiscal year 2020

Expertise and experience

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 in (2018), a term he held until June 2020.

He has been a member of the Medef since 2018, serving as a member of the Executive Council and Chairman of the Ecological and Economic Transition Commission. He has been, between 2019 and 2021, Vice Chairman and Senior Independent Member of the Supervisory Board of Peugeot SA and Chairman of the Appointments, Compensation and Governance Committee and member of the Finance and Audit Committee of that company. 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.

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* (1)
- Director 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 President and Senior Independent Member of the Supervisory Board, Chairman of the Appointments, Compensation and Governance Committee and member of the Finance and Audit Committee of the Peugeot SA* (2019-2021)

(1) As announced by the Danone Group on December 14, 2020 and on March 15, 2021, Gilles Schnepp was co-opted as a Director and then appointed as Chairman of the Board of Directors. The ratification of this co-optation will be submitted to the vote of the next General Shareholders’ Meeting of Danone.
* Listed company

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

67 years old
Nationality: French
Number of shares held: 7,685
Date of first election: June 2012
Term start date: June 2016
Term end date: General Shareholders’ Meeting convened to approve the financial statements for fiscal year 2023

Expertise and experience

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.

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. Jean-Dominique Senard was a Director of SEB from 2009 to 2013.

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.

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*

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

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

40 years old
Nationality: French
Number of shares held: 724
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

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.

Philippe Thibaudet has been EHS Officer at Saint-Gobain Isover in Chalon-sur-Saône since July 1, 2019.

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.

PHILIPPE VARIN

Independent Director
Chairman of the Audit and Risk Committee
Principal office held: Chairman of the Board of Directors of Suez
Tour CB21 – 16 place de l'Iris – 92040 Paris-La Défense Cedex, France

68 years old
Nationality: French
Number of shares held: 3,026
Date of first election: June 2013
Term start date: June 2017
Term end date: General Shareholders' Meeting convened to approve the financial statements for fiscal year 2020

Expertise and experience

Philippe Varin joined the Pechiney Group in 1978 as a researcher. He subsequently held various management positions within this Group (management control, strategy, project management), before being appointed as head of the Rhenalu Division in 1995 and then General Director of the Aluminum Division and member of the Group's Executive Committee in 1999.

In 2003, he joined the Anglo-Dutch Steelmaking Group Corus as Chief Executive Officer. Between 2006 and 2013, he was a Director of BG Group Plc.

Philippe Varin became Chairman of the Management Board of Peugeot SA in June 2009, a position he held until June 2014, in that capacity, he was a Director of Faurecia and Banque PSA during the same period. From January 2015 to December 2019, he chaired the Board of Directors of Areva, then the Board of Orano until May 2020.

Philippe Varin is currently Chairman of the Board of Directors of Suez. He is also Chairman of the France Committee of the International Chamber of Commerce.

His other offices and positions held during the last five years are described below.

Philippe Varin has been a Director of Compagnie de Saint-Gobain since June 2013.

Offices and duties held outside the Group

- Chairman of the Board of Directors of Suez*
- Chairman of PRM3C SASU

Other offices held outside the Group and expired over the past five year

- Chairman of the Board of Directors of Orano (2019-2020)
- Chairman of the Board of Directors of Areva (2015-2019)
- Director of EDF* (2014-2016)

* Listed company

1.1.2 Independence, diversity policy and representation of employee shareholders and employees on the Board of Directors

Independence

The Board has reviewed each Director's situation with regard to all 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 25, 2021, also scrutinized, as it does every year, with the same attention as it reviewed the other criteria, the business relationships that existed between the Saint-Gobain Group and the other companies or groups of companies where each Director holds office. The Board's review, described below, concluded that, with the exception of Mr. Jean-François Cirelli, Mrs. Dominique Leroy, Mr. Jean-Dominique Senard and Mr. Philippe Varin, none of these Directors, nor any company or group of companies 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.

The Board then carried out a quantitative and qualitative review of the situation of Mrs. Dominique Leroy, member of the Management Board of Deutsche Telekom for Europe, Mr. Jean-François Cirelli, Chairman of BlackRock France, Belgium and Luxembourg, Mr. Jean-Dominique Senard, Chairman of the Board of Directors of Renault, and Mr. Philippe Varin, Chairman of the Board of Directors of Suez, and of the business relationships maintained respectively between the Deutsche Telekom, BlackRock, Alliance Renault (Renault, Nissan, Mitsubishi) and Suez Groups on the one hand and Saint-Gobain on the other.

The business transactions between each of these groups and Saint-Gobain, including business activities at an international level, represent, regarding Deutsche Telekom, BlackRock and Suez, less than 0.1% of their respective consolidated net sales, and regarding Alliance Renault, less than 0.1% and 0.4% of the respective consolidated net sales of Alliance Renault and Saint-Gobain, and fall substantially below the 1% materiality threshold 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, Mr. Jean-François Cirelli, Mr. Jean-Dominique Senard and Mr. Philippe Varin, 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 and CEO 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, Mr. Jean-François Cirelli, Mr. Jean-Dominique Senard and Mr. Philippe Varin 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, 2020, held 4.9% of the share capital and 4.5% of the voting rights of the Company. Mr. Jean-François Cirelli does not represent BlackRock at 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, 2021, nine Directors out of eleven (*i.e.* 81.8%) completely satisfied the independence criteria, and were therefore considered to be independent Directors: Iêda Gomes Yell, Anne-Marie Idrac, Pamela Knapp, Agnès Lemarchand, Dominique Leroy, Jean-Dominique Senard, Gilles Schnepp, Philippe Varin and Jean-François Cirelli. In compliance with the recommendations of the AFEP-MEDEF Code, Sibylle Daunis, representing employee shareholders, and Lydie Cortes and 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.

	Criteria [1]							
	Criterion 1: *Employee or Executive Director 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	✗	✓	✓	✓	✓	✗	✓	✓
Jean-François Cirelli	✓	✓	✓	✓	✓	✓	✓	✓ (2)
Lydie Cortes	✗	✓	✓	✓	✓	✓	✓	✓
Sibylle Daunis	✗	✓	✓	✓	✓	✓	✓	✓
Iêda Gomes Yell	✓	✓	✓	✓	✓	✓	✓	✓
Anne-Marie Idrac	✓	✓	✓	✓	✓	✓	✓	✓
Pamela Knapp	✓	✓	✓	✓	✓	✓	✓	✓
Agnès Lemarchand	✓	✓	✓	✓	✓	✓	✓	✓
Dominique Leroy	✓	✓	✓	✓	✓	✓	✓	✓
Denis Ranque	✓	✓	✓	✓	✓	✗	✓	✓
Gilles Schnepp	✓	✓	✓	✓	✓	✓	✓	✓
Jean-Dominique Senard	✓	✓	✓	✓	✓	✓	✓	✓
Philippe Thibaudet	✗	✓	✓	✓	✓	✓	✓	✓
Philippe Varin	✓	✓	✓	✓	✓	✓	✓	✓

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 8.5 of the AFEP-MEDEF Code: (i) not be or not have been within the previous five years an employee or executive officer of Compagnie de Saint-Gobain or employee, executive 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 a 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 officer, 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, please note that Mr. Jean-François Cirelli is a Director as an individual and not on the proposal of BlackRock which, at December 31, 2020, held 4.9% of the share capital and 4.5% of the voting rights of the Company; Jean-François Cirelli does not represent BlackRock on the Board of Directors.

Diversity policy, complementarity of skills and Director experience

As of February 1, 2021, three members of the Board of Directors out of eleven (*i.e.* 27%) are of foreign nationality (Mrs. Sibylle Daunis, 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 2020 (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 Board believes that its size is adequate. The skills and experience of the Directors were judged to be varied and complementary, both in terms of their knowledge of the industry and the Group's businesses, as well as innovation/digital, which are now well represented with Mrs. Sibylle Daunis and Mrs. Dominique Leroy, management, strategy, finance, governance and/or Corporate Social Responsibility (see biographies in Chapter 5, Section 1.1.1).

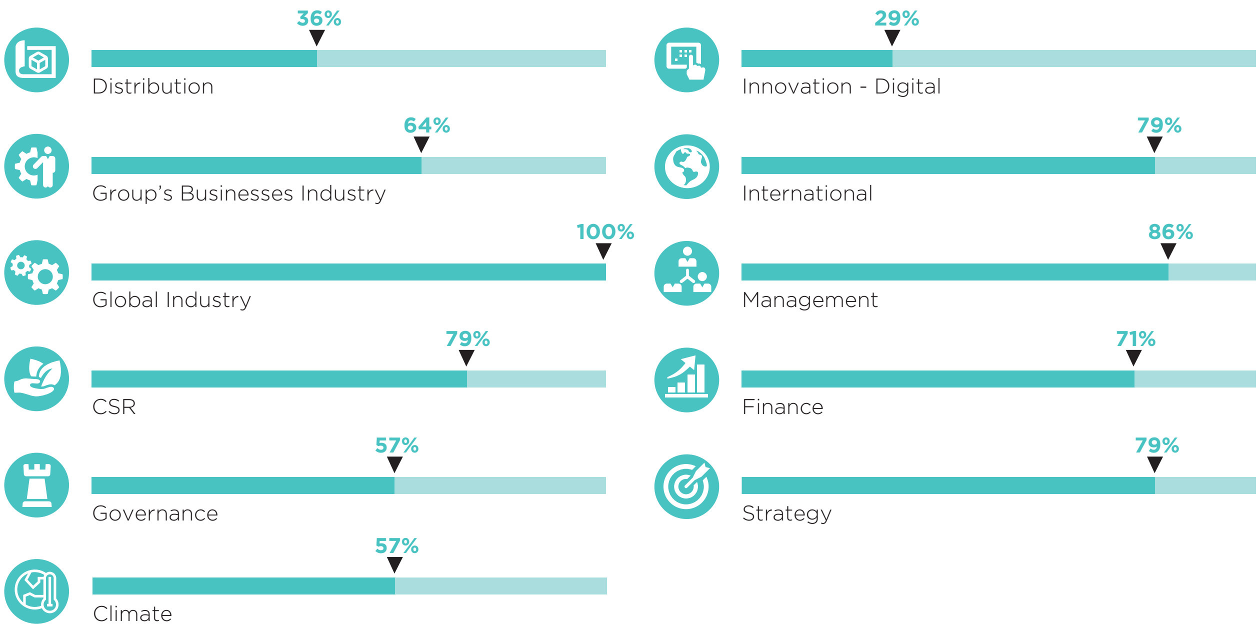
The Directors believed that it would be desirable, for future recruitments, to prioritize two search criteria, namely:

- a Director with a background in the construction, public works or housing value chain or with expertise in Corporate Social Responsibility or innovation and younger than the average age of the Board; or
- an Executive Director who holds office or has such experience in other major groups, to maintain the proportion of Executive Directors at the Board.

It is considered desirable, despite the international experience of the majority of the Board members, to increase the proportion of foreign nationals or profiles with operational experience in a high growth region for the Saint-Gobain Group.

The decision of Board of Directors of February 25, 2021, in the context of the evolution in Saint-Gobain governance and the succession of Mr. Pierre-André de Chalendar as Chief Executive Officer, to propose the appointment of Mr. Benoit Bazin as Director at the next General Shareholders' Meeting, meets this latter objective. Indeed, in addition to his studies in the United States, Mr. Benoit Bazin spent several years there working in operational functions.

The chart below summarizes the skills of the members of the Board of Directors as of February 1, 2021:



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, 2021, the Board includes five women among eleven members (45.5%), *i.e.* more than 40%, in accordance with the Law of January 27, 2011 on gender parity at Boards of Directors. In accordance with the law, Mrs. Sibylle Daunis, who represents employee shareholders, and employee representatives Mrs. Lydie Cortes and Mr. Philippe Thibaudet are not counted in 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, Director representing employee shareholders, is 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, 2021, 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 and Chief Executive Officer 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. In summary, this procedure consists of:

- a reminder of 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 2020, 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 agreements was entered into between Compagnie de Saint-Gobain on the one hand and the BNP Paribas Group or the Vinci Group on the other, of which Mr. Pierre-André de Chalendar and Mr. Benoit Bazin are directors respectively (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, 2020	Pamela Knapp (June 2013) Agnès Lemarchand (June 2013) Gilles Schnepp (June 2009) Philippe Varin (June 2013) Sibylle Daunis (March 2020) (1)
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) Philippe Thibaudet (May 2018)
Upon completion of the General Shareholders' Meeting approving the financial statements for the fiscal year ended December 31, 2022	Anne-Marie Idrac (June 2011) Dominique Leroy (November 2017) Denis Ranque (June 2003)
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)

(1) The term of office of the Director representing employee shareholders must be renewed in accordance with the new appointment procedures provided for by the bylaws of Compagnie de Saint-Gobain, which were brought into compliance with the PACTE Law by the General Shareholders' Meeting of June 4, 2020. Mrs. Sibylle Daunis, Chairwoman of the Supervisory Board of the "Saint-Gobain PEG France" corporate mutual fund, currently representing employee shareholders at the Board of Directors, has been designated as a candidate by the said Supervisory Board. This candidacy was supported by the Supervisory Board of the "Saint-Gobain PEG Monde" corporate mutual fund, which did not propose any other candidate, as the employees holding registered shares.

A proposal will be made to the General Shareholders' Meeting to be held on June 3, 2021 to renew the terms of office as Directors of Mrs. Pamela Knapp, Mrs. Agnès Lemarchand and Mr. Gilles Schnepp. These Directors have shown high levels of attendance: in 2020, Mrs. Pamela Knapp and Mr. Gilles Schnepp attended all meetings of the Board and all meetings of the Audit and Risk Committee and Mrs. Agnès Lemarchand attended three of the five meetings of that Committee. Furthermore, Mrs. Agnès Lemarchand also attended all meetings of the Corporate Social Responsibility Committee, which she has chaired since its creation on June 4, 2020.

Mr. Philippe Varin did not wish to renew his term of office in view of the age limit he would reach during his term of office if it were renewed. During the years of his term, his experience and judgment have contributed greatly to the discussions and decisions of the Board.

In the context of the evolution in Saint-Gobain governance and the succession of Mr. Pierre-André de Chalendar as

Chief Executive Officer as decided by the Board of Directors at its meeting of February 25, 2021, the appointment of Mr. Benoit Bazin as Director will also be proposed at the next General Shareholders' Meeting, this latter having been appointed as Chief Executive Officer with effect from July 1, 2021.

In addition, to comply with the PACTE Law, the procedures for appointing candidates for the office of Director representing employee shareholders stated in the Company's by-laws were amended by the General Shareholders' Meeting of June 4, 2020 (see Chapter 9, Section 1.1.1), and, as a result, the term of office as Director representing employee shareholders of Mrs. Sibylle Daunis will end at the General Shareholders' Meeting of June 3, 2021. The Supervisory Board of the "Saint-Gobain PEG France" corporate mutual fund decided to designate its Chairwoman, Mrs. Sibylle Daunis, current Director representing employee shareholders at the Board of Directors of Compagnie de Saint-Gobain, as a candidate for the approval of the General Shareholders' Meeting. The Supervisory Board of the "Saint-Gobain PEG Monde" corporate mutual fund, after having deliberated, decided to support her candidacy and not to appoint, from among its members, another. Similary the employees holding registered shares have not appointed any candidate.

In the event of the appointment of Mr. Benoit Bazin as Director, the renewal of the terms of office of Mrs. Pamela Knapp, Mrs. Agnès Lemarchand and Mr. Gilles Schnepp, and Mrs. Sibylle Daunis as Director representing employee shareholders, the number of women on the Board of Directors would be five out of eleven (a proportion of 45.5% calculated in accordance with the law) and the number of independent Directors on the Board would be seven out of eleven (*i.e.* a proportion of 63.6% calculated in accordance with the rules set by the AFEP-MEDEF Code).

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 fiscal year 2020 and the changes proposed to the General Shareholders' Meeting of June 3, 2021:

	General Shareholders' Meeting of June 4, 2020	General Shareholders' Meeting of June 3, 2021
Cessation of duties	Frédéric Lemoine Jacques Pestre	Philippe Varin (June 2013) (1)
Renewal	Iêda Gomes Yell (June 2016) (1) Jean-Dominique Senard (June 2012) (2)	Pamela Knapp (June 2013) (1) Agnès Lemarchand (June 2013) (1) Gilles Schnepp (June 2009) (3) Sibylle Daunis (June 2020) (4)
Proposed nomination/ratification	Jean-François Cirelli (1) Sibylle Daunis	Benoit Bazin (5)

(1) *Independent Director.*
(2) *Lead independent Director.*
(3) *In the event of the renewal of the term of office of Mr. Gilles Schnepp at the General Shareholders' Meeting of June 3, 2021, he will no longer be considered, in accordance with the AFEP-MEDEF Code, as an independent Director since he will have been a Director for more than 12 years.*
(4) *The term of office of the Director representing employee shareholders must be renewed in accordance with the new appointment procedures provided for by the bylaws of Compagnie de Saint-Gobain, which were brought into compliance with the PACTE Law by the General Shareholders' Meeting of June 4, 2020. Mrs. Sibylle Daunis, Chairwoman of the Supervisory Board of the "Saint-Gobain PEG France" corporate mutual fund, currently representing employee shareholders on the Board of Directors, has been designated as a candidate by the said Supervisory Board. This candidacy was supported by the Supervisory Board of the "Saint-Gobain PEG Monde" corporate mutual fund, which did not propose any other candidate, as the employees holding registered shares.*
(5) *Current Chief Operating Officer of the Compagnie de Saint-Gobain and future Chief Executive Officer as from July 1, 2021 (see Chapter 5, Section 1.2.1 above).*

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 fiscal year 2020, and as foreseen by the end of the General Shareholders' Meeting of June 3, 2021, subject to the renewal and appointment of the Directors listed above:

	As from the General Shareholders' Meeting of June 6, 2019	As from the General Shareholders' Meeting of June 4, 2020	As from the General Shareholders' Meeting of June 3, 2021 (subject to approval)
Percentage of independent Directors (1)	73%	82%	64%
Percentage of women (2)	45%	45%	45%
Percentage of foreign nationals (3)	27%	27%	27%

(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 2020. As a reminder, the Corporate Social Responsibility Committee was created on June 4, 2020, date on which the Strategy and Corporate Social Responsibility Committee was dissolved.

Audit and Risk Committee	Since the General Shareholders' Meeting of June 8, 2017	As from the General Shareholders' Meeting of June 3, 2021 (subject to approval)
Chairman	Philippe Varin (1)	Pamela Knapp (1)
Members	Pamela Knapp (1) Agnès Lemarchand (1) Gilles Schnepp (1)	Iêda Gomes Yell (1) Agnès Lemarchand (1) Gilles Schnepp (1)

(1) Independent Director.

Nomination and Remuneration Committee	Since the General Shareholders' Meeting of June 6, 2019	As from the General Shareholders' Meeting of June 3, 2021 (subject to approval)
Chairman	Anne-Marie Idrac (1)	Anne-Marie Idrac (1)
Members	Lydie Cortes (2) Iêda Gomes Yell (1) Dominique Leroy (1) Denis Ranque	Jean-François Cirelli (1) Lydie Cortes (2) Dominique Leroy (1) Denis Ranque

(1) Independent Director.
(2) Employee Director, not included in the ratio of independent Directors, in accordance with the recommendations of the AFEP-MEDEF Code.

Corporate Social Responsibility Committee	Since the General Shareholders' Meeting of June 4, 2020
Chairman	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.

Strategy and Corporate Social Responsibility Committee (1)	Between the General Shareholders' Meeting of June 8, 2017 and the General Shareholders' Meeting of June 4, 2020
Chairman	Jean-Dominique Senard (2)
Members	Pierre-André de Chalendar Frédéric Lemoine

(1) The Corporate Social Responsibility Committee was created on June 4, 2020, date on which the Strategy and Corporate Social Responsibility Committee was dissolved.
(2) Lead independent Director.

1.2 Operation of the Board of Directors

1.2.1 Governance structure: evolution in Saint-Gobain governance and succession of the Chief Executive Officer announced for 2021

Combination of the Chairman of the Board and CEO roles

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, which has taken place every year since 2013, found that all Directors were satisfied with combining the roles, and wished for this to continue during this period including, in 2018, on the occasion of the renewal of Mr. Pierre-André de Chalendar's term of office as Director.

The Chairman and Chief Executive Officer is vested with the broadest authority to act under all circumstances on behalf of the Company 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 82% of the Board of Directors, 100% of members of the Audit and Risk Committee and three quarters of the members of the Nomination and Remuneration Committee, and the Committee Chairmen, all independent, 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 bylaws of the Company and pursuant to 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, who has very good knowledge of the Group (see below);
- the role played by the Chief Operating Officer, who took office on January 1, 2019 (see Chapter 5, Section 1.3.1);
- 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 Directors 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).

Evolution in Saint-Gobain governance and succession of the Group Chief Executed Officer as from 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 recommendation of Mr. Pierre-André de Chalendar, the Board decided unanimously:

- to appoint Mr. Benoit Bazin as Chief executive officer as from July 1, 2021, Mr. Pierre-André de Chalendar will continue to serve as Chairman of the Board of Directors.
- The Board also decided to recommend to the June 3, 2021 General Shareholders' Meeting the appointment of Mr. Benoit Bazin, as a Director of Saint-Gobain (see Chapter 5, Section 1.1.4).

This corporate governance formula is recognised 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.

Lead independent Director

The Board of Directors, taking into account the development of the practice within companies in France chaired by a combined Chair of the Board/CEO and the expectations of certain investors expressed during the dialogue that the Company has with them, created the role of Lead independent Director, a position held by Mr. Jean-Dominique Senard, independent Director, since June 8, 2017.

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 conflict of interest situations, leading the assessment of the organization and operations of the Board of Directors, convening, chairing and facilitating executive *sessions*, being a point of contact for shareholders of Compagnie de Saint-Gobain on governance matters and ensuring that Directors receive the relevant information to exercise their duties under the best possible conditions. A description of his powers and the resources available to him appears 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 2020

In 2020, the Lead independent Director attended all meetings of the Board of Directors, the Strategy and Corporate Social Responsibility Committee (which he chaired), and the Corporate Social Responsibility Committee.

At the meeting of the Board of Directors on February 25, 2021, Mr. Jean-Dominique Senard presented a review of his activity as Lead independent Director for fiscal year 2020. His work as Lead independent Director 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 being addressed, debates – during meetings of the Board – held without the presence of the Executive Directors present ("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 relating to him; 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 two executive sessions fully dedicated to the succession of the Chairman and Chief Executive Officer;
- discussing with the Chairman and Chief Executive Officer the interactions and cooperation between that officer and the Chief Operating Officer;
- 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 presented the results of the Board's self-assessment and the proposed conclusions, which provided input for the Board's reflexions during the second executive session devoted to the succession of the Chairman and Chief Executive Officer,
  - the Lead independent Director spoke with the Chairman and Chief Executive Officer 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 light of their skills and their respective participation in deliberations;
- at the request of the Chairman and Chief Executive Officer, meeting and engaging in dialogue with several shareholders about Saint-Gobain's principles of governance, in preparation for the 2020 General Shareholders' Meeting and, at the end of 2020, in preparation for the 2021 General Shareholders' Meeting;
- reviewing the draft agendas for the meetings of the Board of Directors and the Committees in fiscal year 2021;
- reviewing the section of this chapter on the "Composition and operation of the Board of Directors".

The Lead independent Director presented a summary of his third year in that office to shareholders at the General Shareholders' Meeting held on June 4, 2020.

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, 2021, 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 Directors

The Board's current internal rules afford Directors the authority to meet without the presence of the Executive Directors during or after a session, in order to assess the performance of the Executive Directors and to reflect on the future of the Saint-Gobain's Group Management. Thus, each year, the Chairman and Chief Executive Officer shall 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). The same rules apply to the Chief Operating Officer. In 2020, in June and December, two meetings of the Board of Directors were held exclusively without the presence of the Executive corporate officers, both devoted to the succession plan of the General Management and the future governance of the Group.

The Board intends to continue to meet in 2021 without the presence of the Executive Directors to discuss governance issues more generally, beyond the issues of Executive Director 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. Directors 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 and Chief Executive Officer, who may submit the request to the Board for a decision.

The Lead independent Director ensures that the Directors receive the relevant information to exercise 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 2020

1.2.3.1 Principal activities of the Board during fiscal year 2020

The Board of Directors had a particularly sustained activity in 2020, in particular in view of the Covid-19 crisis and the implementation of the Transform & Grow plan. It has held sixteen meetings in 2020 (compared to nine in 2019). The attendance rate of the Directors in office as of February 1, 2021 for all of those sessions was 99%. 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, 2021. It should be noted that attendance at the Strategy and Corporate Social Responsibility Committee was 100% until June 4, 2020, when it was dissolved.

	Attendance at the sixteen meetings of the Board (1)			
	16	5	5	2
First and last name (function)	**Attendance at the sixteen meetings of the Board (1)**	**Attendance at the five meetings of the Audit and Risk Committee**	**Attendance at the five meetings of the Nomination and Remuneration Committee**	**Attendance at the two meetings of the Corporate Social Responsibility Committee (as from June 4, 2020)(5)**
Pierre-André de Chalendar (Chairman and Chief Executive Officer)	100%	_	_	_
Jean-François Cirelli (Independent Director (2))	100%	_	_	_
Lydie Cortes (Employee Director)	100%	_	100%	_
Sibylle Daunis (Director representing employee shareholders)	100% (3)	_	_	_
Iêda Gomes Yell (independent Director)	100%	_	100%	_
Anne-Marie Idrac (independent Director)	100%	_	100%	100%
Pamela Knapp (independent Director)	100%	100%	_	_
Agnès Lemarchand (independent Director)	100%	60% (4)	_	100%
Dominique Leroy (independent Director)	94%	_	100%	_
Denis Ranque (Director)	94%	_	100%	_
Gilles Schnepp (independent Director)	100%	100%	_	_
Jean-Dominique Senard (Lead independent Director)	100%	_	_	100%
Philippe Thibaudet (Employee Director)	100%	_	_	100%
Philippe Varin (independent Director)	94%	100%	_	_

(1) The 93% rate corresponds to one missed meeting.

(2) As of June 4, 2020, date of his appointment as a Director by the General Shareholders' Meeting.

(3) As of March 26, 2020, date on which she was co-opted as a Director representing employee shareholders by the Board of Directors, replacing Jacques Pestre who retired.

(4) The rate of 60% corresponds to two sessions missed for personal reasons.

(5) The Corporate Social Responsibility Committee was created on June 4, 2020, date on which the Strategy and Corporate Social Responsibility Committee was dissolved.

The principal topics discussed during Board of Directors meetings are listed below.

Management of the Covid-19 pandemic crisis

In the context of the Covid-19 pandemic crisis, the Board of Directors held two exceptional meetings in March and April 2020, in addition to the usual meetings, during which an item on the agenda was systematically dedicated to the situation. It was thus able to get acquainted, follow and discuss the impact of the Covid-19 pandemic on the Group's situation, the crisis system and the measures put in place to ensure employees and stakeholders health and adapt to the downturn in activity related to the health situation, and the many solidarity initiatives that have been launched throughout the Group.

At these meetings were presented the measures taken to strengthen the Group's sources of financing as well as the actions implemented to preserve cash:

- a €1.5 billion bond issue on March 26, 2020;

- securing a syndicated credit line totaling €2.5 billion arranged in March 2020, in addition to the confirmed and undrawn back-up credit lines of €4.0 billion: this syndicated credit line was reduced to €1.0 billion at end-June 2020 and canceled at end-September 2020 in light of Saint-Gobain robust cash position
- disposal of Sika shares in May 2020 for an amount of €2.4 billion, which generated a net gain in cash of €1.5 billion; and
- actions on costs for a total of €690 million in 2020.

Exceptional measures were also decided on the non-distribution of dividends in respect of fiscal year 2019 and the compensation of corporate officers and Directors (see below).

In addition, updates on safety and the evolution of the Group's activity were regularly made during other regular Board meetings.

Monitoring of the strategic orientations of the Group and its businesses

At each meeting, consistent with its internal rules, the Board is informed of the Group's situation and discusses it. During each meeting, the Board also reviewed and approved the Group's strategic orientations or a specific aspect of the strategy, such as a comparison with the main competitors and the position of a business or a Region (in particular in the context of the Covid-19 pandemic crisis) after having heard, if necessary, an operational manager from the relevant businesses or Regions.

The Board also held special sessions to review the proposed sales implemented as part of the Group's portfolio optimization strategy, one of the two pillars of the Transform & Grow program, in particular the disposal of Saint-Gobain's entire stake in Sika or the projects of disposal of Lapeyre and the Distribution in the Netherlands (see Chapter 2, Section 4.4.2.2). It also reviewed proposed acquisitions, including the acquisition of Continental Building Products in the United States (see Chapter 2, Section 4.4.2.1), and monitored its integration.

During the strategic seminar in September, the Board of Directors discussed, with operational managers, the Group's businesses and Regions and in particular discussed the consequences of the Covid-19 pandemic on the Group's businesses, the allocation of capital, changes in the share price and devoted specific time for the CO_2 roadmap toward carbon neutrality by 2050 announced to the market on November 12, 2020 and the setting of new targets and indicators for achieving that goal, after having heard the Vice President for Sustainable Development (see below).

The Board also monitored the continued implementation of the Transform & Grow plan as well as the progress of the cost reduction plan.

Financial management

Pursuant to its legal competency, the Board approved the annual and consolidated financial statements, as well as the various reports relating to them, after hearing the opinions of the Chairman 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 4, 2020, in particular the proposal not to distribute dividends in the context of the Covid-19 pandemic and the use of partial employment, and the reports made available to shareholders and convened the General Meeting of the 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, various provisional management reports and documents, and renewed the annual authorizations granted to the Chairman and Chief Executive Officer to issue bonds, sureties and guarantees. It also approved, in accordance with the law, 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 2020.

It implemented the Company's share buyback program with the purpose of reaching, as early as December 1, 2020, the announced objective of reducing the number of shares outstanding to 530 million.

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 2020 by the Audit and Internal Control Department, and after hearing the report of the Chairman of the Audit and Risk Committee on these topics.

In particular, the Board of Directors reviewed the rollout 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.

In particular, it examined the filing and followed the implementation of the proceedings under Chapter 11 of the US Bankruptcy Code of DBMP LLC, in an effort to achieve a certain, final and equitable Resolution of all current and future claims arising from asbestos-containing products manufactured or sold by the former CertainTeed Corporation (see Chapter 6, Section 1.4).

The Board of Directors also, after taking into account the recommendation of the Audit and Risk Committee and following the call for tenders organized in accordance with the regulations in force, selected the audit firm Deloitte, whose appointment as Statutory Auditor of the Company will be proposed to the General Shareholders' Meeting to be called to approve the financial statements for the financial year 2021 in replacement of PricewaterhouseCoopers Audit (see work of the Audit and Risk Committee below).

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 eight sessions, one point on the agenda was dedicated to Corporate Social Responsibility matters, more specifically the following topics:

- non-financial results and development of the dashboard to focus on the key challenges (see Chapter 2, Section 1.5 and Chapter 4, Section 1.2);
- CO_2 roadmap and environmental strategy: setting new objectives for reducing CO_2 emissions by 2030 validated by the Science-Based Targets Initiative to achieve carbon neutrality by 2050, and resource conservation and circular economy (see Chapter 2, Section 2.2.1 and Chapter 3, Section 4.1.5);
- presentation of the Group's policies on the purchase and use of wood, sand and plastic (annual inventory and traceability of wood purchases (trade and non-trade) recognized by WWF, use of alternative solutions to consumption of sand, plastic packaging collection and recycling services in Distribution businesses, research and development for sustainable plastics, etc.) (see Chapter 3, Sections 1.5 and 4.2.3);
- compliance program (anti-trust, embargoes, fight against corruption) (see Chapter 3, Section 1.3);
- human resources policy (in particular, non-discrimination and diversity policy, particularly with regard to the balanced representation of women and men including on governing bodies, professional and equal pay, talent management) (see Chapter 3, Section 3.3.2 and below);
- Health and Safety policy (see Chapter 3, Section 3.1);
- inclusive and societal actions carried out by the Saint-Gobain Group, in particular the launch of the *Care by Saint-Gobain* social protection and inclusion program for those who do not have sufficient legal systems, for all Group employees and their families (parenthood, health costs, insurance), networks for the advancement of women (WIN), actions of the Foundation (see Chapter 3, Sections 3.3 and 4.3);
- adoption of the Group Purpose (*Raison d'être*), from its short version, called "Purpose", ("Making the world a better home"), developed through a collaborative process (see Chapter 1, Section 2.2 and Chapter 3, Section 1.1).

In addition, in April 2020, the Directors took part in a half-day seminar organized specifically for them by the Group devoted to the transformation of energy and industrial systems in a zero-carbon economy. External experts, recognized internationally and in complementary fields of expertise, gave presentations to the Directors and discussed the following with them:

- renewable energies in the "clean" energy transition;
- means and solutions to achieve a net zero carbon economy by 2050.

The purpose of this seminar was to give each Director a better understanding of the challenges related to the transformation of energy and industrial systems for a zero-carbon economy by 2050 for the Saint-Gobain Group and the consequences for its strategy.

In addition, and in accordance with the AFEP-MEDEF Code, which was updated in January 2020, the Board of Directors, on the proposal of the General Management, determined in March the following gender diversity objectives within the governing bodies of Compagnie de Saint-Gobain and its subsidiaries by 2025:

- 30% women on the Executive Committee of Compagnie de Saint-Gobain (compared to 25% as of February 1, 2021) and
- overall, 30% of 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.

Finally, in view of the importance of Corporate Social Responsibility for the Saint-Gobain Group, the Board decided to create, on June 4, 2020, a specialized *ad hoc* committee, the Corporate Social Responsibility Committee.

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, it discussed, on proposal of the Lead independent Director, the succession plan for the Chairman and Chief Executive Officer and the future governance of the Group (see Chapter 5, Section 1.2.1).

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 certain Directors. It formulated its proposals for renewal of terms of office, and recommended the appointment of Mr. Benoit Bazin as a Director in view of the General Shareholders' Meeting of June 3, 2021 in the context of the future governance of the Group (see Chapter 5, Section 1.1.4).

In addition, the Board of Directors, at its meeting of March 26, 2020, co-opted Mrs. Sibylle Daunis as a Director representing the employee shareholders, replacing Mr. Jacques Pestre, who retired.

Lastly, it ruled on the training program for the Employees 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 the Chairman and Chief Executive Officer and the Chief Operating Officer for 2020 and, at its meeting of February 25, 2021, for 2021 (see 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. In the context of the Covid-19 pandemic, the Board of Directors decided, in April 2020, on proposal of the Executive corporate officers, to review and reduce by 25% their fixed compensation to be paid in 2020 and their variable compensation due in respect of the 2019 fiscal year, paid in 2020, for as long as the Group's employees would be subject to partial employment in the context of the emergency measures taken by the French Government. The amounts corresponding to this reduction of compensation were donated to the Paris public hospitals Foundation (Fondation de l'Assistance Publique – Hôpitaux de Paris (AP-HP)). On proposal of the Chief Operating Officer, the Board also cancelled the increase of the cap on his annual variable compensation initially decided. For the determination of the annual variable part of the compensation of the Executive corporate officers for

2020, the Board of Directors decided as of April 2020 to maintain the retained quantifiable objectives that had been set prior to the Covid-19 crisis but to use a different weighting and to add to the existing qualitative objectives a fourth objective related to the management of the Covid-19 pandemic crisis (see Chapter 5, Section 2.2).

The Board also decided to implement and approve the main characteristics of the 2020 performance share plan and set the performance criteria of that plan that may benefit Executive corporate officers and certain categories of employees (see Chapter 5, Section 2.4).

It also decided to -partially- offset the impact of the Covid-19 pandemic on the achievement of the ROCE criterion for 2020 of certain ongoing long-term compensation plans (*i.e.* 2017, 2018 and 2019). This offset, which the Board of Directors deemed necessary in order to ensure the motivation and retention of the beneficiaries of the impacted plans, will only be implemented for the performance share plans (and not for the 2017, 2018 and 2019 stock option plans which are also impacted) and will be limited to the impact on operating income recognized in the first half of 2020 only, to ensure that the interests between the beneficiaries and the shareholders that govern the implementation of those plans remain aligned (see Chapter 5, Section 2.4).

In a similar move of solidarity as the Executive corporate officers, the Board of Directors also decided to reduce the amount of the compensation to be due to the Directors for the same period as for the Executive corporate officers in 2020, to the benefit of charities with the aim of supporting fragile populations impacted by the pandemic (see Chapter 5, Section 2.1).

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 2021, up to a maximum of 5.9 million shares, *i.e.* slightly more than 1% of share capital at a maximum (see Chapter 7, Section 2.3).

1.2.3.2 Principal activities of the Committees during fiscal year 2020

Board Committees

The Board has established three Committees aims at improving its operations and effectively contributing to the preparation of its deliberations: the Audit and Risk Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee, which was created on June 4, 2020, date on which the Strategy and Corporate Social Responsibility Committee was dissolved. The creation of such an *ad hoc* specialized Committee was justified as regards to the importance of Corporate Social Responsibility for the Saint-Gobain Group.

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 non-audit services 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 2020 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 its committees, 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	
Chairman	Philippe Varin
Members	Pamela Knapp
	Agnès Lemarchand
	Gilles Schnepp

100%
INDEPENDENT DIRECTORS

90%
ATTENDANCE RATE

At February 1, 2021, all of the members of the Audit and Risk Committee (100%), including its Chairman, were independent Directors. No Executive Directors 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 February 1, 2021, 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 interim and annual financial statements of the Company and the Group, as presented by senior 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 senior 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. As well as the 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 2020

The Audit and Risk Committee met five times in 2020, in February, April, July and September (two sessions), with an attendance rate of 90%.

The following were the major topics of discussion:

- detailed advance review of the annual and consolidated financial statements (February) and interim statements (July) and discussions with senior management, the Finance Department and the Statutory Auditors prior to the meetings scheduled with the Board of Directors. 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 2020, its audit plan for 2021 and its report on major fraud incidents;
- review of work related to the 2020 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 rollout 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;
- in connection with the impact of the Covid-19 pandemic: update on the dividend, the costs reduction, the (positive) evolution of the debt following the sale of the Sika shares;
- update on the integration of Continental Building Products following its acquisition;
- the status of the litigations, in particular the asbestos litigation in the United States and France. 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. In particular, the Committee followed the filing and the implementation of the proceedings under Chapter 11 of the US Bankruptcy Code of DBMP LLC, in an effort to achieve a certain, final and equitable Resolution of all current and future claims arising from asbestos-containing products manufactured or sold by the former CertainTeed Corporation;

- 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 2020 for their auditing assignments, as well as for their other services (see Chapter 9, Section 1.4);
- procedure for the selection of the Statutory Auditor to replace PricewaterhouseCoopers Audit, whose term of office will expire in 2022 at the General Shareholders' Meeting called to approve the financial statements for fiscal year 2021 and cannot be renewed given the rules governing the rotation of the auditing firms. After hearing the preselected auditing firms as part of a call for tenders organized under its supervision, the Audit and Risk Committee, in accordance with the regulations in force, submitted its recommendation comprising two possible choices to the Board of Directors, which chose Deloitte.

The Committee also conducted, without any other attendance, interview of the Statutory Auditors, and then, individual interview of the Vice President, Treasury and Financing, the Vice President, 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 27, April 23, July 30 and September 24, 2020.

Nomination and Remuneration Committee

Composition	
Chairwoman	Anne-Marie Idrac
Members	Lydie Cortes
	Iêda Gomes Yell
	Dominique Leroy
	Denis Ranque

3/4

INDEPENDENT DIRECTORS, INCLUDING THE CHAIRWOMAN OF THE COMMITTEE

100%

ATTENDANCE RATE

On February 1, 2021, three out of four (three fourth) members of the Nomination and Remuneration Committee were independent Directors, including its Chairwoman, and one Employee Director in accordance with the recommendations of the AFEP-MEDEF Code (see 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 that code. No Executive Directors sit on this Committee.

Responsibilities (extracts from the Board's internal rules)

The Committee fulfills the duties of both a nominations Committee and a remuneration Committee, provided for in the AFEP-MEDEF Code.

According to the Board of Directors' internal rules in force at February 1, 2021, the Committee has the following responsibilities:

- it is responsible for making proposals to the Board 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 Chairman and 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 the Chairman and Chief Executive Officer for the appointment of a Chief Executive Officer and/or 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 (in particular the criteria for the variable portion) of the compensation of the Chairman and 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 senior management's proposals concerning stock option and performance share plans for the Saint-Gobain Group employees;
- it reviews the Chairman and 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 Chairman and Chief Executive Officer and other members of the Saint-Gobain Group Management.

Activities in 2020

The Nomination and Remuneration Committee met five times in 2020, in February (two sessions), April, September and November, with an attendance rate of 100%.

The following were the major topics of discussion:

- the Committee made recommendations to the Board on the variable portion of Messrs. Pierre-André de Chalendar's and Benoit Bazin's 2019 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 2020 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 2020 and the rules on caps to be applied with respect to the allocation of long-term compensation instruments in 2020);
- in the context of the Covid-19 pandemic, the Committee, in April 2020 and on proposal of the Executive corporate officers, proposed to review and reduce by 25% their fixed compensation to be paid in 2020 and their variable compensation due in respect of the 2019 fiscal year paid in 2020, for as long as the Group's employees would be subject to partial employment in the context of the emergency measures taken by the French Government. The amounts corresponding to this reduction of compensation were donated to the Paris public hospitals Foundation (*Fondation de l'Assistance Publique – Hôpitaux de Paris (AP-HP)*). It also, on proposal of the Chief Operating Officer, proposed to cancel the increase of the cap on his annual variable compensation initially decided (see the description of the activities of the Board above and Chapter 5, Section 2.2);
- in the same context, the Committee proposed to the Board as of April 2020, for the determination of the annual variable part of the compensation of the Executive corporate officers for 2020, to maintain the retained quantifiable objectives which had been set prior to the Covid-19 crisis but to use a different weighting and to add to the existing qualitative objectives a fourth objective related to the management of the coronavirus crisis;
- the Committee also decided to propose to the Board of Directors to -partially- offset the impact of the Covid-19 pandemic on the achievement of the ROCE criterion for 2020 of the ongoing (*i.e.* 2017, 2018 and 2019) impacted performance shares plans (and not for the 2017, 2018 and 2019 stock option plans which are also impacted) (see the description of the activities of the Board above and Chapter 5, Section 2.4);
- in a similar move of solidarity as the Executive corporate officers, the Committee also proposed to the Board of Directors to reduce the amount of the compensation to be due to the Directors for the same period as for the Executive corporate officers in 2020, to the benefit of charities with the aim of supporting fragile populations impacted by the pandemic;
- the Committee decided to propose that the Board of Directors grant only performance shares in 2020, as in 2019, and in notably set the service and performance criteria applicable to those plans and stated to the Board its proposals for allocations to the Executive corporate officers;
- the Committee debated of the succession process of the 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 proposed that the Board of Directors submit for approval at the General Shareholders' Meeting of June 4, 2020 the renewal of the terms of office as Directors of Mrs. Pamela Knapp, Mrs. Agnès Lemarchand and Mr. Gilles Schnepp, which expire at the end of that Meeting, as well as the appointment of Mr. Benoit Bazin as Director;
- 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 2019 and 2020 Universal Registration Document.

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of February 27, April 23, September 24, November 26, 2020 and February 25, 2021

Strategy and Corporate Social Responsibility Committee (until June 4, 2020)

Composition	
Chairman	Jean-Dominique Senard
Members	Pierre-André de Chalendar
	Frédéric Lemoine

100%
ATTENDANCE RATE

Responsibilities (extracts from the Board's internal rules)

Under the terms of the Board of Directors internal rules in force until June 4, 2020, its powers were as follows:

- It was responsible for examining and identifying potential improvements to the Group's business plan, reviewing any strategic issues proposed by its members;
- It ensured that Corporate Social Responsibility issues were taken into account when defining and implementing the Group's strategy.

Operation during fiscal year 2020 (until June 4, 2020)

The Strategy and Corporate Social Responsibility Committee met two times before it was dissolved on June 4, 2020, in February and March, with an attendance rate of 100%.

Its work focused on the 2020 budget, the outlook and development of the Group's business, the acceleration of the implementation of the Transform & Grow transformation plan as well as the progress of the cost reduction plan, the Group's disposal projects – the Group's portfolio optimization strategy being one of the two pillars of the Transform & Grow program, and the acquisition projects (see Chapter 2, Section 5.4.2) and all other strategic matters submitted to the Board. More specifically, the Committee examined certain aspects of the Group's strategy (notably of a business or a Region).

Its work also focused on Corporate Social Responsibility issues presented to the Board, in particular the following topics: gender diversity policy within the governing bodies of Compagnie de Saint-Gobain and its subsidiaries, presentation of the Group's policies on the purchase and use of wood, sand and plastic (annual inventory and traceability of wood purchases (trade and non-trade) recognized by WWF, use of alternative solutions to consumption of sand, plastic packaging collection and recycling services in the Distribution business lines, research and development for sustainable plastics, etc.).

The Committee reported on its work to the Board of Directors at its meetings of February 27 and March 26, 2020.

Corporate Social Responsibility Committee (as from June 4, 2020)

Composition	
Chairwoman	Agnès Lemarchand
Members	Anne-Marie Idrac
	Jean-Dominique Senard
	Philippe Thibaudet

100%
ATTENDANCE RATE

Responsibilities (extracts from the Board's internal rules)

According to the Board of Directors' internal rules in force at February 1, 2021, the Corporate Social Responsibility (CSR) Committee 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.

Operation during fiscal year 2020 (as from June 4, 2020)

The Corporate Social Responsibility Committee met two times in 2020, in September and November, with an attendance rate of 100%.

Its work focused on:

- the carbon neutrality roadmap by 2050 and the setting of new objectives for reducing CO_2 emissions by 2030 validated by the Science-Based Targets Initiative to achieve carbon neutrality by 2050;
- 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 2020 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);
- Saint-Gobain's purpose;
- review of diversity and professional equality between women and men; and
- review of the societal and inclusion actions carried out by the Saint-Gobain Group, including the launch of the *Care by Saint-Gobain* social protection and inclusion program for those who do not have sufficient legal systems, for all Group employees and their families (parenthood, health costs, insurance), networks for the advancement of women (WIN), actions of the Foundation (see Chapter 3, Sections 3.3 and 4.3).

The Committee reported to the Board on its activities and offered its recommendations during the Board meetings of September 24 and November 26, 2020.

1.2.4 Board assessment

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 Chairman and 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 and Chief Executive Officer 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 2020 assessment was decided by the Board at its meeting of September 24, 2020, 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 Director conducted the self-assessment and reported the results of this assessment by making proposals to the Board of Directors of November 2020 which were discussed during an executive session on December 10, 2020, also devoted to the evolution in Saint-Gobain governance.

The Lead independent Director, the Chairwoman of the Nomination and Remuneration Committee and the Chairman and 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, in the context of the implementation of the Transform & Grow plan. This positive perception is therefore confirmed.

The Directors are unanimously of the opinion that the dynamics of the Board, characterized by the interaction of the Directors in the decision-making process for all matters within their remit, and with the Chairman and Chief Executive Officer and the Chief Operating Officer, as well as the performance of the Board, characterized by the quality of the decisions taken, are absolutely 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, evolution in the share price or the monitoring of the financial performance.

Management's responsiveness to the Covid-19 pandemic as well as the information and involvement of the Board in the management of this crisis and the implementation of measures during the first half of 2020 to preserve employee health and safety, business continuity and the consolidation of the Group's liquidity were also praised.

The Directors also praised the seminar devoted to climate change and would like them to continue.

They noted the constructiveness of dialogue, despite the holding of remote meetings in 2020 due to the health situation, and the freedom of discussion within the Board and with senior management, in particular Messrs. Pierre-André de Chalendar and Benoit Bazin, whose availability, the transparent operation of the Board, and the availability of executives is praised.

The Directors stressed the very good acclimation and development of Mr. Benoit Bazin in his role and the quality of his contribution to the discussions within the Board of Directors. In particular, Mr. Benoit Bazin has demonstrated his ability to lead the Group alongside the Chairman and Chief Executive Officer in times of crisis, with a clear vision of risks and operational priorities and his clear and mobilizing messages transmitted within the organization. The effective and balanced relationship between Messrs. Pierre-André de Chalendar and Benoit Bazin was also emphasized.

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). It is now considered adequate.

As part of the assessment of the Board carried out during 2020, the expertise and experience of the Directors were deemed varied and complementary, in terms of knowledge of the industry and the Group's Businesses and in terms of innovation/digital, which are now well represented with Mrs. Sibylle Daunis and Mrs. Dominique Leroy, management, strategy, finance, governance and/or Corporate Social Responsibility knowledge.

The Directors believed that it would be desirable, for future recruitments, to prioritize two search criteria, namely:

- a Director with a background in the construction, public works or housing value chain or with expertise in Corporate Social Responsibility or innovation and involved in the rejuvenation of the Board; or
- an Executive Director who hold office or have such experience in other major groups, to maintain the proportion of Executive Directors on the Board.

It is considered desirable, despite the international experience of the majority of the Board members, to increase the proportion of foreign nationals or profiles with operational experience in a high growth region for the Saint-Gobain Group.

The responsibilities of the Lead independent Director are unanimously considered adequate. 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 2020 recommendations and paths for 2021

Directors believe that the recommendations formulated upon completion of the 2019 assessment were duly taken into account in 2020. More specifically, they concerned the strengthening of digital/e-commerce skills with the co-optation of Mrs. Sibylle Daunis and the continued deepening of the following topics: climate change and its strategic impact, value creation, stock price trends, as well as the regular monitoring of the implementation of the Transform & Grow plan, and 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 future recruitments, look for a profile with a background in the construction, public works or housing value chain or with expertise in Corporate Social Responsibility or innovation and younger than the average age of the Board, or an Executive Director who holds office or have such experience in other major groups. It is also desirable to increase the proportion of foreign nationals or profiles with operational experience in a high growth region for the Saint-Gobain Group;
- implement the Group's future governance;
- continue to examine the following topics in greater detail: climate change and its strategic impact, value creation, stock price trends (including environmental, social and governance impact), innovation, growth levers;
- regularly monitor the impacts of the Covid-19 pandemic on the Group and its strategy;
- regularly monitor the implementation of the Transform & Grow plan, and potential or ongoing acquisitions and disposals, cost savings and growth progress;
- continue the practice of executive sessions;
- organize training sessions on topics of interest to Saint-Gobain's activities (such as biodiversity).

1.2.5 Directors' induction process

The Board of Directors meets once a year at one of the Group's plants or research centers. Given the health situation, the visit by the Board of Directors of Saint-Gobain Recherche Provence in Cavaillon, scheduled for May 2020, had to be canceled.

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).

Further, 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 Group Management

1.3.1 Chairman and Chief Executive Officer and Chief Operating Officer

The General Management of Compagnie de Saint-Gobain consists of the Chairman and Chief Executive Officer and, since January 1, 2019, of a Chief Operating Officer. The operational organization of the Saint-Gobain Group's Management is provided by an Executive Committee chaired by the Chairman and Chief Executive Officer (see Chapter 1, Section 4.2).

Chairman and Chief Executive Officer

Since the combination of the offices of Chief Executive Officer of Compagnie de Saint-Gobain with Chairman of the Board of Directors on June 3, 2010, the position of Chairman and Chief Executive Officer has been held by Mr. Pierre-André de Chalendar, whose term as Director was renewed by the General Shareholders' Meeting of June 7, 2018 (see Chapter 5, Section 1.2.1).

The Chairman and 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 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.

Chief Operating Officer

At its meeting on November 22, 2018, the Board of Directors, on the proposal of the Chairman and Chief Executive Officer and the recommendation of the Nomination and Remuneration Committee, appointed Mr. Benoit Bazin as Chief Operating Officer effective January 1, 2019. He is more specifically in charge of the Saint-Gobain Group's transformation program announced on November 26, 2018 (see Chapter 1, Section 3). He also participates in meetings of the Board of Directors.

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, 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, Benoit Bazin heads the Building Distribution Sector. In 2010, he is named Senior Vice President of Compagnie de Saint-Gobain and from 2016 to the end of 2018, Benoit Bazin heads the Construction Products Sector. During 2017, he is President and CEO of CertainTeed Corporation in the United States. Since January 1, 2019, he has been Chief Operating Officer of the Saint-Gobain Group.

In addition, 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.

The Chief Operating Officer is subject to the same power limitations as the Chairman and Chief Executive Officer (See Chapter 5, Section 1.2.2 and Chapter 9, Section 1.1).

Note: the Board of Directors decided, in its meeting of February 25, 2021, that, in the context of the succession of Mr. Pierre-André de Chalendar, to ensure a seamless transition, to separate the roles of Chairman and Chief Executive Officer as from July 1, 2021 between Mr. Pierre-André de Chalendar and Mr. Benoit Bazin and, as from this date, Mr. Pierre-André de Chalendar will continue to serve as Chairman of the Board of Directors, while Mr. Benoit Bazin will be Chief Executive Officer as sole Executive corporate officer (see Chapter 5, Section 1.2.1).

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, 2021 (see Chapter 1, Section 2). In addition to the Chairman and Chief Executive Officer and the Chief Operating Officer, the main operational and functional managers of the Saint-Gobain Group are members (see Chapter 1, Section 3).

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. Management and Directors compensation

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:

- the Chairman and Chief Executive Officer of Compagnie de Saint-Gobain does not receive any compensation in respect of his role 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 Chairmen and members of the Committees (in 2020: the Audit and Risk Committee, the Nomination and Remuneration Committee, the (Strategy and) Corporate Social Responsibility Committee) (excluding Pierre-André de Chalendar) 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 attended during the year;
- 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.

In the context of the Covid-19 pandemic, the Board of Directors decided, in its April 23, 2020 meeting and in a similar move of solidarity as the Executive corporate officers, to join this effort by also reducing by 25% the amount of the compensation due to the Directors for as long as the Group's employees would be, 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.

The amounts corresponding to this reduction of compensation were donated by Saint-Gobain to charities, with the aim of supporting fragile populations impacted by the coronavirus, *i.e.* The Alliance for International Medical Action (ALIMA), the *Fondation Abbé Pierre*, the *Secours Populaire*, and employees in extreme difficulty in Brazil.

The Compensation policy for Directors for 2020 as described above was approved by the General Shareholders' Meeting of June 4, 2020 (thirteenth Resolution).

It is planned to propose to the General Shareholders' Meeting of June 3, 2021 to renew the Compensation policy for Directors described above for 2021 (excluding exceptional reductions due to the Covid-19 pandemic).

2.1.2 Compensation components paid to Directors during the 2020 fiscal year or granted in respect of the same fiscal year, subject to the approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay ex post)

Order No. 2019-1234 of November 27, 2019 on compensation for directors of listed companies requires that the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to directors and Executive corporate officers in respect of the past fiscal year are submitted each year for approval by 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 2019 and 2020 pursuant to the Compensation policy outlined in Section 2.1.1 above.

Table 3 – Summary of each Director's compensation (AMF nomenclature)

	Gross amounts received *(in EUR)*	
Non-Executive corporate officers	**for 2020** (6)	**for 2019**
Jean-François Cirelli (1)	37,872	-
Lydie Cortes (2)	79,967	82,162
Sybille Daunis (3)	57,794	-
Iêda Gomes Yell	79,967	86,940
Anne-Marie Idrac	87,963	89,690
Pamela Knapp	80,235	85,139
Agnès Lemarchand	82,990	85,139
Frédéric Lemoine (4)	36,579	94,145
Dominique Leroy	76,933	78,560
Jacques Pestre (5)	7,289	73,383
Denis Ranque	76,933	81,536
Gilles Schnepp	80,235	90,543
Jean-Dominique Senard	81,565	91,491
Philippe Thibaudet (2)	73,508	67,979
Philippe Varin	79,773	93,293
TOTAL	**1,019,604**	**1,100,000**

(1) Director as from 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 Director, 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 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 until June 4, 2020.

(5) Director representing employee shareholders until March 9, 2020.

(6) 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 Compagnie de Saint-Gobain or any Saint-Gobain subsidiary for their mandates in respect of the 2019 and 2020 fiscal years.

2.2 Compensation of Executive corporate officers

2.2.1 General principles of the Compensation policy for the 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 sales, 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 2020 fiscal year

In accordance with the principles set out above, the compensation policies for the Chairman and Chief Executive Officer and the Chief Operating Officer for 2020 were approved by the Board of Directors at its meetings of November 21, 2019, February 27, 2020 and April 23, 2020, on the proposal of the Nomination and Remuneration Committee.

These policies were approved by the General Shareholders' Meeting of June 4, 2020 (eleventh and twelfth Resolutions).

As a reminder, in March 2020, Messrs. Pierre-André de Chalendar and Benoit Bazin wished to show their solidarity with the efforts being made by the Group's employees and stakeholders impacted by this unprecedented crisis. As a consequence, they informed the Board of Directors of their decision to waive 25% of their compensation to be paid in 2020, *i.e.* 25% of their variable compensation due in respect of the 2019 fiscal year – to be paid after the approval of the June 4, 2020, General Shareholders' Meeting – and 25% of their fixed compensation to be paid in 2020, for as long as the Group's employees would be 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. Mr. Benoit Bazin also informed the Board of Directors of his decision to waive, in respect of the 2020 fiscal year, the increase of the cap on his annual variable compensation from 120% (in 2019) to 150% of his fixed compensation that the Board had initially decided.

The Nomination and Remuneration Committee and the Board of Directors have acknowledged these decisions in their April 22, 2020 and April 23, 2020 respective meetings and unanimously praised it. On proposal of Messrs. Pierre-André de Chalendar and Benoit Bazin, the Board of Directors decided to review and reduce accordingly their fixed compensation for 2020 (and, as a reminder, their variable compensation due in respect of 2019), and, on proposal of Mr. Benoit Bazin, that the cap for the annual variable compensation of the Chief Operating Officer to remain set, as in the 2019 fiscal year, at 120% of his fixed compensation, excluding for the fixed compensation any exceptional reduction applied in connection with the coronavirus, *i.e.* 750,000 euros.

Since partial employment under the emergency measures taken by the Government ceased on June 30, 2020, the fixed and variable compensation granted to Mr. Pierre-André Chalendar for 2020, taking into account the reductions in the context of the Covid-crisis, amounted to 2,395,850 euros (excluding the reduction, it would have amounted to 2,483,350 euros) and to 2,624,584 euros for 2019 (excluding the reduction, it would have amounted to 2,736,630 euros), i.e. a total compensation (fixed and variable compensation, performance shares and benefits in kind) of 4,579,187 euros for 2020 (excluding the reduction, it would have amounted to 4,666,687 euros) and 4,431,524 euros for 2019 (excluding the reduction, it would have amounted to 4,543,570 euros). The reductions in Mr. Pierre-André de Chalendar's compensation for 2019 and 2020 therefore amounted to almost 200,000 euros. Excluding the reduction in the variable compensation for 2019 decided by the Board of Directors due to Covid-19, the change in Mr. Pierre-André de Chalendar's total compensation between 2019 and 2020 would have been of 0.8%.

The fixed and variable compensation granted to Mr. Benoit Bazin for 2020, taking into account the reductions in the context of the Covid-crisis, amounted to 1,261,496 euros (excluding the reduction, it would have amounted to 1,457,730 euros) and to 1,378,493 euros for 2019 (excluding the reduction, it would have amounted to 1,427,925 euros), i.e. a total compensation (fixed and variable compensation, performance shares and benefits in kind) of 2,656,207 euros for 2020 (excluding the reduction, it would have amounted to 2,852,441 euros) and 2,281,882 euros for 2019 (excluding the reduction, it would have amounted to 2,331,314 euros). The reductions in Mr. Benoit Bazin 's compensation for 2019 and 2020 therefore amounted to almost 245,000 euros. Excluding the reduction in the variable compensation for 2019 decided by the Board of Directors due to Covid-19, the change in the Chief Operating Officer's total compensation between 2019 and 2020 would have been of 13.9%, without taking into account the cancellation of the increase in the cap of the variable compensation from 120% to 150% initially decided by the Board of Directors in February 2020.

The total amount corresponding to the reductions in the compensation of the Executive corporate officers related to the Covid crisis, i.e. €445,000, was donated by Saint-Gobain to the Paris public hospitals Foundation (Fondation de l'Assistance Publique- – Hôpitaux de Paris (AP-HP)).

The following tables present a summary of the total compensation, stock options and performance shares granted to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and to Mr. Benoit Bazin, Chief Operating Officer, for the fiscal years ended December 31, 2019 and December 31, 2020. No stock options or performance units were granted to them in 2019 and 2020.

Despite the reductions in their fixed and variable compensation granted under the conditions described above, these tables show an increase in the total compensation of the Executive corporate officers in 2020 compared to 2019, which is mainly related to the value of the performance shares granted:

- fixed compensation: decreased by 7.3% due to the reduction requested by Messrs. Pierre-André de Chalendar and Benoit Bazin (see above);
- variable compensation:

As mentioned above, by requesting that their compensation "paid in 2020" be reduced, Messrs. Pierre-André de Chalendar and Benoit Bazin wanted this reduction to apply not only to their fixed compensation paid in 2020 but also to their variable compensation granted in respect of 2019, which was paid in 2020. As a result of the reduction in the variable compensation granted for 2019, the difference between the compensation granted for 2019 and the compensation granted for 2020 was increased by the decided reduction (which amounts to 112,046 euros for Mr. Pierre-André de Chalendar). Excluding this reduction of the variable remuneration granted for 2019, the increase in 2020 of the total compensation of Mr. Pierre-André de Chalendar granted for 2020 compared to that granted for 2019 (increase amounting to 147,663 euros) would have been of 35,617 euros.

Notwithstanding this factor, the variable compensation granted to Messrs. Pierre-André de Chalendar and Benoit Bazin for 2020 has decreased substantially compared to 2019: it is down by 9.9% (16.5% if calculated excluding the reduction in their variable granted for 2019 that was decided as a result of the Covid-19 crisis). The reduction in the variable compensation granted for 2020 is linked to the rate of achievement of their quantifiable objectives (see table below) which account for 2/3 of the variable part: Messrs. Pierre-André de Chalendar and Benoit Bazin informed the Nomination and Remuneration Committee at its meeting held in February 2021 of their wish that the Board does not amend these quantifiable objectives, even though they had been defined on the basis of a pre-crisis budget for Covid-19, and had therefore become - given the radical impact of this crisis - totally unattainable in terms of operating income and recurring net income.

Mr. Benoit Bazin's decision to waive in April 2020, 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 (see above) also represented a reduction of 141,000 euros in his variable part granted for 2020;

- performance shares granted: their value increased, mainly due to the increase of the Saint-Gobain share price in 2020, which also benefited to all Saint-Gobain shareholders.

The Board has historically chosen not to adjust the number of shares granted to Executive corporate officers according to the share price at the grant date, considering that granting more shares when the share price falls was difficult to justify and could create windfall effects. Similarly, granting fewer shares when the share price rises does not ensure the desired alignment between shareholders and Executive corporate officers.

For an equal number of shares, the increase in the IFRS value of the performance shares between the grant dates - November 2019 and November 2020 - is mainly explained by the increase of the Saint-Gobain share price over this period, both in absolute terms and relative to the CAC 40 index. Thus, although Mr. Pierre-André de Chalendar's performance shares grant remained constant in terms of number of shares granted in 2020 compared to 2019, in terms of IFRS value, it increased by almost 20%. For Mr. Bazin, the increase - in November 2020 - of his performance share allocation, in view of the excellent work done during the crisis and the recovery of Saint-Gobain and its share price in the second half of 2020, as well as his exemplary remuneration at the height of the Covid crisis in the spring of 2020 - is 28% in terms of number of shares granted and almost 50% in terms of value, taking into account the increase in the IFRS value.

This does not refer to compensation paid or to be paid but to the valuation of performance shares allocated in November 2020, the number of which that will effectively be acquired will depend on the achievement of the performance conditions to be assessed over 4 years, and which cannot be sold before the end of this vesting period and at a value that will depend on the share price at that date (this valuation is established in accordance with IFRS standards - with the help of a bank with regard to the stock market criterion - and verified by the auditors).

Thus, the increase in the total compensation of Messrs. Pierre-André de Chalendar and Benoit Bazin between 2019 and 2020, even though they have decided to substantially reduce their compensation paid in 2020 (fixed 2020 and variable for 2019), is mainly due to the increase of the Saint-Gobain share price, which also benefited to all shareholders.

Table 1 – Summary of compensation, stock options and performance shares paid or granted to the Executive corporate officers (AMF nomenclature) (1)

(in EUR before social charges and income tax)	2020	2019
Pierre-André de Chalendar, Chairman and Chief Executive Officer		
Compensation paid or granted in respect of the fiscal year *(see Table 2 for details)*	2,399,523 (1)	2,628,257 (1)
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)*	2,179,664	1,803,267
TOTAL	**4,579,187**	**4,431,524**
Benoit Bazin, Chief Operating Officer		
Compensation paid or granted in respect of the fiscal year *(see Table 2 for details)*	1,263,644 (1)	1,380,248 (1)
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)*	1,392,563	901,634
TOTAL	**2,656,207**	**2,281,882**

(1) *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 a fixed and variable compensation of 2,483,350 euros and a total compensation (fixed, variable, performance shares and benefits in kind) of 4,666,687 euros; in respect of 2019 to a fixed and variable compensation of 2,736,630 euros and a total compensation of 4,543,570 euros. Thus, without the reduction in variable compensation for 2019 paid in 2020 decided by the Board of Directors as a result of Covid-19, the change in Mr. Pierre-André de Chalendar's total compensation between 2019 and 2020 would have been of 0.8%. For Mr. Benoit Bazin, his fixed and variable compensation for 2020 would have been 1,457,730 euros and his total compensation 2,852,441 euros; for 2019 his fixed and variable compensation would have been 1,427,925 euros and his total compensation 2,331,314 euros. Thus, without the reduction in variable compensation granted for 2019 paid in 2020 decided by the Board of Directors as a result of Covid-19, the change in Mr. Benoit Bazin's total compensation 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.*

2.2.2.2 Compensation and benefits paid or granted to the Executive corporate officers for the 2020 fiscal year

The tables below present the breakdown of the fixed and variable compensation and other benefits allocated to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and to Mr. Benoit Bazin, Chief Operating Officer, for the fiscal years ended December 31, 2019 and December 31, 2020.

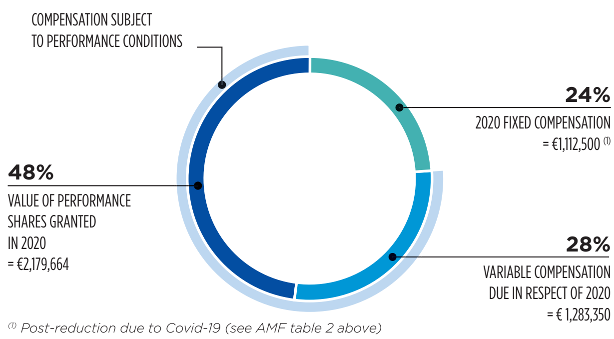
Table 2 – Summary of the compensation paid or granted(1) to the Executive corporate officers (AMF nomenclature)

	2020		2019		
(in EUR before social charges and income tax)	Amounts awarded (2)	Amounts paid (3)	Amounts granted post Covid reduction (2)	Amounts granted pre Covid reduction	Amounts paid (3)
Pierre-André de Chalendar, Chairman and Chief Executive Officer					
Fixed compensation	1,112,500	1,112,500	1,200,000	1,200,000	1,200,000
Annual variable compensation	1,283,350	1,424,584	1,424,584(6)	1,536,630 (5)	1,110,644
Multi-year variable compensation	0	0	0	0	0
Exceptional compensation	0	0	0	0	0
Compensation in respect of the Director's term of office (4)	0	0	0	0	0
Benefits in kind: company car	3,673	3,673	3,673	3,673	3,673
TOTAL	**2,399,523**	**2,540,757**	**2,628,257**	**2,740,303**	**2,314,317**
Benoit Bazin, Chief Operating Officer					
Fixed compensation	695,312	695,312	750,000	750,000	750,000
Annual variable compensation	566,184(7)	628,493	628,493 (6)	677,925 (5)	0
Multi-year variable compensation	0	0	0	0	0
Exceptional compensation	0	0	0	0	0
Compensation in respect of the Director's term of office (4)	N/A	N/A	N/A	N/A	N/A
Benefits in kind: company car	2,148	2,148	1,755	1,755	1,755
TOTAL	**1,263,644**	**1,325,953**	**1,380,248**	**1,429,680**	**751,755**

(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 Chairman and Chief Executive Officer and the Chief Operating Officer do not receive any compensation for their Director's duties in non-Group companies, in which the Group holds stakes.*
(5) *Before taking into account the reduction in the amount of the variable compensation for Messrs. Pierre-André de Chalendar and Benoit Bazin decided by the Board of Directors on April 23, 2020, on proposal of the Executive corporate officers, in the context of the Covid-19 crisis and as approved by the General Shareholders' Meeting of June 4, 2020 (eighth and ninth Resolutions).*
(6) *After taking into account the decision mentioned in note 5 above.*
(7) *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 euros.*

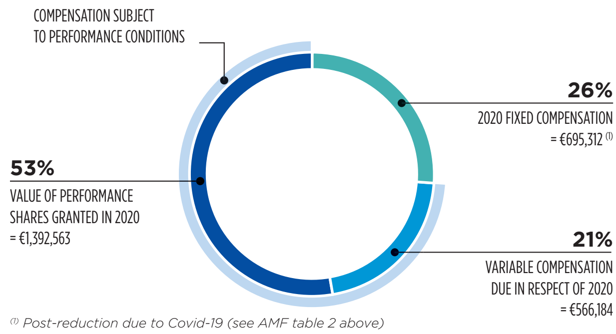
The graphs below show the breakdown of the various components of the compensation of Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and of Mr. Benoit Bazin, Chief Operating Officer, paid or granted during the 2020 fiscal year.

Pierre-André de Chalendar, Chairman and Chief Executive Officer



(1) Post-reduction due to Covid-19 (see AMF table 2 above)

Benoit Bazin, Chief Operating Officer



(1) Post-reduction due to Covid-19 (see AMF table 2 above)

The various components of the compensation paid to Messrs. Pierre-André de Chalendar and Benoit Bazin during the 2020 fiscal year or granted in respect of the same fiscal year were decided by the Board of Directors at its meetings of February 27, 2020, April 23, 2020, November 26, 2020 and February 25, 2021 in accordance with the compensation policies for the Chairman and Chief Executive Officer and the Chief Operating Officer approved by the General Shareholders' Meeting of June 4, 2020 (eleventh and twelfth Resolutions), as follows:

Fixed compensation

The fixed compensation paid to the Chairman and Chief Executive Officer and the Chief Operating Officer is commensurable with their experience and responsibilities as Chairman and Chief Executive Officer and Chief Operating Officer, and shall be compared with the fixed compensation offered for equivalent positions within similar large companies in terms of net sales, workforce and international scope of operations.

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.

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.

As a reminder, in March 2020, Mr. Pierre-André de Chalendar wished to show his solidarity with the efforts being made by the Group's employees and stakeholders impacted by this unprecedented crisis. As a consequence, he informed the Board of Directors of his decision to waive 25% of his compensation to be paid in 2020, *i.e.* 25% of his variable compensation due in respect of the 2019 fiscal year – to be paid after the approval of the General Meeting – and 25% of his fixed compensation to be paid in 2020, for as long as the Group's employees would be subject to partial employment in the context of the emergency measures taken by the French Government to halt the spread of the coronavirus pandemic.

The Nomination and Remuneration Committee and the Board of Directors have acknowledged this decision in their April 22, 2020 and April 23, 2020 respective meetings and unanimously praised it. On proposal of Mr. Pierre-André de Chalendar, at its April 23, 2020 meeting, the Board of Directors decided to review and reduce accordingly his variable annual compensation due in respect of 2019 (and his fixed compensation for 2020). Consequently, the fixed compensation received by Mr. Pierre-André de Chalendar for fiscal year 2020 amounted, after reduction, to €1,112,500.

Fixed compensation for Mr. Benoit Bazin, Chief Operating Officer

In line with the Compensation policy approved by the General Shareholders' Meeting of June 6, 2019, the fixed compensation paid to Mr. Benoit Bazin was set at €750,000 for the 2019 fiscal year. The Nomination and Remuneration Committee noted, 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.

On February 27, 2020, the Board of Directors decided, on proposal of the Nomination and Remuneration Committee, to maintain this amount for 2020.

As a reminder, in March 2020, Mr. Benoit Bazin wished to show his solidarity with the efforts being made by the Group's employees and stakeholders impacted by the unprecedented crisis. As a result, he informed the Board of Directors of his decision to reduce by 25% the compensation to be paid to him in 2020, *i.e.* 25% of his variable compensation for 2019, to be paid after approval by the General Shareholders' Meeting of June 4, 2020, and 25% of his fixed compensation for 2020, for the period during which the Group's employees would be partially employed as part of the emergency measures taken by the Government to cope with the Covid-19 pandemic.

The Nomination and Remuneration Committee and the Board of Directors have acknowledged this decision in their April 22, 2020 and April 23, 2020 respective meetings and unanimously praised it. On proposal of Mr. Benoit Bazin, at its April 23, 2020 meeting, the Board of Directors decided to review and reduce accordingly his variable annual compensation due in respect of 2019 (and his fixed compensation for 2020). Consequently, the fixed compensation received by Benoit Bazin for fiscal year 2020 amounted, after reduction, to €695,312.

Annual variable compensation

This compensation component recognizes the contribution of the Chairman and Chief Executive Officer and the Chief Operating Officer to the Group's results over the past fiscal year. It is expressed as a percentage of the annual fixed compensation.

At its meeting of February 27, 2020, on the recommendation of the Nomination and Remuneration Committee, the Board decided to maintain the cap for Mr. Pierre-André de Chalendar's variable compensation for 2020, at 170% of his annual fixed compensation (cap unchanged since 2014).

At the same meeting, the Board of Directors had decided, on the proposal of the Nomination and Remuneration Committee, to increase the cap on the annual variable compensation of Mr. Benoit Bazin, Chief Operating Officer, from 120% to 150% of his fixed compensation. The Board of Directors noted the successful implementation by Mr. Benoit Bazin of the Transform & Grow plan – the targets set having been satisfied or even exceeded – and the efficient and sustainable implementation of the new organization. This level of annual variable compensation was at the median of the benchmark of similar large companies in terms of sales, workforce and international scope of operations. In the context of the coronavirus pandemic, Mr. Benoit Bazin informed the Board of Directors of his decision to also waive, in respect of the 2020 fiscal year, the increase of the cap on his annual variable compensation from 120% (in 2019) to 150% of his fixed compensation that the Board had initially decided. The Board and the Nomination and Remuneration Committee have acknowledged this decision and unanimously praised it. The Board of Directors has decided, accordingly, that the cap for the annual variable compensation of the Chief Operating Officer in respect of the 2020 fiscal year would therefore remain set at 120% of his fixed compensation, excluding for the fixed compensation any exceptional reduction applied in connection with the coronavirus, *i.e.* €750,000.

In addition, the Board fixed at its meeting of April 23, 2020, in view of the priority actions to be carried out in connection with the Covid-19 pandemic crisis for 2020 in terms of liquidity and cash management, on the proposal of the Nomination and Remuneration Committee, the components and objectives of the variable compensation of Messrs. Pierre-André de Chalendar and Benoit Bazin for 2020 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:
  - OFCF (Operating Free Cash Flow) for 40%,
  - ROCE (Return on Capital Employed) for 20%,
  - the Group's operating income for 20%,
  - the Group's recurring net income per share for 20%; and
- a qualitative portion of 1/3, based on the following three objectives:
  - further evolution of the portfolio's rotation,
  - further implementation of the Transform & Grow plan and the Group's digital transformation,
  - implementation of corporate social responsibility policy, and
  - management of the Covid-19 pandemic crisis (protection of the health of Group employees and stakeholders working on its sites, continuity of operations depending on local conditions; solidarity with the Group's stakeholders).

Quantifiable and qualitative variable compensation owed for fiscal year 2020 to the Chairman and Chief Executive Officer and the Chief Operating Officer was set by the Board of Directors at its meeting of February 25, 2021, on proposal of the Nomination and Remuneration Committee, as follows:

		Weighting of objectives	Possible variation in respect of each objective *(in EUR)* (1)	Target budget amount (Target Compensation) *(in EUR)*	Percentage completion compared to Target Compensation	Completion *(in EUR)*
Pierre-André de Chalendar, Chairman and Chief Executive Officer						
Quantifiable objectives* (2/3) of which:	OFCF	40%	0 to 544,000	326,400	167%	544,000
	Group operating income	20%	0 to 272,000	190,400	0%	0
	ROCE	20%	0 to 272,000	163,200	36%	59,350
	Group recurring net income per share	20%	0 to 272,000	163,200	0%	0
	Quantifiable total	**2/3**	**0 to 1,360,000**	**843,200**	**74% (2)**	**603,350**
Qualitative objectives (1/3)	**Qualitative (global)**	**1/3**	**0 to 680,000**	**476,000**	**143%**	**680,000**
TOTAL VARIABLE SHARE		**100%**	**0 TO 2,040,000**	**1,319,200**	**97%**	**1,283,350**
Benoit Bazin, Chief Operating Officer						
Quantifiable objectives* (2/3) of which:	OFCF	40%	0 to 240,000	144,000	167%	240,000
	Group operating income	20%	0 to 120,000	84,000	0%	0
	ROCE	20%	0 to 120,000	72,000	36%	26,184
	Group recurring net income per share	20%	0 to 120,000	72,000	0%	0
	Quantifiable total	**2/3**	**0 to 600,000**	**372,000**	**74% (2)**	**266,184**
Qualitative objectives (1/3)	**Qualitative (global)**	**1/3**	**0 to 300,000**	**210,000**	**143%**	**300,000**
TOTAL VARIABLE SHARE		**100%**	**0 TO 900,000**	**582,000**	**97%**	**566,184**

(1) *For each quantifiable objective, the corresponding portion of variable compensation becomes payable if 89% to 90% 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 106% to 109%, as the case may be, of the target of the considered objective.*

(2) *The total percentage of Completion as regards the quantifiable objectives compared to the total Target Compensation in this respect (74%) is not proportional to the ratio between Completion and Target Compensation (72%) given the cap of the Completion of the OFCF objective.*

Qualitative variable compensation for Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and Mr. Benoit Bazin, Chief Operating Officer

The Board of Directors, at its meeting of February 25, 2021, on the recommendation of the Nomination and Remuneration Committee, set at 143% the global achievement rate agaınst the Target of the four qualitative objectives applying to the 2020 variable compensation of Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and Mr. Benoit Bazin, Chief Operating Officer as outlined above.

It took the following main achievements into consideration in particular:

- excellent further evolution of the portfolio's rotation in a difficult context affected by the Covid-19 pandemic which in particular led to the suspension of the processes that were ongoing in Spring 2020. In particular and beyond expectations given the unusual context, the following transactions were carried out:
  - the sale, in May 2020, of its full stake of 10.75% of Sika's share capital, for a total of CHF2.56 billion which enabled Saint-Gobain to strengthen its balance sheet, increase its financial flexibility and liquidity position in a market environment that remained uncertain at that date;
  - the entry into exclusive negotiations:
    - in November 2020, with Mutares, listed in Frankfurt, in view of the sale of Lapeyre;
    - in January 2021, with BME (Building Materials Europe), in view of the sale of its distribution activities in the Netherlands; these two sales are intended to be finalized in 2021 (see Chapter 2, Section 4.4.2.2);
  - several acquisitions, including the finalization of the Continental Building Products acquisition which integration is progressing faster than anticipated and which results are in line with the expectations despite the health situation (see Chapter 2, Section 4.4.2.1);
- very good further implementation of the Transform & Grow plan:
  - further implementation in several areas, in 2020, of the new organization (completion of business mergers, further "back-office" optimization, launch of growth initiatives to develop solutions combining several products, etc.);
  - optimization of the relationships between the central and local teams to improve growth synergies, innovation or target identification in selected segments (see Chapter 1, Sections 3.3. and Chapter 2, Section 2.2.2 and 2.2.3);
  - generation, with a year earlier than planned, of the initial target of cost savings of €250 million, participating to the improvement of the operating margin of the Group in the 2020 second semester (see Chapter 4, Section 1.5);
  - continuation of the internal communication to share the successes and promote good practices: the employee satisfaction survey revealed a high level of engagement and recommendation. The new organization, strengthened by the deployment of a new mode of leadership based on trust, empowerment and collaboration (see Chapter 3, Section 3.1.1.) has proved particularly relevant in times of crisis;
- very good further digital transformation of the Group:
  - in 2020, the Group continued to deploy its strategic priorities, in particular in the "Industry 4.0" manufacturing processes (e.g. reduction of energy consumption on production lines, see Chapter 2, Section 4.3.2.1), the use of commercial data ("big data", see Chapter 2, Section 4.1.1.2) and logistics optimization;
  - in the context of the Covid-19 crisis, certain digital tools have rapidly gained momentum (organization of several thousand customer webinars, remote work of 36,000 employees, strong increase of e-commerce, strong development of the use of digital applications by factories, etc.);
  - lastly, despite the health crisis, the Group continued to recruit digital experts, and the DnA academy ("digital & analytics") has gained momentum, with 700 employees trained in the use of data in their immediate working environment in industrial production (see Chapter 2, Section 4.3.2.1);
- very good implementation of the corporate social responsibility policy:
  - very positive evolution in the frequency rate of accidents with and without work stoppage of more than 24 hours (TF2) compared to 2019 (see Chapter 3, Section 3.2);
  - increase in the representation of women among managers and executives enabling them to be on the expected trajectory of the diversity target figures (see Chapter 3, Section 3.3);
  - very good rates of Compliance e-learning trainings on the three priority matters: competition, anti-corruption and embargo, and continuation of the actions of prevention and detection of corruption and influence peddling (see Chapter 3, Section 1.4.2);
  - continuation of the implementation of the GDPR regulation with, in particular, the animation of a "Data Privacy" network (see Chapter 3, Section 1.3.4), the continuation of the implementation of the personal data management platform (One Trust); the implementation of process to manage GDPR risks in terms of cybersecurity and mergers and acquisitions and development of an e-learning;
  - identification of 2030 targets in the context of the CO2 roadmap towards carbon neutrality by 2050: the 2030 roadmap was proposed to the Board of Directors in September 2020, the carbon targets were then validated by the Science Based Target Initiative in October 2020 and published in November 2020 (see Chapter 3, Section 4.1);

- excellent management of the Covid-19 crisis:
  - setting up as from March 15, 2020 of a crisis management unit with frequent meetings of the Executive Committee, opened to specialists, in order to share best practices and regular meetings of the Board of Directors to make progress reports (Chapter 5, Section 1.2.3.1);
  - extensive social dialogue, country by country and also at European level, which enabled the set-up of actions to protect the health of employees and stakeholders as close as possible to the ground;
  - rapid measures to strengthen the Group's financing sources and preserve cash (see Chapter 1, Section 3.2 and Chapter 5, Section 1.2.3.1);
  - numerous solidarity actions (donations of masks and equipment, financial donations to the Fondation de l'Assistance Publique-Hôpitaux de Paris and to charitable organizations of the sums corresponding to reductions of the compensations of Messrs. Pierre-André de Chalendar and Benoit Bazin and the Directors) (see Chapter 1, Section 3.2 and Chapter 5, Sections 2.1 and 2.2).

In all, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) for fiscal year 2020 amounted to €2,395,850, a decrease of 12.5% compared to 2019 (pre-reduction due to the Covid-19). As a reminder, the annual variable compensation paid in 2020 for fiscal year 2019 to Mr. Pierre-André de Chalendar for his mandate as Chairman and Chief Executive Officer amounted to €1,424,584, as approved by the Ordinary Shareholders' Meeting of June 4, 2020 (eighth Resolution). Excluding any reduction, it would have amounted to €1,536,630.

In total, for the fiscal year 2020, the total compensation (fixed and variable) of Mr. Benoit Bazin amounted to €1,261,496, a decrease of 11.7% compared to 2019 (pre-reduction due to the Covid-19). As a reminder, the annual variable compensation paid in 2020 for fiscal year 2019 to Mr. Benoit Bazin for his term as Chief Operating Officer amounted, after reduction, to €628,493 as approved by the Ordinary Shareholders' Meeting of June 4, 2020 (ninth Resolution). Excluding any reduction, it would have amounted to €677,925.

Assuming that the cap on the annual variable portion of Mr. Benoit Bazin's compensation for fiscal year 2020 had been increased to 150% as initially decided by the Board, Mr. Benoit Bazin would have received an annual variable compensation for that fiscal year in the amount of 707,730 euros. The difference between the variable annual compensation due for the 2020 fiscal year and this theoretical variable annual compensation with a cap set at 150% of the fixed annual compensation, i.e. approximately 140,000 euros, was donated by Saint-Gobain to the Paris public hospitals Foundation (*Fondation de l'Assistance Publique – Hôpitaux de Paris (AP-HP)*).

Long-term remuneration policy

Cap on the executive corporate officer's grants relative to their total compensation

In addition to the restrictions set out below, the Board of Directors resolved, in accordance with the AFEP-MEDEF Code, that at the time they would be granted to the Chairman and Chief Executive Officer and Chief Operating Officer, the 2020 grants of stock options, performance shares and performance units could not represent a value (according to IFRS standards) greater than 85% of the Executive corporate officers' total gross maximum compensation for the same year (fixed compensation plus maximum variable compensation for the same year), as in 2019.

In 2020, performance shares granted to the Chairman and Chief Executive Officer and the Chief Operating Officer amounted to a total value (according to IFRS standards), at the time of their grant, of €2,179,664 and €1,392,563 corresponding to 67.3% and 84.4% respectively of their 2020 total maximum gross compensation. As regards the Chief Operating Officer, this percentage would have been 74.3% without the decrease of the cap on his annual variable compensation from 150% to 120% of his fixed compensation, on his proposal, in the context of the Covid-19 crisis.

No stock option or performance unit plan was implemented in 2020.

Cap on the executive corporate officer's grants relative to the overall allocation envelope

At its meeting of February 27, 2020, the Board of Directors decided, as in previous years, that the Chairman and Chief Executive Officer and Chief Operating Officer could not receive more than 10% and 5% respectively of the overall grants of performance shares and performance units under long-term compensation plans to be set up in 2020.

Hedging rules

The Chairman and Chief Executive Officer and Chief Operating Officer formally committed not to hedge their risk either on stock options or on shares resulting from the exercise of stock options, on performance shares or on performance units they have been or will be granted during their term of office as Executive corporate officers, until the cessation of their duties. To the best of the Company's knowledge, the Chairman and Chief Executive Officer and the Chief Operating Officer have not hedged their 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 Chairman and Chief Executive Officer and the Chief Operating Officer during the 2020 fiscal year.

No stock option plan was implemented in 2020.

5

Table 4 – Stock options granted in 2020 to the Executive corporate officers (AMF nomenclature)

Name	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 CEO	-	-	-	-	-	-
Benoit Bazin, COO	-	-	-	-	-	-

Table 5 – Stock options granted in respect of the term of office and exercised in 2020 by the Executive corporate officers (AMF nomenclature)

Name	Plan date	Type of options (subscription or purchase)	Number of options exercised during the fiscal year	Exercise price
Pierre-André de Chalendar, Chairman and CEO	-	-	-	-
Benoit Bazin, COO since 01/01/2019	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 2020 fiscal year.

Table 6 – Performance shares granted in 2020 to the Executive corporate officers (AMF nomenclature)

Name	Plan date	Number of shares granted during the 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 CEO	11/26/2020	90,000	2,179,664	11/26/2024	11/29/2024	See Chapter 5, Section 2.4.3
Benoit Bazin, COO	11/26/2020	57,500	1,392,563	11/26/2024	11/29/2024	

Grant to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, during the 2020 fiscal year

At the Board meeting of November 26, 2020, Mr. Pierre-André de Chalendar, on the proposal of the Nomination and Remuneration Committee, was granted 90,000 performance shares (as in 2019), representing approximately 0.017% 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 envelope for performance shares and performance units decided by the Board.

Grant to Mr. Benoit Bazin, Chief Operating Officer, during the 2020 fiscal year

At the Board meeting of November 26, 2020, on the proposal of the Nomination and Remuneration Committee, Mr. Benoit Bazin was granted 57,500 performance shares (45,000 performance shares in 2019), representing approximately 0.011% of the share capital, less than the sub-cap set by the General Shareholders' Meeting of June 6, 2019 and less than the 5% cap on the overall grant envelope 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 Chairman and Chief Executive Officer and the Chief Operating Officer, are explained in 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 2020 fiscal year (AMF nomenclature)

Name	Plan date	Number of shares delivered during the year	Availability date
Pierre-André de Chalendar, Chairman and CEO	11/24/2016	38,303	11/24/2020
Benoit Bazin, COO since 01/01/2019	N/A	N/A	N/A

Rules for holding shares

The Chairman and Chief Executive Officer and the Chief Operating Officer is required to retain 50% of the performance shares in 2020 that we be delivered to them, until the end of their duties. However, this holding obligation will cease to apply (in the same way as previous years in the case of the Chairman and Chief Executive Officer) if and when the total number of Saint-Gobain shares that the Chairman and Chief Executive Officer and the Chief Operating Officer personally hold in registered form – at the delivery date of the performance shares – represents the equivalent of five years or three years' gross fixed compensation respectively (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 their gross fixed compensation applicable at that time).

Performance units

No performance unit plans were set up during fiscal year 2020 and there are no longer any performance unit plans being vested (see Chapter 5, Section 2.4.4). No performance units therefore became exercisable during fiscal year 2020.

2.2.2.3 Employment contract, retirement benefits and termination benefits for Executive corporate officers

For the Chairman and Chief Executive Officer

Table 11 – Employment contract, retirement benefits and termination benefits allocated in the event of termination of office of the Chairman and Chief Executive Officer (AMF nomenclature)

Executive corporate officers	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 and CEO		X [(1)]	X		X		X	

(1) *Resignation on June 3, 2010.*

At its meeting of February 22, 2018, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors authorized the renewal of the following commitments, made to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, corresponding, on the one hand, to compensation components, indemnities or benefits that are or may be due as a result of the termination of his duties as Chairman and Chief Executive Officer of Compagnie de Saint-Gobain falling within the scope of former Article L.225-42-1 of the French Commercial Code in force at the time, and, on the other hand, to the continuation of the benefit of the Group health and personal risk insurance policies for the duration of his term of office. These commitments were approved by the General Meeting of June 7, 2018 (eighth, ninth and tenth Resolutions) and, lastly, as part of the vote on the Compensation policy of the Chairman and Chief Executive Officer by the General Shareholders' Meeting of June 4, 2020 (eleventh Resolution).

The terms of these commitments take into account the recommendations of the AFEP-MEDEF Code.

Compensation for loss of office of the Chairman and Chief Executive Officer

See the heading "Compensation for loss of office" in Chapter 5, Section 2.2.4.1.

Non-compete indemnity

See the heading "Non-compete indemnity" in Chapter 5, Section 2.2.4.1.

Supplementary pension arrangements

See the heading "Supplementary pension arrangements" in Chapter 5, Section 2.2.4.1.

Health and personal risk insurance

See the heading "Health and personal risk insurance" in Chapter 5, Section 2.2.4.1.

For the Chief Operating Officer

Table 11 – Employment contract, retirement benefits and termination benefits allocated in the event of termination of office of the Chief Operating Officer (AMF nomenclature)

Executive corporate officers	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, COO	X (1)		X		X		X	

(1) *Mr. Benoit Bazin's employment contract was suspended as of January 1, 2019, when he became Chief Operating Officer. Mr. Benoit Bazin committed to renounce to his employment contract as from July 1, 2021, the date on which he will become Chief Executive Officer.*

At its meeting of November 22, 2018 and on the proposal of the Nomination and Remuneration Committee, the Board of Directors authorized the undertaking of the following commitments in favor of the Chief Operating Officer, within the scope of former Article L.225-42-1 of the French Commercial Code in force at that time: non-compete agreement, severance indemnity, maintenance of the defined-benefit supplementary pension arrangements and health and personal risk insurance.

These commitments in favor of Mr. Benoit Bazin are justified by the suspension of his employment contract as from January 1, 2019, when he became Chief Operating Officer, after a career of more than 19 years within the Saint-Gobain Group.

These commitments were approved by the General Shareholders' Meeting of June 6, 2019 (eleventh, twelfth and thirteenth Resolutions) and, lastly, in the context of the vote on the Compensation policy of the Chief Operating Officer by the General Shareholders' Meeting of June 4, 2020 (twelfth Resolution).

The terms of these commitments take into account the recommendations of the AFEP-MEDEF Code.

Severance indemnity for the Chief Operating Officer

See the heading "Severance indemnity" in Chapter 5, Section 2.2.4.2.

Non-compete indemnity

See the heading "Non-compete indemnity" in Chapter 5, Section 2.2.4.2.

Supplementary pension arrangements

See the heading "Supplementary pension arrangements" in Chapter 5, Section 2.2.4.2.

Health and personal risk insurance

See the heading "Health and personal risk insurance" in Chapter 5, Section 2.2.4.2.

2.2.3 Compensation components paid to the Executive corporate officers during the 2020 fiscal year or granted in respect of that fiscal year, subject to approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay ex post)

Order No. 2019-1234 of November 27, 2019 on compensation for directors of listed companies requires that the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to directors and Executive corporate officers in respect of the past fiscal year are submitted each year for approval by the Ordinary Shareholders' Meeting. This vote is binding (as opposed to an advisory vote).

The compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, and Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year were decided by the Board of Directors at its meetings of February 27, 2020, April 23, 2020, November 26, 2020 and February 25, 2021, on the proposal of the Nomination and Remuneration Committee, pursuant to the compensation policies for the Chairman and Chief Executive Officer and Chief Operating Officer approved by the General Shareholders' Meeting of June 4, 2020 (eleventh and twelfth Resolutions) and in line with the principles outlined in Chapter 5, Section 2.2.1 above.

2.2.3.1 Compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in 2020 or granted in respect of that fiscal year (Say on Pay ex post)

The following table shows the compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer in 2020 or granted in respect of that fiscal year, subject to shareholders' approval at the General Shareholders' Meeting of June 3, 2021, in accordance with Article L.22-10-34 of the French Commercial Code.

Compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in 2020 or granted in respect of that fiscal year (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: €1,112,500** *After taking into account the reduction of 25% of the amount of the fixed compensation for 2020 (€1,200,000) for the months during which 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* (Board of Directors meeting of April 23, 2020)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 4, 2020 (eleventh Resolution).

5

Compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in 2020 or granted in respect of that fiscal year (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: €1,283,350** (Board of Directors meeting of 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 unchanged for the year 2020 at 170% of the fixed portion of his compensation, such latter value remain set at €1,200,000 excluding any exceptional reduction for 2020 for the Covid-19 pandemic, as set for the entire duration of his term of office. In addition, the Board fixed at its meeting of April 23, 2020, in view of the priority actions to be carried out in connection with the Covid-19 pandemic crisis for 2020 in terms of liquidity and cash management, on the proposal of the Nomination and Remuneration Committee, 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 25, 2021 meeting, determined Mr. Pierre-André de Chalendar's variable compensation 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 operating free cash flow) amounted to €603,350, which corresponds to an achievement rate against the Target of 74% (see Chapter 5, Section 2.2.2.2); ■ the portion of the variable compensation based on the fulfillment of the four qualitative objectives (further evolution of the portfolio's rotation, further implementation of the Transform & Grow plan and of the Group's digital transformation, implementation of the corporate social responsibility policy and management of the Covid-19 pandemic crisis) amounted to €680,000, which corresponds to an achievement rate against the Target of 143% of the various qualitative objectives (see Chapter 5, Section 2.2.2.2). Variable compensation totaled €1 283 350 for 2020, which corresponds to an achievement rate against the Target of 97%. In all, Mr. Pierre-André de Chalendar's total compensation (fixed and variable) for fiscal year 2020 amounted to €2,395,850, a decrease of 12.5% compared to 2019 (pre-reduction due to the *Covid-19).* *Pursuant to the law, payment of the variable compensation is subject to the approval of the Ordinary Shareholders' Meeting of June 3, 2021.* *As a reminder, the annual variable compensation paid in 2020 in respect of the 2019 fiscal year amounted to €1,424,584, as approved by the Ordinary Shareholders' Meeting of June 4, 2020 (eighth Resolution). Excluding any reduction, it would have amounted to €1,536,630.*
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.

Compensation components paid to Mr. Pierre-André de Chalendar, Chairman and Chief Executive Officer, in 2020 or granted in respect of that fiscal year (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
Performance shares	Amount granted: €2,179,664 (value based on the method used to prepare the consolidated financial statements)	At its meeting of November 26, 2020, the Board of Directors decided, on the proposal of the Nomination and Remuneration Committee, to grant Mr. Pierre-André de Chalendar 90,000 performance shares (as in 2019). 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 and performance units decided by the Board. It represents a total value (according to IFRS) at the time it was granted of €2,179,664, corresponding to 67% of the total maximum gross compensation of the Chairman and Chief Executive Officer in respect of the 2020 fiscal year (compared to 56% in 2019). Therefore, it is not disproportionate and complies with the decision by the Board of Directors on February 27, 2020 that stock options, performance shares and performance units granted to the Chairman and Chief Executive Officer could not represent in 2020, at the time of their allocation, a value (according to IFRS) greater than 85% of his total maximum gross compensation for the same year (fixed compensation plus maximum variable compensation for the same year). The value of the performance shares granted increased, mainly due to the increase of the Saint-Gobain share price in 2020, which also benefited to all Saint-Gobain shareholders. The Board has historically chosen not to adjust the number of shares granted to Executive corporate officers according to the share price at the grant date, considering that granting more shares when the share price falls was difficult to justify and could create windfall effects. Similarly, granting fewer shares when the share price rises does not ensure the desired alignment between shareholders and Executive corporate officers. For an equal number of shares, the increase in the IFRS value of the performance shares between the grant dates - November 2019 and November 2020 - is mainly explained by the increase of the Saint-Gobain share price over this period, both in absolute terms and relative to the CAC 40 index. Thus, although the allocation of performance shares to Mr. Pierre-André de Chalendar remained constant in terms of number of shares granted in 2020 compared to 2019, in terms of the IFRS value it increased by almost 20%. This does not refer to compensation paid or to be paid but to the valuation of performance shares granted in November 2020, the number of which that will effectively be acquired will depend on the fulfillment of the performance conditions to be assessed over 4 years, and which cannot be sold before the end of this vesting period and at a value that will depend on the share price price at that date (this valuation is established in accordance with IFRS standards - with the help of a bank with regard to the stock market criterion - and is verified by the statutory auditors). 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 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 (57.1% for the 2016 plan, 66.4% for the 2015 plan, 86.4% for the 2014 plan). Percentage of share capital represented by the allocation of performance shares to the executive corporate officer: approximately 0.017%. Date of authorization by the General Shareholders' Meeting: June 6, 2019 (Resolution 24). Date of the Board's grant decision: November 26, 2020.
Stock options	None.	No stock options were allocated to Mr. Pierre-André de Chalendar in 2020.
Performance units	None.	No performance units were allocated to Mr. Pierre-André de Chalendar in 2020.
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	€3,673 (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 Section 2.2.4.1 of Chapter 5 on page 185 below.
Non-compete indemnity	None.	See the heading "Non-compete indemnity" in Section 2.2.4.1 of Chapter 5 on page 186 below.
Supplementary pension arrangements	None.	See the heading "Supplementary pension arrangements" in Section 2.2.4.1 of Chapter 5 on page 187 below.

2.2.3.2 Compensation components paid to Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year (Say on Pay ex post)

The following table shows the compensation components paid to Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year that are, subject to shareholders' approval at the General Shareholders' Meeting of June 3, 2021, in accordance with Article L.22-10-34 of the French Commercial Code.

Compensation components paid to Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year (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: €695,312** ***After taking into account the reduction of 25% of the amount of the fixed compensation for 2020 (€750,000) for the months during which 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*** (Board meeting of April 23, 2020)	In accordance with the Compensation policy approved by the General Shareholders' Meeting of June 4, 2020 (twelfth Resolution).

Compensation components paid to Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year (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: €566,184** (Board of Directors meeting of February 25, 2021) ***After taking into account the cancellation of the increase compared to 2019 of the cap on the annual variable compensation of Benoit Bazin from 120% to 150% initially decided by the Board of Directors.*** (Board meeting of April 23, 2020)	The Board of Directors had decided, on February 27, 2020, on the proposal of the Nomination and Remuneration Committee, to increase the cap on the annual variable compensation of the Chief Operating Officer from 120% to 150% of his fixed compensation. The Board of Directors noted the successful implementation by the Chief Operating Officer of the Transform & Grow plan – the targets set having been satisfied or even exceeded – and the efficient and sustainable implementation of the new organization. This level of annual variable compensation was at the median of the benchmark of similar large companies in terms of sales, workforce and international scope of operations. In the context of the coronavirus pandemic, Mr. Benoit Bazin informed the Board of Directors of his decision to also waive, in respect of the 2020 fiscal year, the increase of the cap on his annual variable compensation from 120% (in 2019) to 150% of his fixed compensation that the Board had initially decided. The Board and the Nomination and Remuneration Committee have acknowledged this decision and unanimously praised it. The Board of Directors has decided, accordingly, that the cap for the annual variable compensation of the Chief Operating Officer in respect of the 2020 fiscal year would therefore remain set at 120% of his fixed compensation, excluding for the fixed compensation any exceptional reduction applied in connection with the coronavirus, i.e. €750,000. In addition, the Board fixed at its meeting of April 23, 2020, in view of the priority actions to be carried out in connection with the Covid-19 pandemic crisis for 2020 in terms of liquidity and cash management, on the proposal of the Nomination and Remuneration Committee, 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 2019). Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at its February 25, 2021 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 operating free cash flow) amounted to €266,184, which corresponds to an achievement rate against the Target of 74% (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 (further evolution of the portfolio's rotation, further implementation of the Transform & Grow plan and of the Group's digital transformation, implementation of the corporate social responsibility policy and management of the Covid-19 pandemic crisis) amounted to €300,000, which corresponds to an achievement rate against the Target of 143% of the various qualitative objectives (see Chapter 5, Section 2.2.2.2). Variable compensation totaled €566,184 for 2020, which corresponds to an achievement rate against the Target of 97%. Assuming that the cap on the annual variable portion of Mr. Benoit Bazin's compensation for fiscal year 2020 had been increased to 150% as initially decided by the Board, Mr. Benoit Bazin would have received an annual variable compensation for that fiscal year in the amount of €707,730. In total, for the fiscal year 2020, the total compensation (fixed and variable) of Mr. Benoit Bazin amounted to €1,261,496, a decrease of 11.7% compared to 2019 (pre-reduction due to Covid). *Pursuant to the law, payment of the variable compensation is subject to the approval of the Ordinary Shareholders' Meeting of June 3, 2021.* *As a reminder, the annual variable compensation paid in 2020 in respect of the 2019 fiscal year amounted to €628,493, as approved by the Ordinary Shareholders' Meeting of June 4, 2020 (ninth Resolution). Excluding the reduction, it would have amounted to €677,925.*
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 to Mr. Benoit Bazin, Chief Operating Officer, in 2020 or granted in respect of that fiscal year (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
Performance shares	Amount granted: €1,392,563 (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, on November 26, 2020, decided to grant Mr. Benoit Bazin, considering his excellent work, particularly in times of crisis, and the recovery of Saint-Gobain and its share price in the second half of 2020, as well as its exemplary remuneration efforts at the heart of the Covid crisis in Spring 2020, a number of performance shares close to the maximum authorized by his Compensation policy but lower than this amount, i.e., on the grant date, 57,500 performance shares (compared to 45,000 shares in 2019). 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 5% of the overall allocation envelope of performance shares and performance units decided by the Board. This allocation also represents a total value (according to IFRS) at the time it was granted of €1,392,563, corresponding to 84.4% of the total maximum gross compensation of the Chief Operating Officer in respect of the 2020 fiscal year (this percentage would have amounted to 74%, without the reduction of the cap on the variable portion of his compensation from 150% to 120% of the fixed portion of his compensation in the context of the Covid crisis, compared to 54% in 2019). Therefore, it is not disproportionate and complies with the decision of the Board of Directors on February 27, 2020 that stock options, performance shares and performance units granted to the Chief Operating Officer could not represent in 2020, at the time of their allocation, a value (according to IFRS) greater than 85% of his total maximum gross compensation for the same year (fixed compensation plus maximum variable compensation for the same year). The increase of the value of performance shares is mainly due to the increase in 2020 in the Saint-Gobain share price, which also benefited to all shareholders. The Board has historically chosen not to adjust the number of shares granted to Executive corporate officers according to the share price at the grant date, considering that granting more shares when the share price falls was difficult to justify and could create windfall effects. Similarly, granting fewer shares when the share price rises does not ensure the desired alignment between shareholders and Executive corporate officers. For an equal number of shares, the increase in the IFRS value of the performance shares between the grant dates - November 2019 and November 2020 - is mainly explained by the increase of the Saint-Gobain share price over this period, both in absolute terms and relative to the CAC 40 index. For Mr. Benoit Bazin, the increase - in November 2020 - of his performance share allocation, considering the excellent work done during the crisis and the recovery of Saint-Gobain and its share price in the second half of 2020, as well as his exemplary remuneration efforts at the heart of the Covid crisis in the Spring 2020 - is 28% in terms of number of shares granted and almost 50% in terms of value, taking into account the increase in the IFRS value. It is important to note that this does not refer to remuneration paid or to be paid but to the valuation of performance shares allocated in November 2020, the number of which that will effectively be acquired will depend on the achievement of the performance conditions to be assessed over 4 years, and which cannot be sold before the end of this vesting period and at a value that will depend on the share price price at that date (this valuation is established in accordance with IFRS standards - with the help of a bank with regard to the stock market criterion - and verified by the auditors). 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 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 (57.1% for the 2016 plan, 66.4% for the 2015 plan, 86.4% for the 2014 plan). Percentage of share capital represented by the allocation of performance shares to the executive corporate officer: approximately 0.011%. Date of authorization by the General Shareholders' Meeting: June 6, 2019 (24th Resolution). Date of the Board's grant decision: November 26, 2020.
Stock options	None.	No stock options were granted to Mr. Benoit Bazin in 2020.
Performance units	None.	No performance units were granted to Mr. Benoit Bazin in 2020.
Compensation in respect of the Director's term of office	None.	Mr. Benoit Bazin is not a Director of Compagnie de Saint-Gobain.
In-kind benefits	€2,148 (book value)	Mr. Benoit Bazin has use of a company car.
Severance indemnity	None.	See the heading "Severance indemnity" in Section 2.2.4.2 of Chapter 5 on page 191 below.
Non-compete indemnity	None.	See the heading "Non-compete indemnity" in Section 2.2.4.2 of Chapter 5 on page 192 below.
Supplementary pension arrangements	None.	See the heading "Supplementary pension arrangements" in Section 2.2.4.2 of Chapter 5 on page 193 below.

2.2.4 Compensation policies for the Executive corporate officers subject to the approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay ex ante)

Order No. 2019-1234 of November 27, 2019 on the compensation paid to Executive corporate officers of listed companies requires that their Compensation policy is put to the Ordinary Shareholders' Meeting for approval each year. This vote is binding (as opposed to an advisory vote).

At its meeting of February 25, 2021, the Board of Directors, on the proposal of the Nomination and Remuneration Committee, determined the following compensation policies for the Executive corporate officers i.e. the compensation policies for the Chairman and Chief Executive Officer and the Chief Operating Officer until the separation of the roles as of July 1, 2020, and the compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer from July 1, 2021 until December 31, 2021.

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 2021 fiscal year.

2.2.4.1 Compensation policy for the Chairman and Chief Executive Officer from January 1st, 2021 until June 30, 2021 subject to approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay ex ante)

The table below details the Compensation policy for the Chairman and Chief Executive Officer from January 1st, 2021 until June 30, 2021, that is subject to the approval of the General Shareholders' Meeting of June 3, 2021 pursuant to Article L.22-10-8 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. These commitments were approved by the General Shareholders' Meeting of June 7, 2018 pursuant to the related-party agreements procedure in force at the time (8th to 10th Resolutions).

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	Cap	Description
Fixed compensation	-	The fixed compensation of the Chairman and Chief Executive Officer is commensurate with his experience and responsibilities as Chairman and 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. The fixed portion of the Chairman and Chief Executive Officer's compensation is €1,200,000 for the duration of his term, which was renewed by the General Shareholders' Meeting of June 7, 2018. This amount is for a full year and will be paid pro rata temporis until June 30, 2021 (i.e. €600,000 from January 1, 2021 to June 30, 2021).
Annual variable compensation	**170% of the fixed compensation**	The Board of Directors decided to maintain the cap on the annual variable part of the compensation of the Chairman and Chief Executive Officer unchanged at 170% of his fixed compensation (cap unchanged since 2014). The amount of the variable compensation for the 2021 fiscal year will be decided by the Board of Directors in 2022 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 2014). As regards the quantifiable objectives, the Board decided, for the 2021 fiscal year, to replace the Operating Free Cash Flow objective, which is an internal indicator, by the Free Cash Flow objective which is a published indicator followed by the investors. On the other hand, the Board decided to maintain unchanged the three other quantifiable objectives i.e. the rate of return on capital employed (ROCE), the operating income of the Group and the recurring net income of the Group per share and to return to a 25% weighing for each of these quantifiable objectives according to the policy that prevailed before the Covid-19 crisis. These objectives were deemed relevant for assessing the operational and financial performance of the Saint-Gobain Group and its strategy. In addition, the Board retained the following qualitative objectives, deemed relevant to the extent that they reflect the implementation of strategic orientations for the 2021 fiscal year: preparation of a new strategic plan (including in particular divestitures and acquisitios part and a digital part) as well as its presentation to the investors, implementation of the corporate social responsibility policy, harmonious development of the new Group's governance, and management of the human resources in the context of a return to normal post-Covid-19 crisis. *In accordance with the law, the payment of the annual variable compensation will be conditioned to the approval of the 2022 Ordinary Shareholders' Meeting.*

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	Cap	Description
Deferred variable compensation	**None.**	The Board of Directors does not intend to grant deferred variable compensation to the Chairman and Chief Executive Officer in 2021.
Multi-year variable compensation	**None.**	The Board of Directors does not intend to grant multi-year variable compensation to the Chairman and Chief Executive Officer in 2021.
Exceptional compensation	**None.**	The Board of Directors does not intend to grant exceptional compensation to the Chairman and Chief Executive Officer in 2021. In accordance with the law, the payment of any exceptional compensation would be conditioned to the approval of the 2022 Ordinary Shareholders' Meeting.
Indemnity for taking up office	-	The Board of Directors reserves the option, if a new Chief Executive Officer should 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	-	As the allocations for 2021 are, as every year, in November, post separation of the roles and retirement, the Chairman and Chief Executive Officer will not receive long-term compensation.
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 duties as a corporate officer as a result of **death, disability** or **retirement,** as provided for in the rules of the relevant long-term compensation plans, the Chairman and Chief Executive Officer **will not be deprived of his right to exercise or receive,** as the case may be, stock options, performance shares, performance units and other long-term compensation that that he holds on his departure date for which the minimum exercise period, or the acquisition period, as the case may be, will not have expired as of this date. b) **In the event of his departure as corporate officer for other reasons,** with the exception of the following, which will lead to forfeiture of the rights: ■ 1. dismissal for gross or serious misconduct, or serious misconduct not related to his duties; and ■ 2. resignation (other than in the 12 months following a merger or demerger affecting Compagnie de Saint-Gobain, the acquisition of control of Compagnie de Saint-Gobain or a significant change in the Group's strategy leading to a major refocusing of its activity). **The Board of Directors may**, at the proposal of the Nomination and Remuneration Committee, **decide whether to maintain, purely on a prorata temporis basis,** his benefit of the stock options, performance shares, performance units and other long-term compensation instruments that he holds on his departure date and for which the minimum exercise period has not lapsed or which have not been delivered on that date, as the case may be. 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 delivery 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.
Compensation in respect of the Director's term of office	**None.**	The Chairman and Chief Executive Officer does not receive any compensation for his term of office as Director within Compagnie de Saint-Gobain.
In-kind benefits	-	The Chairman and Chief Executive Officer has a company car.

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Compensation for loss of office	**Cap set at twice the gross annual total compensation, including the non-compete indemnity**	In the event of **forced termination** of office, irrespective of the form of termination under the following circumstances: a) he is removed from office or his mandate as Chairman and Chief Executive Officer is not renewed on expiry, other than at his own initiative or as a result of gross or willful misconduct or serious misconduct not related to his duties as Chief Executive Officer, or b) he is forced to resign 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. Mr. **Pierre-André de Chalendar would be able to receive compensation not to exceed twice his gross annual total compensation, defined as the sum of his fixed compensation, on a yearly basis, as Chairman and Chief Executive Officer at the date on which his functions cease, and of the average annual variable compensation received or receivable in respect of his last three full fiscal years in office.** **In no case may the sum of the indemnity for termination of office and the non-compete indemnity described below exceed twice Mr. Pierre-André de Chalendar's gross annual total compensation.** Payment of the compensation for termination of office will be subject to fulfillment of a performance condition evidenced by the allocation by the Board of Directors of a variable part of compensation at least equal to one-half of the average maximum amount fixed for this variable part for the last three full fiscal years during which he will be Chairman and Chief Executive Officer and ending prior to the date on which he ceases his duties. This performance condition is challenging, as demonstrated by the amount of the variable part of his compensation received for the past two fiscal years, which amounted, with respect to the 2020 fiscal year, to 62.91%, and, with respect to the 2019 fiscal year, to 75.33% of the maximum amount fixed for the variable part of his compensation. Payment of the compensation for termination of office will be dependent on the Board of Directors' verification, in compliance with the legislation in force, of the fulfillment of this performance condition as of the date his duties are terminated. Note: In any case, no compensation for loss of office would be due if Mr. Pierre-André de Chalendar were to leave Compagnie de Saint-Gobain at his own initiative under circumstances other than those described above, or if, upon leaving the Company on his initiative under one of the circumstances described above, he were eligible to retire during the twelve months following termination of his duties as Chairman and Chief Executive Officer and to receive a pension under the so-called "SGPM" defined benefit plan (see "Supplementary pension arrangements"). Date of authorization by the Board of Directors: February 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 7, 2018 (8th Resolution).

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Non-compete indemnity	**Cap set at one year of total annual gross compensation** **and** **Combined non-compete indemnity and the termination indemnity capped at two years of total annual gross compensation**	Mr. Pierre-André de Chalendar has signed a firm and binding non-compete undertaking in favor of Compagnie de Saint-Gobain with a term of one year as from the date of his loss of office as Chairman and Chief Executive Officer. In consideration for this undertaking, in the event of his loss of office as Chairman and Chief Executive Officer for any reason whatsoever, he would receive a non-compete indemnity equal to one year's total gross compensation. Gross annual compensation is considered as comprising the same fixed and variable amounts used to calculate his compensation for loss of office referred to above. Under no circumstances will the sum of the indemnity under the non-compete agreement and the compensation for loss of office exceed twice Mr. Pierre-André de Chalendar's total annual gross compensation. It should be noted that the non-compete undertaking is a means of protection of the Saint-Gobain Group, the non-compete indemnity being a mandatory financial compensation for the restrictions imposed. The Board of Directors reserves the right to unilaterally waive application of the non-compete agreement no later than on the date of termination of the Chairman and Chief Executive Officer's duties, in which case he will be released from any commitment and no amount will be due to him on this account. Note: the payment of the non-compete indemnity would be excluded if Mr. Pierre-André de Chalendar were to assert his retirement rights. In any event, no indemnity will be paid beyond the age of 65. Date of authorization by the Board of Directors: February 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 7, 2018 (8th Resolution).

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	Cap	Description
Supplementary pension arrangements	-	Mr. Pierre-André de Chalendar is a beneficiary of the defined benefit pension plan (SGPM) applicable to all employees and managers of Compagnie de Saint-Gobain who, as he did, joined the Company prior to January 1, 1994, under conditions identical to those applicable to all beneficiaries of this pension plan. This differential type plan, which was closed to new entrants on January 1, 1994 is subject to "Article 39 of the French General Tax Code". As of December 31, 2020, 209 retired former employees of Compagnie de Saint-Gobain were receiving benefits under the plan – so-called "SGPM" – and a further 24 active employees will be entitled to benefits on retirement. Commitments made to Mr. Pierre-André de Chalendar and all beneficiaries of the pension plan (current and retired employees) are partly financed, in the amount of approximately 43% of the total, through outsourcing to two insurance companies, without transfer of the lifetime income risk. To benefit from the plan, Pierre-André de Chalendar will have to retire at 60 or over on a full pension under the compulsory government-sponsored schemes after contributing to the SGPM plan for at least 15 years. If he leaves Compagnie de Saint-Gobain before fulfilling these conditions, he will not be able to claim this benefit, unless forced to terminate his activity for health reasons. Benefits under the plan are determined so that retirees receive a guaranteed total income in retirement. The guaranteed amount depends on the retiree's years of service (up to 35 years) and is determined on a declining scale for each tranche of gross annual compensation excluding exceptional or temporary payments. Benefits received by the retiree under other basic and compulsory pension plans during the period are deducted from the guaranteed amount for the purpose of calculating the plan's total guaranteed benefits. Mr. Pierre-André de Chalendar's pension will be based on his final year's fixed compensation. His years of service with the Group will be calculated as from October 1, 1989, the date he joined the Saint-Gobain Group. If he were to leave after completing the maximum number of pensionable years of service under the "SGPM" plan, Mr. Pierre-André de Chalendar would be entitled to total guaranteed pension benefits (including pension benefits paid under the basic and compulsory pension schemes) representing a guaranteed replacement rate of approximately 47% of his final year's fixed compensation. The seniority-based supplementary pension benefits under the "SGPM" plan that would be paid by Compagnie de Saint-Gobain, which corresponds to the difference between these guaranteed total benefits and the amount of benefits paid under the basic and compulsory pension schemes, would therefore be approximately 37% of his latest fixed compensation set in the event of retirement at maximum seniority. Mr. Pierre-André de Chalendar's maximum supplementary retirement payout is significantly lower than the AFEP-MEDEF code's recommended cap, which is 45% of the sum of the fixed and annual variable compensations. The annual increase in Mr. Pierre-André de Chalendar's potential rights is 1.5% of his fixed compensation per year of seniority, and thus represents only 50% of the 3% cap of the annual compensation previously set by law. Finally, with regard to expenses associated with the payment of the seniority-based supplementary pension benefits referred to above, the Company would be required to pay a contribution on the premiums paid to the two insurance companies mentioned above (those premiums are also deductible from the corporate income tax base), the rate of which is set at 24%. The estimated amount of the pension that Mr. Pierre-André de Chalendar will receive as supplemental pension would come to a gross amount of €387,800 per year, in the event that Mr. Pierre-André de Chalendar would retire as of July 1, 2021. This indicative amount is calculated according to the procedures set forth by Article D.225-29-3 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 executive 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 executive corporate officer could benefit from it starting the day after fiscal year-end. The lifetime benefits granted consist of the retirement income described above, as well as life insurance, to which Mr. Pierre-André de Chalendar will be eligible to subscribe like other retirees upon retiring, the annual premium of which is estimated as at December 31, 2020 to be less than €9,000. This premium is assumed in its entirety by Compagnie de Saint-Gobain in the first year of retirement, after which only 50% continues to be assumed by the Company.

Compensation policy for the Chairman and Chief Executive Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Supplementary pension arrangements *(continued)*		**In accordance with the law and upon the renewal of the term of office of the Chairman and Chief Executive Officer**, at its meeting of February 22, 2018, the Board of Directors defined, on the recommendation of the Nomination and Remuneration Committee, the performance condition to which the annual increase in Mr. Pierre-André de Chalendar's pension rights shall be subject, as follows: allocation by the Board of Directors of an annual variable compensation at least equal to one-half of the average maximum amount set for that annual variable compensation for the last three full fiscal years during which he held the position of Chairman and Chief Executive Officer and ending prior to the date of assessment of the performance condition. The fulfillment of this performance condition conditioning the increase in rights as of October 1 is ascertained each year by the Board of Directors, in accordance with the law. Date of authorization by the Board of Directors: February 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 7, 2018 (9th Resolution).
Health and personal risk insurance	-	Mr. Pierre-André de Chalendar continues to benefit in full from the Group's health and personal risk insurance policies entered into with GAN and Mutuelle Malakoff Médéric, respectively, which all the employees of Compagnie de Saint-Gobain also benefit from. Date of authorization by the Board of Directors: February 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 7, 2018 (9th Resolution).

2.2.4.2 Compensation policy for the Chief Operating Officer from January 1st, 2021 until June 30, 2021 subject to approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay ex ante)

At its meeting of November 22, 2018, the Board of Directors, on the proposal of the Chairman and Chief Executive Officer and the recommendation of the Nomination and Remuneration Committee, appointed Mr. Benoit Bazin as Chief Operating Officer effective January 1, 2019 (see Chapter 5, Section 1.3).

The employment contract for Mr. Benoit Bazin, who joined the Saint-Gobain Group on September 1, 1999, has been suspended since January 1, 2019 and for the duration of his term of office as Chief Operating Officer.

The table below details the Compensation policy for the Chief Operating Officer from January 1st, 2021 until June 30, 2021, that is submitted to the approval of the General Shareholders' Meeting of June 3, 2021 pursuant to Article L.22-10-8 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. These commitments were approved by the General Shareholders' Meeting of June 6, 2019 pursuant to the related-party agreements procedure in force at the time (11th to 13th resolutions).

Compensation policy for the Chief Operating Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Operating Officer from January 1st, 2021 until June 30, 2021 (included)	Cap	Description
Fixed compensation	**-**	The fixed compensation of the Chief Operating Officer is commensurate with his experience and responsibilities as Chief Operating Officer and shall be compared with fixed compensation offered by similar large companies in terms of net sales, workforce and international scope of operations. After the reduction for the year 2020 decided by the Board of Directors, on the proposal of Mr. Benoit Bazin, at its meeting of April 23, 2020 (see Say-on-Pay ex post above), 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 euros from January 1, 2021 to June 30, 2021).
Annual variable compensation	**150% of the fixed compensation**	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. 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 having been satisfied 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. The amount of the variable compensation for the 2021 fiscal year will be decided by the Board of Directors in 2022 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 2019). As regards the quantifiable objectives, the Board decided to adopt the same quantifiable objectives for the 2021 fiscal year as those applicable to the Chairman and Chief Executive Officer, i.e. the following four objectives, each counting for 25%, deemed relevant for assessing the operational and financial performance of the Saint-Gobain Group and its strategy: the rate of return on capital employed (ROCE), the operating income of the Group, the recurring net income of the Group per share and the Free Cash Flow. The Board retained the following qualitative objectives, deemed relevant to the extent that they reflect the implementation of strategic orientations for the 2021 fiscal year: preparation of a new strategic plan (including in particular divestitures and acquisitions part and a digital part) as well as its presentation to the investors, implementation of the corporate social responsibility policy, harmonious development of the new Group's governance, and management of the human resources in the context of a return to normal post-Covid-19 crisis. *In accordance with the law, the payment of the annual variable compensation will be conditioned to the approval of the 2022 Ordinary Shareholders' Meeting.*
Deferred variable compensation	**None.**	The Board of Directors does not intend to grant deferred variable compensation to the Chief Operating Officer in 2021.
Multi-year variable compensation	**None.**	The Board of Directors does not intend to grant variable multi-year compensation to the Chief Operating Officer in 2021.

5

Compensation policy for the Chief Operating Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Operating Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Exceptional compensation	**None.**	The Board of Directors does not intend to grant exceptional compensation to the Chief Operating Officer in 2021. *In accordance with the law, the payment of any exceptional compensation would be conditioned to the approval of the 2022 Ordinary Shareholders' Meeting.*
Indemnity for taking up office	-	The Board of Directors reserves the option, if a new Chief Operating Officer should 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	-	As the allocations for 2021 are, as every year, in November, post separation of the roles, the Chief Operating Officer will not receive long-term compensation.

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 Operating 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 prorata 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 executive 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 Operating Officer is not a Director of Compagnie de Saint-Gobain.
In-kind benefits	-	The Chief Operating Officer has use of a company car.

Compensation policy for the Chief Operating Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Operating Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Severance indemnity	**Cap set at twice the Reference Compensation, including the Indemnity related to the Employment Contract and the non-compete indemnity**	The Board of Directors authorized the insertion in Mr. 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) by a resignation from his employment contract occurring after a Forced Resignation (as defined above under "Consequences of the departure of the Chief Operating Officer on stock options, performance shares and performance units granted during his term of office as Chief Operating Officer"), provided that the notification of the termination of his employment contract occurs within 12 months of 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, Mr. Benoit Bazin may notify the company that this Forced Resignation also constitutes a notice of resignation from his salaried functions; there will be no grounds for payment by the company of an Indemnity related to the Employment Contract (as defined below). 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*: **Its gross amount is such that the sum of the Indemnity related to the Employment Contract, the non-compete indemnity (if applicable) and the Severance Indemnity cannot, under any circumstances, be greater than twice the Reference Compensation** (as defined below) (the "Overall Cap"). **The gross amount of the Severance Indemnity shall be equal to the difference between, on the one hand, two times the amount of the Reference Compensation and, on the other hand, the sum of the Indemnity related to the Employment Contract and, if applicable, the non-compete indemnity.** ■ *Performance condition*: The benefit of the Severance Indemnity shall be subject to the fulfillment of a performance condition defined as the allocation by the Board of Directors, on average 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, of an annual variable compensation at least equal to half of the maximum amount set for that annual variable compensation. This performance condition is challenging, as demonstrated by the amount of the variable part of his compensation received for the past two fiscal years, which amounted, with respect to the 2020 fiscal year, to 62.91%, and, with respect to the 2019 fiscal year, to 75.33% of the maximum amount fixed for the variable part of his compensation. The payment of the Severance Indemnity shall be subject to the prior verification 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 by Mr. Benoit Bazin of all proceedings and actions. Date of authorization by the Board of Directors: November 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 6, 2019 (11th Resolution).

Compensation policy for the Chief Operating Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Operating Officer from January 1st, 2021 until June 30, 2021 (included)	Cap	Description
Non-compete indemnity	**Cap set at one year of the Reference Compensation** **and** **Combined non-compete indemnity, Severance Indemnity and Indemnity related to the Employment Contract capped at two years' Reference Compensation**	The Board of Directors authorized the insertion of a non-compete clause in mr. Benoit Bazin's employment contract, which was suspended starting January 1, 2019, during the term of office (1). This clause stipulates a firm and irrevocable non-compete commitment from Mr. 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*: In consideration of this undertaking, Mr. 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, Mr. Benoit Bazin's gross total annual compensation as Chief Operating Officer, defined as his fixed compensation, on an annual basis, as Chief Operating Officer received on the date of termination of his duties, and of the average of the annual variable compensation paid or to be paid to him 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 total gross 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 Mr. 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 being 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 Mr. 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 Mr. Benoit Bazin. The payment of the Non-compete Indemnity would be excluded if Mr. Benoit Bazin claimed his retirement benefits. In any event, no indemnity will be paid beyond the age of 65. ■ *Waiver option:* However, 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. Date of authorization by the Board of Directors: November 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 6, 2019 (11th Resolution).

(1) Activity concerned: any company whose main activity is the trading in or production of construction materials similar to those produced by the Saint-Gobain Group. Territory: European Union, EFTA and Switzerland.

Compensation policy for the Chief Operating Officer, from January 1st, 2021 until June 30, 2021, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Operating Officer from January 1st, 2021 until June 30, 2021 (included)	**Cap**	**Description**
Supplementary pension arrangements		Mr. Benoit Bazin continues to fully benefit fully from the defined-benefit supplementary pension plan set up in 2012, pursuant to Article L.137-11 of the French Social Security Code, under identical conditions to those applicable to all beneficiaries of this pension plan (for further details, see https://www.saint-gobain.com/sites/sgcom.master/files/plan_retraite_2012_dgd.pdf): The Board of Directors noted, in February 2020, that Mr. Benoit Bazin had reached the 20 years' service cap provided under the "2012" supplementary pension plan in September 2019, and that therefore, he would be unable to acquire any additional rights under this plan as from that date. Base compensation, consisting exclusively of fixed and variable components of his annual compensation and benefits in kind, taken into account to calculate Mr. Benoit Bazin's pension is the average of three consecutive years of base compensation, including the highest over the last ten years of activity. In the event of departure with the maximum years of service (acquired in September 2019) under the "2012" pension plan, Mr. Benoit Bazin would be entitled to an annual pension supplement equivalent to 37% 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, 2020, Mr. Benoit Bazin's estimated pension under the supplementary plan would amount to around €277,000 per year, below the cap for the "2012" pension plan (eight times the annual social security cap, i.e. €329,088 in 2020). This indicative amount is calculated according to the procedures set forth by Article D.225-29-3 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 executive 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 executive corporate officer could benefit from it starting the day after fiscal year-end. The "2012" pension plan was frozen on December 31, 2019 so that no additional right related to years of service could be acquired after this date, in accordance with Order No. 2019-697 of July 3, 2019 on additional workplace pension plans. Date of authorization by the Board of Directors: November 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 6, 2019 (12th Resolution).
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. Date of authorization by the Board of Directors: November 22, 2018. Date of approval by the General Shareholders' Meeting, according to the related-party agreements procedure in force at the time: June 6, 2019 (13th Resolution).

5

2.2.4.3 Compensation policy for the Chairman of the Board of Directors from January 1st, 2021 until June 30, 2021, subject to the approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay *ex ante*)

In the context of the evolution of Saint-Gobain governance and succession of the Chairman and Chief Executive Officer, the Board of Directors, at its meeting of February 25, 2021, unanimously decided to:

- separate the roles of Chairman of the Board of Directors and Chief Executive Officer, as from July 1, 2021, between Messrs. Pierre-André de Chalendar and Benoit Bazin;
- as from that date, Mr. Pierre-André de Chalendar will continue to serve as Chairman of the Board of Directors, while Mr. Benoit Bazin will assume the role of Chief Executive Officer as the sole executive corporate officer.

The table below details the Compensation policy for the Chairman of the Board of Directors as from July 1, 2021 to December 31, 2021, that is submitted to the approval of the General Shareholders' Meeting of June 3, 2021 pursuant to Article L.22-10-8 of the French Commercial Code.

Compensation policy for the Chairman of the Board of Directors, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting of June 3, 2021 (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chairman of the Board of Directors as from the separation of roles on July 1, 2021	Cap	Description
Fixed compensation	-	The fixed compensation of the Chairman has been 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 remuneration in respect of his office [(1)]. This fixed remuneration is set for a full year and will be paid *pro rata temporis* for a given year (*i.e.* €225,000 in total from July 1, 2021 to December 31, 2021). The Committee noted, with the assistance of an independent recruitment firm, that this level is below the median of compensation paid to non-executive Chairmen of CAC40 companies who previously held the position of Chairman of the Board and CEO (excluding financial companies).
Annual variable compensation	None	The Board of Directors does not intend to grant any annual variable compensation to the Chairman in 2021.
Deferred variable compensation	None	The Board of Directors does not intend to grant any deferred variable compensation to the Chairman 2021.
Multi-year variable compensation	None	The Board of Directors does not intend to grant any variable multi-year compensation to the Chairman in 2021.
Exceptional compensation	None	The Board of Directors does not intend to grant any exceptional compensation to the Chairman in 2021.
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.
Severance indemnity	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.

(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 from this date, he will receive a supplementary retirement pension which gross annual amount is estimated as at July 1, 2021 at around €387,800.

2.2.4.4 Compensation policy for the Chief Executive Officer subject to the approval of the General Shareholders' Meeting of June 3, 2021 (Say on Pay *ex ante*)

In the context of the evolution of Saint-Gobain governance and succession of the Chairman and Chief Executive Officer, the Board of Directors, at its meeting of February 25, 2021, unanimously decided to:

- separate the roles of Chairman of the Board of Directors and Chief Executive Officer will be, as from July 1, 2021, between Messrs. Pierre-André de Chalendar and Benoit Bazin;
- as from that date, Mr. Pierre-André de Chalendar will continue to serve as Chairman of the Board of Directors, while Mr. Benoit Bazin will assume the role of Chief Executive Officer as the sole executive corporate officer.

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 to his employment contract as from July 1, 2021, the date on which he will become Chief Executive Officer.

The table below details the Compensation policy for the Chief Executive Officer from July 1, 2021 to December 31, 2021, that is submitted to the approval of the General Shareholders' Meeting of June 3, 2021 pursuant to Article L.22-10-8 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, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)

Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	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 net sales, workforce and international scope of operations. In applying these principles, the Board of Directors decided, at its meeting of February 25, 2021, on the proposal of the Nomination and Remuneration Committee, to set this fixed compensation at €1,000,000 for 2021. The Committee noted, with the assistance of an independent recruitment firm, that this level is at the median of compensation paid to non-executive Chairmen of CAC40 companies (excluding financial companies). The Committee noted, with the assistance of an independent recruitment firm, that this level is below the median of compensation offered by similar large companies in terms of net sales, workforce and international scope of operations. This amount is set for a full year and will be paid pro rata temporis as from July 1, 2021 (i.e. 500,000 euros from July 1, 2021 to December 31, 2021).
Annual variable compensation	**170% of the fixed compensation**	The Board decided to set the annual variable compensations' cap of the Chief Executive Officer at 170% of the fixed portion of his compensation (it should be noted that the annual variable compensations' cap as Chief Operating Officer, which the Board had initially set for 2020 before the Covid-19 pandemic, was set at 150%). The amount of the variable compensation for the 2021 fiscal year, as of July 1, 2021, will be decided by the Board of Directors in 2022 based on the achievement of quantifiable and qualitative objectives strictly identical to those set for the Executive corporate officers for the year 2021 until the separation of the roles on July 1, 2021, that it established respectively at 2/3 and 1/3 of their variable compensation (structure unchanged since 2019). As regards the quantifiable objectives, the Board decided to adopt the following four quantifiable objectives for the 2021 fiscal year, each counting for 25%, deemed relevant for assessing the operational and financial performance of the Saint-Gobain Group and its strategy (unchanged for the executive corporate officer(s) since 2010 with the exception of the replacement for 2021 of the Operating Free Cash Flow, which is an internal indicator, by the Free Cash Flow, which is an indicator published and monitored by investors) : the rate of return on capital employed (ROCE), the operating income of the Group, the recurring net income of the Group per share and the Free Cash Flow. The Board retained the following qualitative objectives, deemed relevant to the extent that they reflect the implementation of strategic orientations for the 2021 fiscal year: elaboration of a new strategic plan (including in particular divestitures and acquisitions part and a digital part), as well as its presentation to investors, implementation of the corporate social responsibility policy, harmonious development of the new governance of the group and human resources management in the context of a return to normal post-crisis Covid-19. *In accordance with the law, the payment of the annual variable compensation will be conditioned to the approval of the 2022 Ordinary Shareholders' Meeting.*
Deferred variable compensation	None	The Board of Directors does not intend to grant any deferred variable compensation to the Chief Executive Officer in 2021.

Compensation policy for the Chief Executive Officer, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	**Cap**	**Description**
Multi-year variable compensation	**None**	The Board of Directors does not intend to grant any variable multi-year compensation to the Chief Executive Officer in 2021.
Exceptional compensation	**None**	The Board of Directors does not intend to grant any exceptional compensation to the Chief Executive Officer in 2021. *In accordance with the law, the payment of any exceptional compensation would be conditioned to the approval of the 2022 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 85% of his total maximum gross compensation for 2021** **and** **Cap for allocation to the CEO fixed at 10% of the overall grants of performance shares in 2021 (no performance units)** **and** **Caps on grants to the Executive corporate officers provided for by the 23rd (options) and 24th (performance shares) Resolutions of 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 2021 fiscal year, may not represent a valuation (according to IFRS standards) greater than 85% of his total maximum gross compensation for fiscal year 2021 (fixed plus maximum annual variable for 2021). 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 2021 (no performance unit plan). As a reminder, the sub-cap on the grant of stock options to Executive corporate officers was set by the General Shareholders' Meeting of June 6, 2019 at 10% of the cap set by the 23rd Resolution (sub-cap being also applicable to the 24th resolution of the same Meeting related to the grant of performance shares which itself fixed a sub-cap at 10% for the allocation to the Executive corporate officers). These caps are identical to those provided for in the Compensation policy for the Chairman and Chief Executive Officer applicable until the separation of roles on July 1, 2021 (see above). The Board of Directors, on the proposal of the Nomination and Remuneration Committee and as expressed at the General Shareholders' Meeting of June 6, 2019, intends to submit again this year the delivery of performance shares (the only long-term compensation instruments planned to be granted in 2021) 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 extra-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 assessment period for the performance conditions of long-term compensation instruments may not be less than three years (see pages 62 to 67 of the notice of the General Shareholders' Meeting of June 6, 2019 for more details). As in the past, the Board will set for the Chief Executive Officer, for any allocation in 2021 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, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	**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 Executive 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 *prorata 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 executive corporate officer.
		Such decision by the Board of Directors shall occur no later than the day of the termination of office: any such decision 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.

5

Compensation policy for the Chief Executive Officer, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	**Cap**	**Description**
Compensation for loss of office	**Cap set at twice the gross annual total compensation, including the non-compete indemnity**	Mr. Benoit Bazin committed to renounce to his employment contract, now suspended, which he entered into with the Saint-Gobain Group more than 20 years ago, as from July 1, 2021. He will not benefit from 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 that cannot be separated from 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 as the one applicable to Benoit Bazin as Chief Operating Officer, is demanding, as evidenced by his variable compensation received in respect of the last two fiscal years as Chief Operating Officer, which amounts to 62.91% in respect of 2020 and 75.33% in respect of 2019 of the maximum amount set for this variable remuneration. 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.

Compensation policy for the Chief Executive Officer, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	**Cap**	**Description**
Non-compete indemnity	**Cap set at one year of total annual gross compensation** **and** **Combined non-compete indemnity and serverance indemnity capped at two years of total annual gross compensation**	Mr. Benoit Bazin has signed a firm and binding [(1)] non-compete undertaking in favor of Compagnie de Saint-Gobain with a term of one year as from the date of his loss of office as Chief Executive Office. 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 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.

(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.

5

Compensation policy for the Chief Executive Officer, for the 2021 fiscal year, subject to the approval of the Ordinary Shareholders' Meeting (Article L.22-10-8 of the French Commercial Code)		
Compensation components attributable to the Chief Executive Officer as from the separation of roles on July 1, 2021	**Cap**	**Description**
Supplementary pension arrangements	-	Mr. Benoit Bazin benefits from the defined-benefit supplementary pension plan set up in 2012, pursuant to Article L.137-11 of the French Social Security Code, under the same conditions as those applicable to all beneficiaries of this pension plan (for further details, see https://www.saint-gobain.com/sites/sgcom.master/files/plan_retraite_2012_dgd.pdf). Since Mr. Benoit Bazin joined the Saint-Gobain Group on September 1, 1999, he had reached the 20 years' service cap provided under this supplementary pension plan in September 2019, and that therefore, he would be unable to acquire any additional rights under this plan as from that date. Base compensation, consisting exclusively of fixed and variable components of his annual compensation and benefits in kind, taken into account to calculate Benoit Bazin's pension is the average of three consecutive years of base compensation, including the highest over the last ten years of activity. In the event of departure with the maximum years of service (acquired in September 2019) under the "2012" pension plan, Mr. Benoit Bazin would be entitled to an annual pension supplement equivalent to 37% 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, 2020, Mr. Benoit Bazin's estimated pension under the supplementary plan would amount to around €277,000 per year, below the cap for the "2012" pension plan (eight times the annual social security cap, *i.e.* €329,088 in 2020). This indicative amount is calculated according to the procedures set forth by Article D.225-29-3 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 executive 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 executive corporate officer could benefit from it starting the day after fiscal year-end. The "2012" pension plan was frozen on December 31, 2019 so that no additional right related to years of service could be acquired after this date, in accordance with Order No. 2019-697 of July 3, 2019 on additional workplace pension plans. Following this freeze, if a new scheme were to be set up, the Board of Directors reserves the right to extend its application to Mr. Benoit Bazin, in which case he would be a beneficiary under the same conditions as those that will apply to all beneficiaries of this pension plan. To date, in the absence of publication of the regulations to govern the terms and conditions for the transfer of frozen conditional rights on a vested scheme (Article L.137-11-2 of the French Security Code), it is not possible to choose between: maintaining the situation, or setting up a new scheme, whether vested as mentioned above (with or without transfer of rights under the 2012 plan) or constituting any other retirement benefit, the characteristics of which would be deemed relevant by the Board of Directors.
Health and personal risk insurance	-	By decision of the Board of Directors, 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.

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

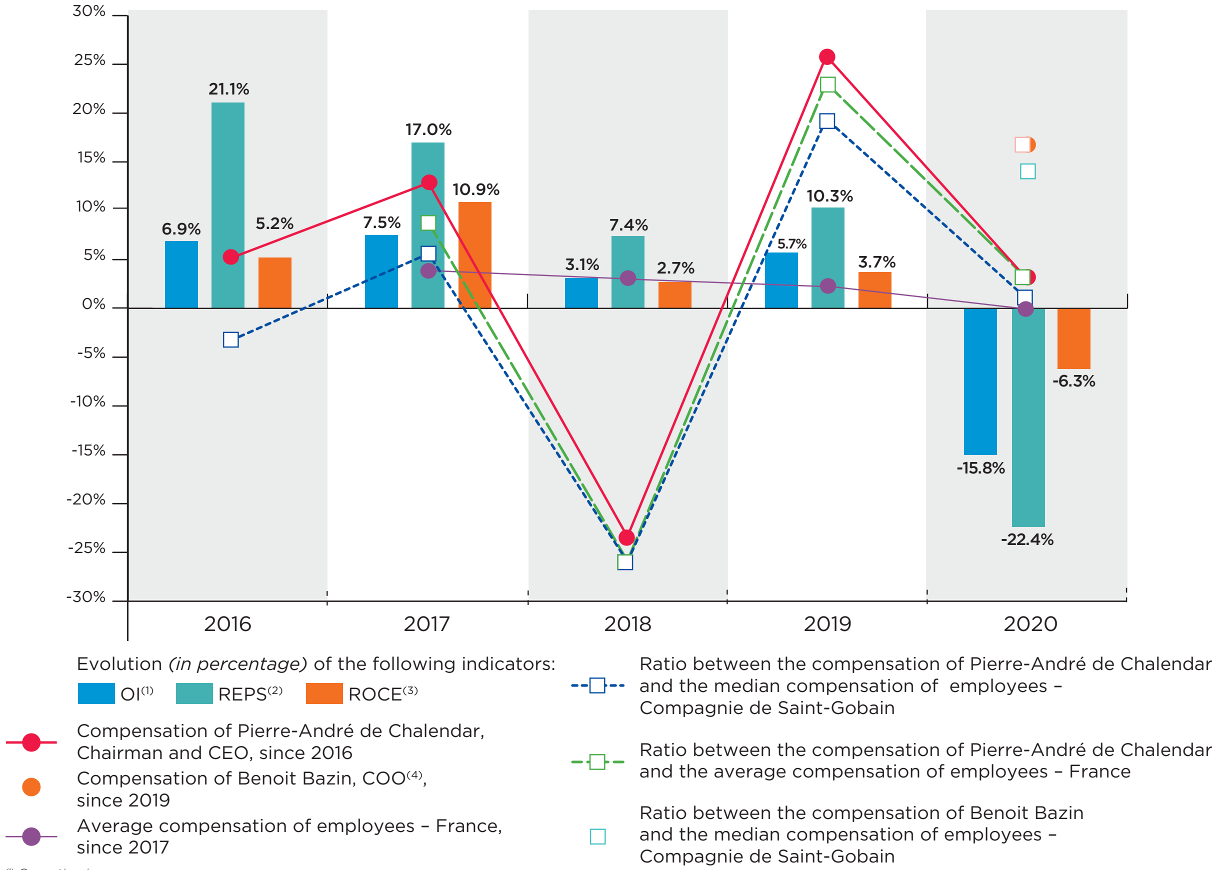
The chart below shows the comparative evolution (in %), over the last five financial years, of:

the 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 four 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.



(1) *Operating income*
(2) *Recurring earnings per share*
(3) *Return on capital employed*
(4) *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 the evolution of compensation of the Executive corporate officers of Compagnie de Saint-Gobain, as well as the average and median compensation of its employees over the last five fiscal years on a full-time equivalent basis, as well as the change in the average compensation of employees in France over the last four financial years on a full-time equivalent basis.

Table 1 – Evolution of compensation of Executive corporate officers, the average and median compensation of Compagnie de Saint-Gobain employees over the last five fiscal years on a full-time equivalent basis and the average compensation of employees in France over the last four financial years.

	2020[1]	2019[1]	2018	2017	2016
Pierre-André de Chalendar Chairman and Chief Executive Officer	3.3%[2]	26.1%	-23.5%	13.0%	5.2%
Benoit Bazin Chief Operating Officer [3]	16.9[4]	N/A	N/A	N/A	N/A
Average compensation of employees (*Compagnie de Saint-Gobain)*	6.1%	5.1%	-6.3%	13.7%	5.2%
Median compensation of employees (*Compagnie de Saint-Gobain)*	2.1%	5.4%	3.4%	6.9%	8.7%
Average compensation of employees *(France)*	0.0%	2.3%	3.3%	3.8%	N/A

(1) The compensation of Executive corporate officers for the 2019 and 2020 financial years taken into account are those post-reductions due to Covid-19 (see Section 2.2.2 above and, in particular, Section 2.2.2.1 above for explanations of the increase in the overall compensation of executive directors in 2020 compared to 2019).

(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) Mr. Benoit Bazin was appointed Chief Operating Officer with effect from January 1, 2019.

(4) 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.

Compensation ratios

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.

Table 2 – Change in the ratios for average and median compensation over the last five fiscal years – Compagnie de Saint-Gobain

		2020[1]	2019[1]	2018	2017	2016
Ratio on average compensation	**Pierre-André de Chalendar,** Chairman and Chief Executive Officer	22[2]	23[2]	19	24	24
	Change in ratio	-2.6%[2]	20.0%[2]	-18.4%	-0.6%	0.0%
	Benoit Bazin, Chief Operating Officer [3]	13	12	N/A	N/A	N/A
	Change in ratio	10.2%	N/A	N/A	N/A	N/A
Ratio on median compensation	**Pierre-André de Chalendar**, Chairman and Chief Executive Officer	42[4]	42[4]	35	47	44
	Change in ratio	1.2%[4]	19.6%[4]	-26.1%	5.7%	-4.0%
	Benoit Bazin, Chief Operating Officer [3]	25	21[5]	N/A	N/A	N/A
	Change in ratio	14.5%	N/A	N/A	N/A	N/A

(1) The remuneration of executive directors for the financial years 2019 and 2020 taken into account are those post-reductions due to Covid-19 (see Section 2.2.2 above).

(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) Mr. Benoit Bazin was appointed as Chief Operating Officer with effect from 1 January 2019.

(4) 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.

(5) 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.

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 compensation of the employees of the consolidated subsidiaries of the Saint-Gobain Group in France based on full-time equivalent, and any changes thereto. As the Smart'R management tool – which makes possible to follow centrally the compensation within the different French entities – was put in place in January 2017, the ratio on average compensation, on the French perimeter, is presented as from that fiscal year.

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 25% of the Group's workforce at December 31, 2020.

Table 3 – Change in of the ratio on average compensation over the last four fiscal years – France

		2020(1)	2019(1)	2018	2017
Ratio on average compensation France	**Pierre-André de Chalendar**, Chairman and Chief Executive Officer	106(2)	103(2)	84	113
	Change in ratio	3.3%(2)	23.3%(2)	-26.0%	8.9%
	Benoit Bazin, Chief Operating Officer (3)	62(4)	53(4)	N/A	N/A
	Change in ratio	16.9%(4)	N/A	N/A	N/A

(1) The Executive corporate officers' remuneration for the 2019 and 2020 financial years taken into account are those post-reduction due to Covid-19 (see Section 2.2.2 above).

(2) Without the reduction in remuneration due to Covid-19 for the 2019 and 2020 financial 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) Mr. Benoit Bazin was appointed as Chief Operating Officer with effect from 1 January 2019.

(4) Without the reduction in variable compensation for the 2019 financial 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.

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 2020, 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 22% of managers, 52% of administrative employees and 26% 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. 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 account, 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.

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

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 above) 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 2.2.3.2 for further details concerning the gross amount paid or granted during the 2020 financial year to the Chief Executive Officer and Chief Operating Officer.

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 2020 from the Group's French and foreign companies by members of the Executive Committee as composed at December 31, 2020 (excluding the Executive corporate officers and excluding long-term compensation components), amounted to €9.5 million (versus €7.9 million in 2019), including €3.2 million (versus €2.2 million in 2019) gross variable compensation in respect of 2019, an increase compared to the gross variable compensation in respect of 2018. No termination benefits were received by the members of the Executive Committee as composed on December 31, 2020 (same as in 2019).

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, 2020 (including the Executive corporate officers) totaled €46.3 million at December 31, 2020 (versus €41.5 million at December 31, 2019).

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.

In the context of the Covid-19 pandemic, senior managers, whether or not members of the Executive Committee, were invited to follow on a voluntary basis the solidarity initiative initiated by Mr. Pierre-André de Chalendar and Mr. Benoit Bazin, by donating the corresponding reduction of compensation they would have suffered, should they had been placed under partial employment measures in France, for the period during which the Group's employees had been partially employed in the context of the emergency measures taken by the French Government to deal with the Covid-19 pandemic.

Similarly, each country CEO, depending on the modalities, rules and efforts that may be required in their different countries, was invited to reflect on how to implement a mechanism that would show the solidarity of senior managers at these critical moments; this resulted in local initiatives, on a voluntary basis, which were widely deployed within the Group.

The amounts shown above do not take into account all these voluntary initiatives.

2.4 Long-term compensation plans (performance shares, stock options and performance units)

2.4.1 Allocation 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, and, in the past, approved the principle of long-term compensation plans in the form of performance units to be implemented, if need be, by the Chairman and Chief Executive Officer. 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 2020, it was decided, as in 2019, to only implement a performance share plan. This plan applied to 2,311 of the Group's managers and officers, in France and overseas: managers with outstanding performance and high-potential managers (2,248), the main functional and operational heads of the Entities and Regions (49), Executive Committee (14) (excluding the executive corporate officers). Grants to the Executive corporate officers are detailed in the paragraph "Long-term remuneration policy" in Chapter 5, Section 2.2.2.2.

The beneficiaries of this plan are of 55 different nationalities and work in 65 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 2020.

The other instruments designed to associate employees with business results are presented in Chapter 7, Section 2.3 and Chapter 4, Section 2.4.

2.4.2 Consideration of the impact of the Covid-19 pandemic crisis

In the exceptional circumstances caused by the Covid-19 pandemic and in light of the structure of the long-term compensation plans (performance condition appreciated over a three-year period and importance of the operating income through the high weighting -70% or 65% depending on the plan – of the ROCE criterion), the decrease in the Group's operating income in 2020 due to the magnitude of the Covid-19 pandemic would have had a very significant impact on the long-term compensation plans implemented in 2017, 2018 and 2019. Indeed, the operating result for the first half of 2020 amounted to 827 million euros, which represented a decrease of 811 million euros (or -49.5%) compared to the operating result for the first half of 2019, which amounted to 1,638 million. Furthermore, the beneficiaries concerned (almost 2,200 Group employees) have seen a sharp decrease in the other components of their compensation tied to earnings figures (in particular the operating income) or due to solidarity measures.

As permitted by the AFEP-MEDEF Corporate Governance Code in exceptional circumstances, and pursuant to the plans which grant the Board of Directors powers to adjust targets in the event of such exceptional circumstances justifying so, the Board recognized the need to offset – at least partially – the significant impact of this unprecedented global event of an exceptional scale in order to ensure:

- the motivation and retention of the beneficiaries of the affected plans; and
- that the interests of the beneficiaries and those of shareholders remain aligned (since the ROCE criterion could be met and had no further effect),

which are the key goals of the long term incentive plans. In view of the objectives pursued (motivation, retention and alignment) and the wish to keep an alea on the achievement of the criterion in the second half of 2020, the Board of Directors considered it necessary to take this decision during the year.

The Board of Directors has taken into account the fact that on average over the past five years, Saint-Gobain has been in the lower quartile of CAC 40 companies in terms of its effective burn rate, *i.e.*, the number of performance shares that vest after applying the performance conditions[1]. The Board chose only to partially offset the impacts of the pandemic for the performance share plans – which concern over 2,000 employees – but not for the stock option plans for 2017, 2018 or 2019, which are nonetheless also severely impacted.

Acting on proposal of the Nomination and Remuneration Committee, and in order to maintain a contingency with respect to the achievement of the ROCE criterion over full-year 2020, the Board of Directors of Compagnie de Saint-Gobain, at its meeting on September 24, 2020, decided:

- to -partially- offset the impact of the Covid-19 pandemic on the operating income for 2020 by excluding the impact recognized in the first half of the year 2020 only;
- to this end, increase the 2020 operating income taken into account in the numerator in the calculation of the 2020 ROCE by €785 million, an amount lower than the recognized difference of €811 million between the actual operating income for the first half of 2019 and that of 2020 ; corresponding to the estimated negative impact of the Covid-19 pandemic on the operating income for the first half of 2020.

The Board therefore maintained the challenging aspect and seriousness of the ROCE criterion by allowing the uncertainties of the second half of the year 2020 to remain.

Subject to the above, it should be noted that no changes were made to the affected plans (2017, 2018, and 2019 plans).

2.4.3 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 26, 2020 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 2,313 managers and officers of the Group in France and abroad, who were granted a total of 1,268,295 performance shares (including the grant to the Executive corporate officers).

It should be noted that, as in 2019, no stock option plans or performance units were put in place in 2020, 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 26, 2020 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 relative 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.

In 2020, the Board of Directors decided, on the proposal of the Nomination and Remuneration Committee, to increase the weighting of the Corporate Social Responsibility criterion from 15% to 20% to reflect the importance for the Group and its employees of the commitments it has made as regards climate and carbon neutrality and also reflect the market's expectations with regard to these same topics. Accordingly, the weighting of the sub-criterion relating to the reduction of CO_2 emissions was increased from 5% to 10%, with the sub-criteria relating to TRAR and diversity remaining, as in previous years, weighted at 5% each; the weighting of the ROCE internal performance criterion was consequently adjusted downward from 65% to 60%.

(1) *Willis Towers Watson study.*

The vesting of performance shares under the plan set up in November 2020 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, each applying to 10% of the shares initially allocated: 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 (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 the ROCE for the years 2021, 2022 and 2023	Percentage of shares initially granted, contingent upon the ROCE (*i.e.* 60% of grant), vested
Greater than 12%	All
Between 9% and 12%	[Arithmetic average of 2021, 2022 and 2023 ROCE – 9%]/[12% -9%]
9% or less	None

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 26, 2020 to the average over the six months prior to November 26, 2024, 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 stock 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's CO_2 emissions between 2019 and 2023 (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 3.7%	All
Between 2.8% and 3.7%	Linear interpolation
Below 2.8%	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 2021, 2022 and 2023 (1) (2)	Percentage of shares initially granted, contingent upon the TRAR (*i.e.* 5% of grant), vested
Below 2.1	All
Between 2.1 and 2.5	Linear interpolation
Greater than 2.5	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 2018 results, in which the TRAR decreased from 2.4 in 2018 to 2.2 in 2019, 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).*

Arithmetic average of the diversity index for the years 2021, 2022 and 2023 (1) (2)	Percentage of shares initially granted, contingent upon the diversity index (*i.e.* 5% of grant), 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 abovementioned 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, 2020 as well as the features of the 2016 plan, delivered in November 2020.

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 (57.1% for the 2016 plan[1], 66.4% for the 2015 plan, 86.4% for the 2014 plan). The performance condition for the 2017 plan will be determined in November 2021, since it includes, in addition to the ROCE criterion, a relative external criterion that is assessed over a 4-year period ending in November 2021.

The ten Group employees and non-executive officers who were granted the highest number of shares in 2020 were allocated 192,000 performance shares (global information), valued at €40.00 per share based on the closing stock price on the day preceding the grant decided by the Board of Directors' meeting of November 26, 2020.

Fiscal year	2020	2019	2018	2017	2016
Date of General Meeting	06/06/2019	06/06/2019	06/02/2016	06/02/2016	06/02/2016
Date of Board of Directors' meeting	11/26/2020	11/21/2019	11/22/2018	11/23/2017	11/24/2016
Type of shares	existing	existing	existing	existing	existing
Total number of performance share rights initially granted (4+0)	1,268,295 (2)	1,251,770 (2)	1,219,619 (2)	1,226,680 (2)	1,231,320 (1)
of which shares granted to Executive corporate officers: Pierre-André de Chalendar, Chairman and Chief Executive Officer	90,000	90,000	67,000	67,000	67,000
Benoit Bazin, Chief Operating Officer*	57,500	45,000	N/A	N/A	N/A
Total number of shares delivered	0	0	800 (4)	1,150 (4)	732,594 (3)
Number of rights forfeited	0	0	0	0	497,306 (5)
TOTAL OUTSTANDING PERFORMANCE SHARE RIGHTS	**1,268,295**	**1,251,770 (6)**	**1,218,819 (6)**	**1,225,530 (6)**	**1,420(7)**

* *took office January 1, 2019.*

(1) *Before application of the performance conditions related to the ROCE of the Saint-Gobain Group and the Saint-Gobain share price performance (see 2016 Universal Registration Document).*

(2) *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, 2018 and 2019 Universal Registration Documents and above).*

(3) *After taking into account service and performance conditions.*

(4) *By anticipation, as part of the exceptions defined in the service condition (including death, disability – see Chapter 5, Section 2.4.2).*

(5) *423,316 rights under the 2016 plan forfeited following partial achievement of the performance condition and 73,990 rights under the 2016 plan forfeited after consideration of the service condition.*

(6) *Subject to cumulative fulfillment of the service and performance conditions (see the Registration Document relating to the year in which the plan in question was implemented*

(7) *1,420 shares under the 2016 plan remain to be delivered in the context of ongoing succession cases for which the opening procedure has started before the delivery of the plan which took place on 24 November 2020.*

(1) *Vesting of the performance shares granted in November 2016 was subject to a service condition and a performance condition, the latter being linked to the two following criteria: (i) 70% of the shares initially granted were subject to a ROCE criterion and (ii) 30% of the shares initially granted were subject to a stock market performance criterion of the Saint-Gobain share on the CAC 40 (see Chapter 5 of the 2016 Registration Document, Sections 2.4.2 and 2.4.3). As the rate of achievement of these criteria (as verified by the Statutory Auditors) was respectively 81.7% and 0%, the overall rate of achievement of the performance condition of the 2016 plan was 57.1%.*

2.4.4 Stock option plans

The Board of Directors approved stock option plans every year between 1987 and 2018. No stock option plan was implemented in 2020.

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 (24.5% for the 2016 plan[1], 28.44% for the 2015 plan, 0% for the 2014 plan). The performance condition for the 2017 plan will be determined in November 2021, since it includes, in addition to the ROCE criterion, a relative external criterion that is assessed over a 4-year period ending in November 2021.

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 2020 (global information).

Table 9 – Options granted to the ten employees (excluding executive officers) who were granted the highest number of options 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)	0	N/A	N/A

(1) Vesting of the stock options granted in November 2016 was subject to a service condition and a performance condition, the latter being linked to the two following criteria: (i) 70% of the options initially granted were subject to a stock market performance criterion of the Saint-Gobain share on the CAC 40 and (ii) 30% of the options initially granted were subject to a ROCE criterion (see Chapter 5 of the 2016 Registration Document, Section 2.4.2). As the achievement rate of these criteria (as verified by the Statutory Auditors) was respectively 0% and 81.7%, the overall achievement rate of the performance condition of the 2016 plan was 24.5%.

The following table shows the history of the stock option allocation plans in place at December 31, 2020. 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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Date of General Meeting	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	06/04/2009
Date of Board of Directors' meeting	N/A	N/A	11/22/2018	11/23/2017	11/24/2016	11/26/2015	11/20/2014	11/21/2013	11/22/2012	11/24/2011
Type*	N/A	N/A	purchase or subscription	purchase or subscription	purchase or subscription	purchase	purchase	purchase	subscription	subscription
Total number of exercisable options at the start of the Plan	N/A	N/A	290,500	284,500	280,000	224,950	234,550	247,250	253,000	482,150
Cumulative number of canceled or forfeited options	N/A	N/A	0	0	212,998 [6]	162,408 [5]	234,550 [4]	98,047 [3]	202,994 [2]	459,650 [1]
Total number of exercisable options after adjustments and forfeitures	N/A	N/A	290,500 [7]	284,500 [7]	67,002	62,542	0	149,203	50,006	22,500
of which executive corporate officers:										
Pierre-André de Chalendar, Chairman and Chief Executive Officer	N/A	N/A	58,000	58,000	14,210 [8]	14,220 [8]	0 [9]	29,465 [8]	8,235 [8]	0 [9]
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	11/22/2022	11/23/2021	11/24/2020	11/26/2019	11/20/2018	11/21/2017	11/22/2016	11/252016
Expiration date	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	11/23/2021
Subscription or purchase price	N/A	N/A	€32.24	€49.38	€40.43	€39.47	€34.13	€38.80	€27.71	€31.22
Number of options exercised at 12/31/2020	N/A	N/A	0	0	0	0	0	28,856	30,373	0
Exercisable options outstanding at 12/31/2020	N/A	N/A	290,500	284,500	67,002	62,542	0	120,347	19,633	0

* *Of the plans in place at December 31, 2019, the 2010 to 2012 plans are for the subscription of new shares and the 2013 to 2016 plans are purchase plans. For plans launched between 2017 and 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.*

** *in office at January 1, 2019.*

(1) *Because the performance condition for the 2011 plans was not met, options not exercised before determining the result of the performance conditions as part of the early-exercise conditions were forfeited.*

(2) *Options which cannot be exercised 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.*

(3) *Options which cannot be exercised 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.*

(4) *Options which cannot be exercised 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 2014 were subject.*

(5) *Options which cannot be exercised 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.*

(6) *Options which cannot be exercised 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.*

(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 condition was only partly met.*

(9) *After deducting all the options granted that are not exercisable because the performance condition was not met.*

2.4.5 Performance unit plans

The Board approved the principle of implementing performance unit plans annually from 2012 to 2015, implemented by the Chairman and Chief Executive Officer (with the performance units granted to the latter being approved by the Board of Directors). No performance unit plan was implemented in 2020.

Subject to fulfillment of the service and performance conditions, performance unit plans in place offer grantees the opportunity to receive, over the long term (an exercise period of between four years from the grant date to ten years from that date), cash compensation for each unit equal to the Saint-Gobain share price on the reference date plus any dividend paid or distribution made from the start of the exercise period up to the reference date.

Performance units constitute an operating expense adjustable each year but creating no shareholder dilution since they do not result in the creation of new shares.

The performance criteria applying to the performance unit plans implemented between 2012 and 2015 are strictly identical to those applicable to the performance share plans for the same year.

Exercise of performance units is 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 stock options (see Section 2.4.4 above).

There have been no more performance units in the process of being vested since November 2019.

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 2020 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 and Chief Executive Officer*	Units of the Saint-Gobain France FCPE (Saint-Gobain Group Savings Plan)	Subscription	08/13/2020	€23.03	€195,714
Jean-François Cirelli *Director*	Shares	Acquisition	11/24/2020	€40.32	€32,254
Frédéric Lemoine *Director* (1)	Shares	Acquisition	03/17/2020	€18.19	€9,097
	Shares	Acquisition	03/18/2020	€17.60	€17,600
	Shares	Disposal	04/28/2020	€23.86	€11,931
	Shares	Disposal	04/29/2020	€24.08	€12,041
	Shares	Disposal	04/29/2020	€24.70	€6,175
	Shares	Disposal	04/30/2020	€25.45	€6,362
Jean-Dominique Senard *Director*	Shares	Acquisition	03/27/2020	€22.79	€74,303

(1) Director until June 4, 2020.

4. Report of the Board of Directors on corporate governance (Article L.225-37 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.* 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 25, 2021.

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 directors, 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 Legal Corporate, 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 Chairman and Chief Executive Officer and the Chief Operating 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 2.6), 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 1.2, Chapter 3, Section 3.3.4, Chapter 4, Section 2.4 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, 2020)

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.

To the Shareholders,

COMPAGNIE DE SAINT-GOBAIN

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie cedex

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

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 double 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 inconcert acquires control of Compagnie de Saint-Gobain (in accordance with Article L.233-3 of the French Commercial Code), or (iii) 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.

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

Neuilly-sur-Seine and Paris La Défense, March 15, 2021

The Statutory Auditors

PricewaterhouseCoopers		KPMG Audit Department of KPMG S.A.	
Edouard Sattler	Cécile Saint-Martin	Pierre-Antoine Duffaud	Bertrand Pruvost

Tpzr z guk j vu0yws

bv6x sl o7256

Tpzr z zwl j pmj 0v 0ol Gyv1 w guk p0z vwl yg0pvuz

Gyv1 wz0yl j 0l ygs ypzr z

Fpuguj pgs ypzr z

Ll ngs ypzr

luz1 yguj l

l1 7r 51 l yo21 752y

Cvt wgnupl kl Ugpu0 Gvi gpu z pu0l yugsj vu0yws guk ypzr t gugnl t l u0z5z0l t

Pgy0pl z pu2vs2l k pu pu0l yugsj vu0yws guk ypzr t gugnl t l u0

Vol pu0l yugsj vu0yws guk ypzr t gugnl t l u0 z5z0l t pu 0ol Gyv1 wl u0p0pl z

Vol wyvj l k1 yl mvy t vup0vypun 0ol pu0l yugs j vu0yws guk ypzr t gugnl t l u0z5z0l t

Tl mhyl uj l z0guk gykz guk wyvj l k1 yl z

Oyngup6g0pvu vmpu0l yugsj vu0yws pu wyl wgypun guk wyvj l zzpun mpuguj pgs guk gj j v1 u0pun pumvyt g0pvu 0v 0ol zogyl ovskl yz

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 operations

1.1.1 Risks associated with 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 (48% [1] of 2020 sales), new residential construction (22% [1] of 2020 sales) and non-residential construction (10% [1] of 2020 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 70 countries around the world (especially in Western Europe, North America, Latin America including Brazil, Asia and the Middle East/Africa), 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 associated with the Group's international operations*

The Group is active worldwide, including outside Western Europe and North America. It is notably present in Eastern Europe, Asia, the Middle East and Latin America, in Brazil in particular. About 20% of the Group's consolidated sales were generated in these areas in 2020. 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 regard, the current Covid-19 pandemic which began in China in December 2019 and which has caused a global economic crisis and major economic disruptions in many countries in which the Group operates, has significantly impacted the results of the Group's operations in the first half of 2020 (see the press release on the first half 2020 results dated July 30, 2020 reporting an operating income of €827 million, down -49.2% like-for-like). Even if the second half of the year 2020 saw a strong improvement of the operating income in a macroeconomic and health environment still marked by uncertainties related to the pandemic (see Section 1.6 of Chapter 4), the introduction of new restrictive measures in the context of new waves of the pandemic to limit their spread and contain them, could lead to new economic slowdowns in markets in which the Group operates, or affect global production or local supply or transport chains, or more generally impact the global economy again, which could have an adverse impact on the Group's financial situation, results or outlook (see Section 1.6 of Chapter 4). However, most of the Group's businesses are local, with products manufactured and sold locally and a significant portion of its supplies sourced locally.

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, notably between China and the United States, are becoming increasingly prominent. The Group mainly operates in local markets (see Section 1.2.1 of Chapter 2), although some of its manufacturing activities have global value chains (see Sections 1.2.2 to 1.2.4 of Chapter 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.

1.1.3 Risks associated with innovation and the digital revolution

The Group has placed innovation at the heart of its strategy (see Section 4 of Chapter 2) 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 products and solutions (for instance, off-site manufacturing, 3D printing and digital construction – see Section 3.2.1.3 of Chapter 2), new technologies and communication and distribution channels (see Section 4.1 of Chapter 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.

Thus, in November 2018, the Group established the Transform & Grow program to promote local decision-making as part of the strengthening of its regional businesses while maintaining a global structure for its global businesses, in line with its principles of flexibility and proximity to customers (see Section 4 of Chapter 1). One of the challenges for the establishment of the Transform & Grow program as regards innovation and digital transformation is the optimal reconciling, on the one hand, of initiatives and the coordination of marketing policies and strategic innovations on a global scale and, on the other, of the 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 and logistical services…). 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 requires significant investments in research and development (€428 million as at December 31, 2020, *i.e.* 35% of the Group's total investments) as well as a tailored recruitment and training policy, especially in new professions associated with the digital boom (digital marketing, professions related to the use of data and Industry 4.0 for example – see Section 4.2.2 of Chapter 2), the expected benefits of which 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 risk

The growth in the Group's activities relies on the protection of its manufacturing secrets (more than 450 patents registered in 2020 and a long-term quality and relevance contributing to Saint-Gobain being classified, for the tenth consecutive year, as one of the 100 most innovative organizations worldwide by the Derwent Top 100 Global Innovators™ of Clarivate Analytics), brands and models, and other intellectual property rights (for a description of the Group's portfolio of patents and brands, see Sections 1.4, 4.1 and 4.2 of Chapter 1). 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 associated with changes in the cost of energy and raw materials

The Group's industrial activities, some of which consume high levels of energy, for instance, such as building and automobile glass, Insulation or Gypsum (see Section 3 of Chapter 1 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. For instance, at December 31, 2020, the Group's irrevocable commitments to purchase raw materials and energy represented €1.4 billion (see Chapter 8, Section 1, note 4.5.1 of the consolidated financial statements).

Its ability to pass on these cost increases to its customers depends to a large extent on market conditions and 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 9.1 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 8 to the consolidated financial statements, Section 1 of Chapter 8).

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, 2020, eight 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, Mannheim (Flat Glass) in Germany, storing petroleum products, 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, 2020, 75 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 4.1) could cause the Group to incur significant expenses and/or investments.

1.1.7 Risks associated with 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 4.4). In this respect, the Group announced on November 12, 2019 that it had entered into an agreement to acquire 100% of the share capital of Continental Building Products, US specialist in plasterboard. This transaction was finalized on February 3, 2020 (see Chapter 2, Section 4.4.2).

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 4.4.2 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 associated with 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. 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, approximately half of which affected Building Distribution and the remainder affecting the industrial businesses. 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 Risks 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.

1.2 Group structural risks

1.2.1 Risks associated with the Group's pension commitments and similar commitments*

The Group makes significant accounting accruals to cover pension and other post-employment benefit plans, mainly in Western Europe (particularly France, Germany and the United Kingdom) and in North America (United States and Canada), most of these plans are closed to new entrants. At December 31, 2020, the total amount of commitments in respect of pension plans stood at €12.5 billion (Chapter 8, Section 1, note 5.3 to the consolidated financial statements).

The provision for pension plans recognized in the consolidated balance sheet (€2.6 billion at December 31, 2020) 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 associated with 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 associated with 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 (€1.5 billion and €10 billion, respectively, at December 31, 2020). 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 (€11.1 billion at December 31, 2020) 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 6 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 9.1 to the consolidated financial statements for the fiscal year ended December 31, 2020, presented in Chapter 8 of this Universal Registration Document.

1.4 Legal risk

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 €66 million as of December 31, 2020 (see Chapter 8, Section 1, note 8 to the consolidated financial statements).

1.4.1.1 Anti-trust law and related proceedings*

Legal provisions covering competition 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. The content of this plan is described further in Section 1.3.3. of Chapter 3.

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 at December 31, 2020).

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.

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 de grande instance*) based on the facts being investigated by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority, procedure which remains stayed as of the date of this Universal Registration Document.

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, seven further individual lawsuits were filed in 2020 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases that affect or have affected them. As of December 31, 2020, a total of 837 such 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 December 31, 2020, 800 of these 837 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €6.2 million as of December 31, 2020 (compared to €5 million as of December 31, 2019).

Concerning the 37 lawsuits outstanding against Everite and Saint-Gobain PAM as of December 31, 2020, the procedures relating to the merits of all the cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 32 pending before the Civil Courts (*Tribunaux judiciaires*) or Appeal Courts.

In addition, as of December 31, 2020, 258 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 used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2020, 224 lawsuits had been completed. In 141 of these cases, the employer was held liable for "inexcusable fault".

At the same date, compensation paid by these companies totaled approximately €8.7 million as of December 31, 2020 (compared to €8 million as of December 31, 2019).

As regards the 34 suits outstanding as of December 31, 2020, five cases were still being investigated by the French Social Security authorities, 28 were being tried – including 22 pending before the Civil Courts (*Tribunaux judiciaires*), five before the Appeal Courts and one before the *Cour de cassation*. Lastly, one action has been cancelled but the plaintiff may request its restoration at any time within a two-year period following its cancellation.

Anxiety claims

Eight of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, are the subject of damages claims that are different from those described above.

"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, 2020, a total of 824 lawsuits had been brought by current or former employees claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 824 suits, 721 have been definitely completed, representing a total amount of compensation of €7.6 million as of December 31, 2020 (as at December 31, 2019). The remaining 103 lawsuits are pending before the Amiens Appeal Court.

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 €5.5 million as of December 31, 2020 (compared to €4.1 million as of December 31, 2019).

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 $432 million as of December 31, 2020.

The Group's consolidated income for 2020 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 2020 ($99 million, corresponding to €88 million, in 2019).

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. A first instance decision was rendered in connection with the first suit in July 2020, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the 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 both completed and on-going 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 and clean-up obligations at these sites has not yet been established. 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.

On December 31, 2020, the provision recorded by the Company in respect of this matter amounts to €31.2 million (see Chapter 8, Section 1, note 8 to the consolidated financial statements).

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 and phase 2 commenced in January 2020 and is expected to continue into 2022. 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 have been, or are expected to be, stayed prior to the service of full pleadings, in view of the ongoing Public Inquiry. 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 4.5.2 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 (see Chapter 8, Section 1, note 8 to the consolidated financial statements related to provisions for claims and litigation).

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 2, Section 4 and Chapter 3, Section 4), 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 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 Risks 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 Risks 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 2020 policies were the 2019 renewed policies.

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 Group's non-excluded property and casualty risks and business interruption risks arising from accidental damage to insured assets are covered by a worldwide insurance program.

The programs meet the insurance criteria laid down by the 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 Risks 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 are transferred to the insurance market for all Group subsidiaries.

Claims up to this amount are self-insured through the Group's captive insurance company, which purchases reinsurance coverage against increases in frequency and/or severity rates.

1.5.2 Liability insurance

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 US$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 US$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 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;
- the protection of tangible 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 accentuates 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: law on antitrust, embargoes and trade sanctions, the fight against corruption, influence peddling and fraud, professional associations, conflicts of interest, gifts policy, etc. (see Section 2.5.6 of Chapter 6 – Tools of the Group's culture of compliance).

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 The dissemination of policies and programs

The policies and programs devised by the Group's General 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 digitization 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 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 hinder it 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 Compagnie de Saint-Gobain level

The Internal Audit and Business 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.

Oversight controls and effectiveness checks may lead to corrective action being taken, and to changes, as needed, to the internal control and risk management system.

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 Risks 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 Risks 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 Internal Audit and Business Control Department.

It analyzes significant internal control incidents, results of significant 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 General Management

Saint-Gobain's General Management oversees implementation of the Group's internal control process and the existence and effectiveness of appropriate internal control monitoring systems within the Group's subsidiaries.

On May 29, 2012, General Management signed a charter with Internal Audit and Business Control Department covering the principles to be followed by 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 digitization 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 relies on 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 Risks Committee.

N°IFACI/2020/0135r

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 2020, the Audit and Internal Control Department had 72 staff, split between audit and internal control.

Audit and Internal Control Department	Main responsibilities	Reference standards and/or measures	2020 key figures
Internal control	■ Draw up and maintain the Internal Control Reference Framework 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 provide training on internal control and risk management	■ 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) ■ Anticorruption Internal Control Reference Framework (ACRF) for the training of the Group's Auditors. ■ Associated practical data sheets or Group memos ■ Internal control training academy (IABC Academy) on 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)]) ■ Intranet and Digital Internal Control Community (Yammer) ■ "INTERACT" [(2)] ■ Internal control data analysis tool with "TABLEAU" software [(3)]	■ 1,784 action plans open in the "INTERACT" database at the end of 2020 ■ 2020 Compliance Statement update (220 questionnaires sent) ■ More than 190 corporate leaders and managers trained during 4 Business Control Forums in 2 countries ■ 15 webinars delivered and 8 newsletters published ■ Network of 100 internal control officers ■ Digital Internal Control Community with 1,832 members
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	■ Risks universe ■ Risks cartography ■ Methodological tool for Group companies ■ "AVANTEAM" risk mapping tool, containing the risk database ■ Management of action plans in the "INTERACT" tool	■ 78 maps updated in 2020 ■ Updated risks universe with 13 main categories and 69 sub-categories
Internal Audit	■ Conduct audits and monitor the implementation of the mandatory controls required by the Internal Control Reference Framework ■ 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 ■ Auditor training Program	■ Entities audited every 3 to 5 years depending on company size ■ 104 audit missions conducted and 15 special missions to review executive expense reports. ■ 151 best practice briefs published (including 14 in 2020) ■ 17 training sessions in 2020 devoted to all auditors and corresponding to a total of 32 hours of methodology training

(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) *Data analysis and feedback tool.*

2.2.4 Corporate 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	2020 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 ■ OHSAS 45001, ISO 14001 and ISO 50001 standards ■ EHS Saint-Gobain audits ■ ISO certification audits	■ Industry audits: ▪ 5 "ISA" audits (1) ▪ 2 "ISA-MINI" audits (pilots) ■ Distribution audits: ▪ 211 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 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 11,000 individual actions by buyers in 2020 ■ 7 specific local Purchasing internal audits ■ Two buy-techs were carried out in two countries. A virtual version will be made available in 2021 if traveling remains prohibited.
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	■ 262 site visits by prevention engineers ■ 48 remote follow-up meetings ■ 1,345 sites that have performed their Risk Grading self-assessment ■ 489 evaluations of sales outlets ■ 2 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)	■ 148,681 internal/external foreign exchange transactions in 2020 ■ 30,040 internal/external transfers issued in 2020
Financial Control Department	■ Implement continuous control of the Group's results and operating performance ■ Participate in drawing up the budget and quarterly 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	■ Over 150 meetings per year with the Regions/HPS and 6 training sessions with the participation of 85 employees ■ 144 DAC (Credit Authorization Requests) ■ 25 planned acquisitions, 20 of which have been completed ■ 26 divestments and mergers completed

corporate departments	Main responsibilities	Reference standards and/or measures	2020 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	■ 589 documents available on the Accounting Standards intranet ■ 591 questions addressed *via* the hotline ■ 1,501 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 whistleblowing 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 2020, 91,8% of managers had completed the "ACT" online anti-corruption training ■ At the end of 2020, 93,6% of managers had completed the "Comply" online training on antitrust law ■ At the end of 2020, over 13,000 employees had completed the "Saint-Gobain Economic Sanctions and Embargoes" online training on economic sanctions and embargoes ■ Specialized legal counsel performed competition audits on 162 sites since 2007 ■ Almost 680 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 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	■ 8,702 international travelers (with tracking) ■ 10,104 domestic trips ■ 1 site audited ■ Number of e-learning sessions: 3,789

(1) *Audits according to a grid in 13 sections, covering the requirements of international standards ISO 14001: 2015 and ISO 45001: 2018 and the additional internal requirements, for the Group's manufacturing activities.*
(2) *ESPR (Environment, Safety, Prevention of Risks) audit: specific to the Building Distribution.*

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 Managing Director'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 system that is appropriate to its needs and aligned with the Group's internal control 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 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:

- s/he has carried out the selected checks properly and efficiently;
- the action plans arising from the self-assessment have been activated and implemented within the given time frames;
- major internal control events, fraud and violations of the Principles of Conduct and Action have been reported to the Audit and Internal Control Department.

Finally, 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.

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 Audit and Internal Control Department's Director reports to the Chairman of the Group. 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 Risks 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.

The year 2020 was 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 plans follow-up

An action plan management and monitoring database is used to centralize the suits filed to remedy any non-compliance issues identified during the compliance statement campaign, and about the action plans drawn up following audits performed by the internal audit. Since 2019, the audit tool also enables the entities to launch action plans autonomously, as part of the 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 Risks Committee.

2.4.4.1 Events that must be declared 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 Alerts procedure

All incidents must be reported immediately using a standard form available on the company's (Fraud and Security) intranet. These reports are then passed on to the members of the Audit and Risks Committee, and the relevant functional and operational departments. The Group's Fraud Officer ensures monitoring by applying a single, centralized procedure which all of the Group's subsidiaries must follow.

No employee may be punished, dismissed or subject to any direct or indirect discrimination for reporting events presumed in good faith to be fraudulent.

2.5 Reference standards 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 Reference Framework

In 2020 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 The 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 (240 controls in the 2020 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 The ITAC

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 2020 edition of the ITAC standard, which covers eight processes, there are 90 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 the first half of 2020:

2.5.1.4 The new ICQRF manual

The new ICQRF (Internal Control Quality Reference Framework) manual, which deals with internal control applied to quality.

2.5.1.5 The new ACRF manual

The new ACRF (Anticorruption Reference Framework), which summarizes the internal controls related to anticorruption. In its current edition, the purpose of the ACRF is instead to train the Group's internal auditors in this topic.

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.

This Department is also in charge of coordinating the work to calculate the Group's pension provisions and carries out a detailed review of the commitments of French companies in collaboration with the 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 55,000 contracts).

The work of the Accounting Standards and Pension Liabilities Department is the subject of a report presented biannually to the Audit and Risks Committee.

2.5.3 Environment, Health and Safety (EHS) Reference Manual

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 the following:

- 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 will be gradually deployed in 2021. The review of Saint-Gobain EHS audits at Distribution sites will be conducted in 2021 using feedback from the ISA-MINI audits.

This year, an agenda was proposed to the countries by the EHS team at the central level for the ISA and ISA-MINI audits to standardize the approaches between the various countries and reduce audit-related burdens. The number of EHS audits in the field was significantly reduced in 2020 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 (see Section of Chapter 3). Implementation guides, sample procedures, training packs, standards implementation assessment questionnaires, and computer tools have been developed to support the application of the standards at the sites. 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". An environmental risk assessment standard was circulated with a guide and training sessions were conducted. 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 v4 action plans covering global infrastructure, local infrastructure, applications and websites, and industrial systems.

Lower-level technical standards are also issued as a supplement to these rules, and are updated periodically (22 new documents in 2020) 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. It 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: ITAC4EM3 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 (DRA). 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 culture of compliance

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 & CEO, Chief Operating Officer and Secretary General 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 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 Group 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 Organization of the Group's consolidation process

For fiscal year 2020, the consolidation has been reorganized to comply with the new Group Transform & Grow Structure. A new single consolidation basis was developed and then implemented for the 2020 budgets. It has been used for monthly reporting since January 2020.

2.6.7 Processing information and control of the financial statements

Each subsidiary submits its accounts in accordance with the timetable set by the Company. The financial statements are checked and processed at Region and HPS level, then transmitted to the Consolidation Department, which performs an overall review of the Group's financial statements and records the necessary consolidation adjustments. 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.

2.6.8 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 matrix management 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.

2.6.9 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. Hard close results and balance sheets 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 entity's accounts are then analyzed before the final closing dates of June 30 and December 31 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.

Cgwp0gs guk v3 ul yzopw z0y1 j 0l yl

Cl 3v7l y672 ox

Uogyl j gwp0gs

Fpugujpgsg1 0ovyp6g0pvuz j 1 yyl u0s5 pu mvyj l

Ugpu0 Gvi gpu 0yl gz1 y5 zogyl z guk gj x1 pzp0pvu vmv3 u zogyl z

R. 1 r 56uv3 6758o785r

Mgqyy zogyl ovskl yz

Dpzj svz1 yl 0oyl zovskz pu

Et wsv5l l v3 ul yzopw z0y1 j 0l yl

Uogyl ovskl y wgj 0z vy gnyl l t l u0z pu2vs2pun Cvt wgnupl kl Ugpu0 Gvi gpu zogyl z

Cvu0yvsvm0ol Cvt wgu5

Azwl j 0z 0og0t g5 og2l gu l mhj 0pu 0ol l 2l u0 vmg 0grl v2l yi pk

c72ox 0 l 5xr 7 cr o85v7r 6 0 l 5xr 7 vl s250 l 7v21

Vol Ugpu0 Gvi gpu zogyl

Vv0gszogyl ovskl y yl 0l yu

Bvukz

Pgy0pj pwg0pun zl j 1 yp0pl z

l1 s250 l 7v21 3 2ywo: l 1 p svl l 1 ovl y ol yr 1 pl 5

Dv9vpr 1 p6

1. Capital stock

1.1 Share capital

1.1.1 Share capital at December 31, 2020

At December 31, 2020, Compagnie de Saint-Gobain's share capital amounted to €2,130,734,852, represented by 532,683,713 common shares with par value of €4 (compared with 544,683,451 shares at the previous year-end) fully paid up and all of the same category.

At December 31, 2020, 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 2.4.3 and 2.4.4).

1.1.2 Changes in share capital over the last three fiscal years

Since December 31, 2017, Saint-Gobain's share capital has changed as follows:

Date	Type of transaction	Share capital after transaction	Number of shares after transaction
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: issuance 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: issuance of 5,999,997 shares (at €25.69)	€2,210,340,004	552,585,001
12/2018	Issuance of 556,595 shares upon exercise of the same number of subscription options	€2,186,340,016	546,585,004
11/2018	Capital reduction: cancellation of 6,461,449 shares	€2,184,113,636	546,028,409
06/2018	Capital reduction: cancellation of 6,000,000 shares	€2,209,959,432	552,489,858
05/2018	Group Savings Plan: issuance of 4,932,767 shares (at €36.31)	€2,233,959,432	558,489,858

1.1.3 Liens, guarantees and pledges

At December 31, 2020, 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 4, 2020 to the Board of Directors and the use made of these delegations during the 2020 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 (ordinary shares or securities giving access to shares in the Company or its subsidiaries) (A)	GSM 2019 15th Resolution	26 months (August 2021)	€437 million, excluding adjustments, *i.e.* approximately 20% of the share capital [(1)] (A)+(B)+(C)+(D)+(E)+(I) being limited to €437 million (the "**Global Cap**") [(2)]
Capital increase by incorporation of premiums, reserves, profits and free allocation of shares to shareholders (B)	GSM 2019 20th Resolution	26 months (August 2021)	€109 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, with the option to grant a priority period for shareholders, through issuance of ordinary shares or securities giving access to shares in the Company or its subsidiaries, or shares in the Company to which securities to be issued where applicable by subsidiaries would grant entitlement (C)	2019 GSM 16th Resolution	26 months (August 2021)	€218 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 €218 million [(2)]
Capital increase, by private placement, through issuance of ordinary shares or securities giving access to shares in the Company or its subsidiaries, or where applicable shares in the Company to which securities to be issued by subsidiaries would grant entitlement (D)	2019 GSM 17th Resolution	26 months (August 2021)	€218 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 (ordinary shares or securities giving access to shares in the Company shares with shares as primary securities) in compensation for contributions in kind (E)	2019 GSM 19th Resolution	26 months (August 2021)	10% of the share capital, *i.e.* approximately €218 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)	2019 GSM 22nd Resolution	26 months (August 2021)	€48 million, excluding adjustments, *i.e.* approximately 2.2% 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 General Shareholders' Meeting, *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
Allocation of existing performance shares (H)	2019 GSM 24th Resolution	38 months (August 2022)	1.2% of the share capital on the date of the 2019 General Shareholders' Meeting, *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 ordinary shares or securities giving access to the share capital with or without preferential subscription right (I)	2019 GSM 18th Resolution	26 months (August 2021)	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)]
Fixing of the issue price in the event of a capital increase without preferential subscription right by takeover bid or private placement (J)	2019 GSM 21st Resolution	26 months (August 2021)	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)]

7

Purpose of the Resolution and types of securities concerned	Source (Resolution number)	Authorization duration and expiration	Maximum par value of the capital increase
Share buyback program			**Features**
Share buyback [5]	2020 GSM 14th Resolution	18 months (December 2021)	10% of the total number of shares making up the share capital at the date of the General Shareholders' Meeting [6] Maximum purchase price per share: €80
Cancellation of shares	2019 GSM 25th Resolution	26 months (August 2021)	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 2020.

(3) Confirmation of the issuance of 6,099,996 shares in August 2020 by the Chairman and Chief executive officer acting pursuant to the delegation of authority granted by the Board of Directors on November 21, 2019 to implement a capital increase via the Group Savings Plan.

(4) Allocation of 1,268,295 existing performance shares by the Board of Directors on November 26, 2020.

(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 an Employee Group 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 Group 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 Section 1.3 of Chapter 7 for a description of the implementation of the share buyback program in 2020.

(7) Cancellation of (i) 6,100,000 shares resulting in a reduction of the share capital by an aggregate face value of €24,400,000, decided by the Board of Directors on July 30, 2020, effective on August 13, 2020, (ii) 9,000,000 shares resulting in a reduction of the share capital by an aggregate face value €36,000,000, decided by the Board of Directors of October 29, 2020, effective November 3, 2020 and (iii) 3,000,000 shares resulting in a reduction of the share capital by an aggregate face value €12,000,000, decided by the Board of Directors of November 26, 2020, effective November 30, 2020 (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, 2020, Compagnie de Saint-Gobain directly held a total of 1,988,969 treasury shares, *i.e.* 0.37% of its share capital, with a par value of €4, acquired at an average purchase price of €35.40. The gross book value of treasury shares as at December 31, 2020 was €70,405,214. At that date, it was not holding any treasury shares indirectly.

The following table shows, at December 31, 2020, 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 4, 2020:

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)	1,925,698 shares (0.36% of share capital)	€35.33	€68,035,251
Liquidity agreement	36,367 shares (0.0068% of share capital)	€38.17	€1,387,967.39
Cancellation	26,904 shares	€36.50	€981,996

During the 2020 fiscal year, 733,024 treasury shares were remitted as part of existing performance share plans and no treasury shares were remitted as part of stock option plans.

Pursuant to decisions of the Board of Directors, 6,100,000 shares were cancelled on August 13, 2020, 9,000,000 shares were cancelled on November 3, 2020 and 3,000,000 shares were cancelled on November 30, 2020. These share cancellations resulted in share capital reductions of an aggregate face value of €24,400,000, €36,000,000 and €12,000,000 respectively.

7

1.3.2 Information on transactions involving treasury shares during the 2020 fiscal year (excluding liquidity agreement)

In 2020, as part of the authorizations granted by the General Shareholders' Meetings of June 6, 2019 and June 4, 2020 to the Board of Directors, the Company purchased, excluding the liquidity agreement, 18,878,142 shares, at an average price of €34.48, and did not sell any of its treasury shares. Total trading expenses, fees and taxes incurred by the Company in 2020 in connection with all transactions on its treasury shares (including the liquidity agreement) amounted to €2,477,321.

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, 2020.

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 (in particular AMF decision No. 2018-01 of July 2, 2018 on the establishment of liquidity contracts on equity securities as an accepted market practice), a new liquidity contract was entered into on June 20, 2019 between Compagnie de Saint-Gobain and the company Exane BNP Paribas 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, 2020, the liquidity account held 36,367 shares and had a credit balance of €3.6 million.

Cumulative purchases during the 2020 fiscal year under the liquidity agreement involved 1,847,040 shares at an average price of €31.47, while 1,847,233 shares were sold at an average price of €31.54. No shares allocated to the liquidity agreement were reallocated to another purpose of the share buyback program in 2020.

2. Ownership structure

2.1 Major shareholders

At December 31, 2020, the share capital of Compagnie de Saint-Gobain was €2,130,734,852, divided into 532,683,713 common shares, to which 586,085,008 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.

	December 31, 2020			December 31, 2019			Dec. 31, 2018		
	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	48,557,060	9.1	15.4	47,193,986	8.7	14.6	43,948,473	8.0	13.4
BlackRock, Inc.	26,342,042 (3)	4.9	4.5	24,514,914 (5)	4.5	4.1	26,820,586 (5)	4.9	4.3
Caisse des Dépôts et Consignations	21,806,475 (4)	4.1	4.9	12,921,428	2.4	3.4	11,571,985	2.1	3.0
Treasury shares	1,988,969	0.4	0.0	1,934,484	0.4	0.0	2,044,498	0.4	0.0
Other shareholders (6)	433,989,167	81.5	75.2	458,118,639	84.0	77.9	462,199,462	84.6	79.2
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 Section 2.4 of Chapter 5 for more details on stock options not yet exercised and performance shares allocated. At December 31, 2020, 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 December 30, 2020. For further information, see Chapter 7, Section 2.2.1.*

(4) *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. For further information, see Chapter 7, Sections 2.2.2 and 2.2.3.*

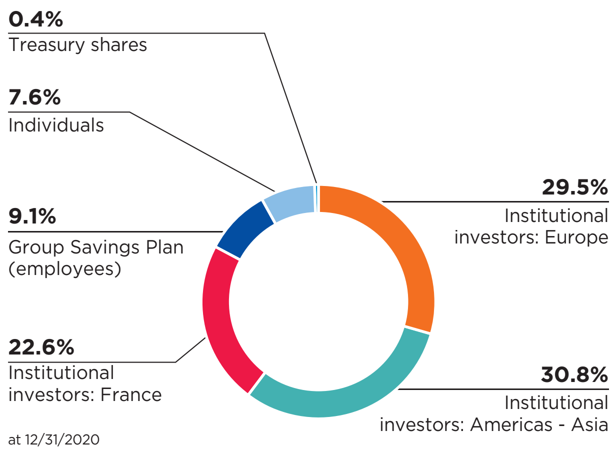
(5) *To the best of the Company's knowledge, based on the disclosure threshold statement prepared by BlackRock, Inc. on November 6, 2018 and March 15, 2019 respectively.*

(6) *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, 2020, 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, 2020, 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, 2020 by major shareholder category.



2.2 Disclosure thresholds in 2020

2.2.1 BlackRock

During the 2020 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 December 30, 2020, 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 December 29, 2020, it had dropped below the threshold of 5% of the share capital of Compagnie de Saint-Gobain, holding 4.96% of the share capital and 4.51% of the voting rights on behalf of those customers and funds.

BlackRock, Inc. specified that this threshold crossing was the result of a reduction in the number of Compagnie de Saint-Gobain shares that BlackRock, Inc. held as collateral and took into account the holding of 408,967 contracts for differences (cash unwinding derivatives), without established maturity, involving an equivalent number of Saint-Gobain shares, paid exclusively in cash.

In addition, BlackRock Inc. disclosed that it also holds 4,281,352 Saint-Gobain shares on behalf of customers who have retained the exercise of voting rights.

2.2.2 Caisse des Dépôts et Consignations

During fiscal year 2020, 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 December 9, 2020, the *Caisse des Dépôts et Consignations* disclosed to the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) that it had dropped, 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 4.88% 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.

2.2.3 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.

2.3 Employee ownership structure

At December 31, 2020, Group employees held 9.1% of the capital and 15.4% of the voting rights attached to Compagnie Saint-Gobain shares through the Group Savings Plan. The Funds of the Group Savings Plan 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 2020, 6,099,996 shares were issued under a standard PEG offering Group employees two classic formulae with a five- or ten-year lock-up, for a total of €140.5 million (compared with 5,999,997 shares and €154.1 million in 2019).

In France, 58.8% 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 18 countries outside Europe were also given the opportunity to take part in the PEG. In total, 41,297 Group employees participated in the PEG in 2020.

A new plan will be launched in 2021. It will give employees the opportunity to acquire up to 5,922,504, *i.e.* just over 1% of the share capital, with a five- or ten-year lock-up.

2.4 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.

2.5 Control of the Company

At December 31, 2020, 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.

2.6 Aspects that may have an effect in the event of a takeover bid

2.6.1 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.

2.6.2 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 provided for only in the following cases: (i) the rating of the bonds concerned is 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 all cases (i) to (iii), the action taken by the rating agency is expressly linked to a 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, 2020 were €11,149 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 US$ 173 million at December 31, 2020.

3. Stock market/Securities market information

3.1 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, 2020, the Company represented the 35th-largest market capitalization of the CAC 40 (€19,976 million), and the 24th-most actively traded stock on this market, with average daily trading volume of 1,853,135 shares during 2020. 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).

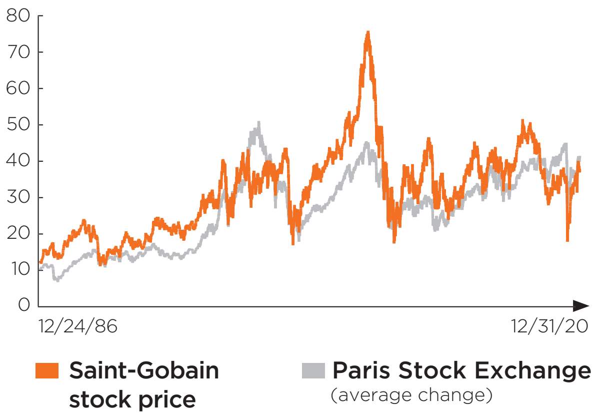
In addition, Saint-Gobain shares are part of the world index "*The Global Dow*", an index including 150 companies from traditional and innovative sectors.

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 the Saint-Gobain options represented 253,472 contracts in 2020, versus 293,536 in 2019.

The LEI Code of Compagnie de Saint-Gobain is NFONVGN05Z0FMN5PEC35.

› SAINT-GOBAIN STOCK PRICE (1)

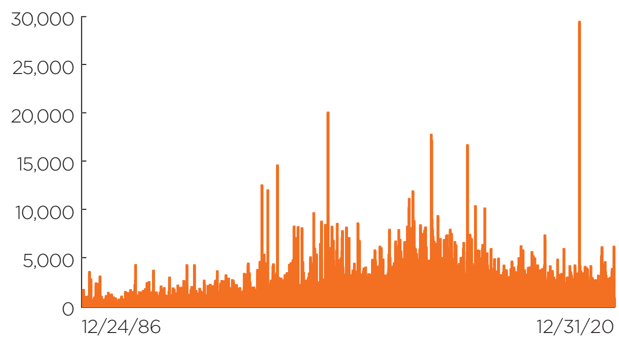


(Source: Euronext Paris)

(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) AT THE END OF 2020 (2)

Historical data of the number of shares traded per day (in thousands) **until the end of 2020.**



(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
2018	48.600	27.985	29.165
2019	39.565	28.275	36.500
2020	40.800	16.408	37.500

(Source: Euronext Paris)

3.2 Total shareholder return

The total shareholder return on Saint-Gobain shares amounts to:

- 7.3% *per annum* over the period from December 22, 1986 (date of privatization of Saint-Gobain) to December 31, 2020;
- 1.3% *per annum* over the last five years (from December 31, 2015 to December 31, 2020).

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 2019

Paris Stock Exchange ISIN code FR0000125007	In number of securities	In capital *(in EUR)*	Highest *(in EUR)*	Lowest *(in EUR)*
2019				
January	37,837,158	1,120,684,590	31.200	28.275
February	39,669,647	1,262,285,328	33.370	29.735
March	47,823,045	1,525,498,816	33.195	30.175
April	37,774,175	1,338,482,292	37.200	32.540
May	36,732,382	1,246,881,552	36.800	32.095
June	39,917,505	1,344,975,969	34.945	31.975
July	35,008,952	1,212,710,512	36.705	33.200
August	33,465,571	1,085,952,175	35.145	31.055
September	30,094,199	1,046,058,698	36.275	32.215
October	42,479,977	1,546,100,293	38.500	33.495
November	28,576,861	1,059,776,418	38.350	36.040
December	31,704,770	1,190,499,387	39.565	35.820
TOTAL	**441,084,242**	**14,979,906,031**		
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**		

(Source: Euronext Paris)

In 2020, 96,863,010 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).

3.3 Bonds

The majority of bonds issued by the Company are traded on a regulated market (See Chapter 8, Section 1, note 9 to the consolidated financial statements).

3.4 Participating securities

3.4.1 Non-voting participating securities (titres participatifs) 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 1000. 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, 2020, 606,883 securities were 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 2020 was €0.71.

Trading volume since January 2019 (1st tranche)

Paris Stock Exchange ISIN code FR0000140030	In number of securities	In capital *(in EUR)*	Highest *(in EUR)*	Lowest *(in EUR)*
2019				
January	2,405	319,209	135.990	125.730
February	1,032	137,941	135.000	130.000
March	4,455	589,595	139.000	126.000
April	4,003	539,482	139.000	131.110
May	2,037	273,650	139.000	131.680
June	1,136	158,316	146.000	132.200
July	12,635	1,786,417	146.000	132.100
August	5,362	747,325	145.800	135.260
September	10,134	1,394,238	138.000	128.500
October	1,507	203,660	137.000	131.200
November	2,028	273,579	138.000	129.110
December	2,753	381,108	140.000	135.000
TOTAL	**49,487**	**6,804,524**		
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**		

(Source: Euronext Paris)

Trading volume since January 2019 (2nd tranche)

Paris Stock Exchange ISIN code FR0000047607	In number of securities	In capital (in EUR)	Highest (in EUR)	Lowest (in EUR)
2019				
January	180	21,955	121,970	121,970
February	60	7,295	121.900	120,000
March	548	65,411	122.000	113,500
April	105	12,095	116.040	113,500
May	49	5,483	114.000	111.190
June	300	35,868	121.000	118.840
July	10,044	1,204,995	120,000	116.450
August	144	16,513	115,000	113.820
September	15	1650	110,000	110,000
October	75	8,308	115,000	110,000
November	5	550	110,000	110,000
December	722	82,553	119.000	106.000
TOTAL	**12,247**	**1,462,674**		
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**		

(Source: Euronext Paris)

7

3.4.2 Non-voting participating securities (titres participatifs) issued in April 1984

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 those securities have been repurchased over the years. At December 31, 2020, 77,516 securities were outstanding with an aggregate face value of €77.5 million.

Interest 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 income of the previous year and to the reference six-month Libor EUR rate +7/8%. The amount paid per security in 2020 was €60.6, paid in two installments (€27.25 and €33.35).

In accordance with the decisions approved by the General Meeting of the holders of those *titres participatifs* 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 remuneration of the *titres participatifs* is replaced, as from the date of the opening of the period of remuneration of the the *titres participatifs*, *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**		

(Source: Luxembourg Stock Exchange)

These participating securities are not redeemable and the interest paid on them is reported under borrowing costs.

No securities issued by Compagnie de Saint-Gobain were traded on a stock market in 2020, other than shares, bonds and non-voting participating securities (*titres participatifs*).

4. Information policy and financial calendar

Information policy

The Investor Relations Department is responsible for implementing the Group's information policy with the financial community, investors and shareholders. The head of Investor Relations is Mr. 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

Numerous meetings were organized throughout 2020 with various members of the international financial community (including analysts, institutional investors and journalists), including face-to-face meetings at the beginning of the year in Paris, London, New York and Boston, then dozens of virtual meetings and roadshows in the various financial markets.

Due to the coronavirus pandemic and to preserve the health of its shareholders, the Group canceled its numerous site visits and face-to-face shareholder meetings, replacing them with virtual meetings and cultural conferences. The Investor Relations Department also regularly informs shareholders of the various news items about the Group during the year on its website *via* shareholder newsletters.

The Compagnie de Saint-Gobain website (http://www.saint-gobain.com) gives information about the Group and its businesses, including downloadable information documents and webcasts of General Shareholders' Meetings and meetings with analysts.

The Saint-Gobain Shareholder app, which is free to download from the Apple Store and Google for Android, lets investors follow the Saint-Gobain Group's financial news, and provides essential and useful investor information (share prices, financial calendar dates, important investors' club dates, press releases, etc.).

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

2021 financial calendar

2020 final results: February 25, 2021, after the market closes

First quarter 2021 sales: April 29, 2021, after the market closes

General Shareholders' Meeting: June 3, 2021 at 3 p.m., Salle Pleyel in Paris, 8th, in the absence of restrictive measures related to the health situation

Dividend:

- ex-dividend date: June 7, 2021;
- dividend payment date: June 9, 2021;

First-half 2021 final results: July 29, 2021, after the market closes;

Sales for the first nine months of 2021: October 28, 2021, after the market closes.

2022 financial calendar

General Shareholders' Meeting: June 2, 2022

5. Dividends

Year	Number of shares with dividend rights	Net dividend per share *(in EUR)*	Adjusted yield based on year-end share price
2018	538,631,594 shares (1)	1.33	4.6%
2019 (2)	-	-	-
2020	530,613,949 shares (3)	1.33	3,5%

(1) Based on 553,557,091 shares granting entitlement to dividends in respect of the 2017 fiscal year, less 9,345,487 treasury shares held on the ex-dividend date.

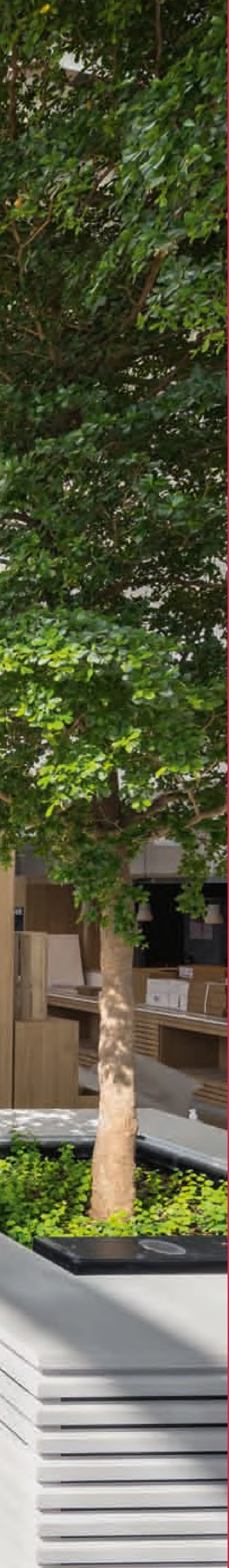
(2) See below.

(3) Estimated amount based on 532,684,042 shares carrying, at January 31, 2021, rights to dividends in respect of 2020, less 2,070,093 treasury shares held at January 31, 2021.

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 25, 2021, the Board of Directors of Compagnie de Saint-Gobain decided to propose to the General Shareholders' Meeting of June 3, 2021, a dividend of €1.33 per share.



8

Financial and accounting information

1. 2020 Consolidated Financial Statements

Consolidated balance sheet

Assets

(in EUR million)	Notes	Dec. 31, 2020	Dec. 31, 2019
Goodwill	(6.1)	10,028	10,029
Other intangible assets	(6.2)	2,505	2,709
Property, plant and equipment	(6.3)	11,072	11,707
Right-of-use assets	(6.4)	2,902	2,954
Investments in equity-accounted companies	(7.1) (7.2)	462	437
Deferred tax assets	(11.2)	665	833
Other non-current assets	(7.3)	845	3,511
NON-CURRENT ASSETS		**28,479**	**32,180**
Inventories	(4.4)	5,362	6,200
Trade accounts receivable	(4.4)	4,597	4,813
Current tax receivable	(4.4) (11.1)	147	194
Other receivables	(4.4)	1,269	1,609
Assets held for sale	(3.3)	329	0
Cash and cash equivalents	(9.3)	8,443	4,987
CURRENT ASSETS		**20,147**	**17,803**
TOTAL ASSETS		**48,626**	**49,983**

Equity and liabilities

(in EUR million)	Notes	Dec. 31, 2020	Dec. 31, 2019
Capital stock	(10.1)	2,131	2,179
Additional paid-in capital and legal reserve	(10.1)	5,104	5,551
Retained earnings and consolidated net income	(10.1)	13,687	12,518
Cumulative translation adjustments		(2,857)	(1,467)
Fair value reserves		(48)	743
Treasury stock	(10.1)	(125)	(108)
SHAREHOLDERS' EQUITY		**17,892**	**19,416**
Non-controlling interests		311	364
TOTAL EQUITY		**18,203**	**19,780**
Non-current portion of long-term debt	(9.3)	10,179	10,286
Non-current portion of long-term lease liabilities	(9.3)	2,442	2,552
Provisions for pensions and other employee benefits	(5.3)	2,629	2,648
Deferred tax liabilities	(11.2)	360	448
Other non-current liabilities and provisions	(8.1)	965	1,126
NON-CURRENT LIABILITIES		**16,575**	**17,060**
Current portion of long-term debt	(9.3)	1,846	1,751
Current portion of long-term lease liabilities	(9.3)	656	665
Current portion of other liabilities and provisions	(8.1)	361	343
Trade accounts payable	(4.4)	5,897	6,000
Current tax liabilities	(4.4) (11.1)	175	156
Other payables	(4.4)	3,911	4,004
Liabilities held for sale	(3.3)	501	0
Short-term debt and bank overdrafts	(9.3)	501	224
CURRENT LIABILITIES		**13,848**	**13,143**
TOTAL EQUITY AND LIABILITIES		**48,626**	**49,983**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated income statement

(in EUR million)	Notes	2020	2019
Sales	(4.1)	38,128	42,573
Cost of sales	(4.1)	(28,635)	(31,717)
General expenses including research	(4.1)	(6,651)	(7,490)
Share in net income of core business equity-accounted companies	(7.1)	13	24
OPERATING INCOME		**2,855**	**3,390**
Other business income	(4.1)	88	196
Other business expense	(4.1)	(1,511)	(1,033)
BUSINESS INCOME		**1,432**	**2,553**
Borrowing costs, gross		(274)	(300)
Income from cash and cash equivalents		6	27
Borrowing costs, net, excluding lease liabilities		(268)	(273)
Interest on lease liabilities		(58)	(71)
Other financial income and expense		(93)	(124)
NET FINANCIAL EXPENSE	**(9.2)**	**(419)**	**(468)**
Share in net income of non-core business equity-accounted companies	(7.1)	2	0
Income taxes	(11.1) (11.2) (11.3)	(526)	(631)
NET INCOME		**489**	**1,454**
GROUP SHARE OF NET INCOME		**456**	**1,406**
Non-controlling interests		33	48

	Notes	2020	2019
EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**(10.2)**	**0.85**	**2.59**
Weighted average number of shares in issue		536,452,195	542,079,771
DILUTED EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**(10.2)**	**0.85**	**2.58**
Weighted average number of shares assuming full dilution		539,325,415	545,159,839

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income and expense

(in EUR million)	Notes	2020	2019
NET INCOME		**489**	**1,454**
Items that may be subsequently reclassified to profit or loss			
Translation adjustments		(1,442)	309
Changes in fair value of financial instruments	(9.4)	(3)	(4)
Tax on items that may be subsequently reclassified to profit or loss		18	0
Items that will not be reclassified to profit or loss			
Changes in actuarial gains and losses	(5.3)	9	(80)
Tax on items that will not be reclassified to profit or loss	(11.1) (11.2)	20	27
Changes in assets at fair value through equity	(7.3)	(157)	871
OTHER ITEMS OF COMPREHENSIVE INCOME (EXPENSE)		**(1,555)**	**1,123**
COMPREHENSIVE INCOME (EXPENSE)		**(1,066)**	**2,577**
Group share		(1,047)	2,528
Non-controlling interests		(19)	49

Translation adjustments in 2020 primarily concern the pound sterling and Brazilian real.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(in EUR million)	Notes	2020	2019
GROUP SHARE OF NET INCOME		**456**	**1,406**
Non-controlling interests in net income	(a)	33	48
Share in net income of equity-accounted companies, net of dividends received	(7.1)	(1)	(8)
Depreciation, amortization and impairment of assets (including right-of-use assets)	(4.1) (6)	2,906	2,243
Gains (losses) on disposals of assets	(4.3)	28	2
Unrealized gains and losses arising from changes in fair value and share-based payments		46	31
Restatement for hyperinflation		9	20
Changes in inventory	(4.4)	410	(55)
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(4.4)	685	25
Changes in tax receivable and payable	(4.4)	53	108
Changes in deferred taxes and provisions for other liabilities and charges	(5.3) (8.1) (11.2) (11.3)	86	(16)
NET CASH FROM OPERATING ACTIVITIES		**4,711**	**3,804**
Acquisitions of property, plant and equipment [2020: (1,122), 2019: (1,656)] and intangible assets	(6.2) (6.3)	(1,236)	(1,818)
Increase (decrease) in amounts due to suppliers of fixed assets	(4.4)	(54)	(30)
Acquisitions of shares in controlled companies [2020: (1,240), 2019: (168)], net of cash acquired		(1,100)	(155)
Increase in investment-related liabilities	(8.1)	12	11
Decrease in investment-related liabilities	(8.1)	(20)	(18)
Acquisitions of other investments	(7.3)	(74)	(120)
Investments		**(2,472)**	**(2,130)**
Disposals of property, plant and equipment and intangible assets	(6.2) (6.3)	213	157
Disposals of shares in controlled companies, net of cash divested		(43)	267
Disposals of other investments	(7.3)	2,389	1
(Increase) decrease in amounts receivable on sales of fixed assets	(4.4)	10	74
Divestments		**2,569**	**499**
Increase in loans and deposits	(7.3)	(81)	(99)
Decrease in loans and deposits	(7.3)	178	157
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**194**	**(1,573)**

(in EUR million)	Notes	2020	2019
Issues of capital stock	(a)	139	165
(Increase) decrease in treasury stock	(a)	(658)	(273)
Dividends paid	(a)	0	(716)
Transactions with shareholders of the parent company		**(519)**	**(824)**
Capital increases in non-controlling interests	(a)	10	35
Acquisitions of minority interests without gain of control		(29)	(9)
Changes in investment-related liabilities following the exercise of put options of minority shareholders	(8.1)	(5)	(3)
Dividends paid to non-controlling interests	(a)	(44)	(37)
Change in dividends payable		0	(13)
Transactions with non-controlling interests		**(68)**	**(27)**
Increase (decrease) in bank overdrafts and other short-term debt		218	62
Increase in long-term debt	(b) (9.3)	1,621	2,708
Decrease in long-term debt	(b) (9.3)	(1,786)	(1,045)
Decrease in lease liabilities	(b)	(766)	(815)
Change in debt		**(713)**	**910**
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(1,300)**	**59**
Net effect of exchange rate changes on cash and cash equivalents		(126)	7
Net effect of changes in fair value on cash and cash equivalents		(4)	2
Cash and cash equivalents classified within assets held for sale		(19)	0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,456**	**2,299**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**4,987**	**2,688**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**8,443**	**4,987**

(a) Please refer to the consolidated statement of changes in equity.

(b) Including bond premiums, prepaid interest, issue costs and interest on lease liabilities.

In 2020, income tax paid represented €466 million (€493 million in 2019), total rental expenses paid €853 million (€924 million in 2019), including €58 million in interest paid on lease liabilities (€71 million in 2019), and interest paid net of interest received €243 million (€258 million in 2019).

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(in EUR million)	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, 2019	**2,186**	**5,646**	**11,864**	**(1,775)**	**(124)**	**(106)**	**17,691**	**330**	**18,021**
Income and expenses recognized directly in equity	0	0	(53)	308	867	0	1,122	1	1,123
Net income for the year			1,406				1,406	48	1,454
Total income and expense for the year	**0**	**0**	**1,353**	**308**	**867**	**0**	**2,528**	**49**	**2,577**
Issues of capital stock									
Group Savings Plan	25	128					153		153
Stock subscription option plans	1	11					12		12
Other							0	35	35
Dividends paid (€1.33 per share)			(716)				(716)	(37)	(753)
Shares purchased			(4)			(321)	(325)		(325)
Shares sold						52	52		52
Shares canceled	(33)	(234)				267	0		0
Share-based payments			28				28		28
Changes in Group structure and other			(7)				(7)	(13)	(20)
AT DECEMBER 31, 2019	**2,179**	**5,551**	**12,518**	**(1,467)**	**743**	**(108)**	**19,416**	**364**	**19,780**
Income and expenses recognized directly in equity	0	0	47	(1,390)	(160)	0	(1,503)	(52)	(1,555)
Net income for the period			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			(7)			(706)	(713)		(713)
Shares sold						55	55		55
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**

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 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 25, 2021 by the Board of Directors and will be submitted to the Shareholders' Meeting of June 3, 2021 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, 2019, 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, 2020. These consolidated financial statements have also been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB). Standards adopted by the European Union may be consulted on the European Commission website, at https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/.

1.1.1 Standards, interpretations and amendments to existing standards applicable for reporting periods beginning on or after January 1, 2020

The following standards and amendments, effective since January 1, 2020, were applied to the consolidated financial statements for the year ended December 31, 2020:

- Amendments to IAS 1 and IAS 8, "Definition of Material";
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform" – Phase 1;
- Amendments to IFRS 3, "Business Combinations – Definition of a Business";
- Amendment to IFRS 16, "Covid-19-Related Rent Concessions".

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, 2020

The new standards, interpretations and amendments to existing standards applicable to accounting periods starting on or after January 1, 2021 were not early adopted by the Group at December 31, 2020. These are:

- Amendments to IFRS 3, "Reference to the Conceptual Framework";
- Amendment to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract";

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";
- IFRS 16, "Lease Incentives Illustrative Example".

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";
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform" – Phase 2;
- Amendment to IAS 16, "Property, Plant and Equipment – Proceeds before Intended Use";
- Amendment to IFRS 17, "Insurance Contracts", published in June 2020.

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 5 "Employees, personnel expenses and employee benefit obligations"), asset impairment tests and the determination of lease terms (note 6 "Intangible assets, property, plant and equipment, and right-of-use assets"), provisions for other liabilities and charges (note 8 "Other current and non-current liabilities and provisions, contingent liabilities and litigation"), the measurement of financial instruments (note 9 "Financing and financial instruments"), and taxes (note 11 "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 unprecedented context of the coronavirus pandemic, the estimates and assumptions applied by the Group in 2020 take into account the impacts of the Covid-19 crisis, the most important of which are described in note 2 below.

NOTE 2 Impacts of the Covid-19 pandemic

The Group was severely affected by the Covid-19 pandemic in the first half of 2020. However, trading in the second half of the year was almost back to normal levels for most of its businesses.

In this context, the measures taken by the Group to address the crisis caused by the pandemic were the result of both swift decisions taken locally and coordinated international action based on the experience of our different countries and in line with the Group's new organization by country and by market.

The measures were rolled out in compliance with the Group's main priorities:

- protecting the health and safety of employees and other stakeholders across the globe, introducing strict social distancing measures adapted to its different businesses and encouraging remote working wherever possible;
- strengthening the Group's liquidity, with new sources of financing put in place to maintain a robust cash position;
- preserving free cash flow generation through strict measures to adapt production facilities, reduce costs and discretionary spending and closely monitor working capital, and exceptionally, deciding not to pay a dividend in 2020;
- continuing to serve our customers, with increased use of digital channels since the start of the crisis, completed by the launch of new services to adapt our solutions to meet the needs of the post-coronavirus world;
- ensuring – well ahead of time – that the necessary conditions were in place for the restart of our commercial, industrial and logistics operations, allowing us to support the recovery as effectively as possible as soon as lockdown measures were lifted.

2.1 Adapting production facilities and making use of schemes designed to support businesses hit by the Covid-19 pandemic

While prioritizing the health and safety of all of its employees and stakeholders, the Group ensured the continuity of its operations in each of the countries in which it does business by swiftly adapting to changes in demand linked to the health situation and to local government decisions.

As well as adjusting its production levels and rolling out measures to cut costs, the Group also made use of government-backed business support schemes. It benefited – mainly in the first half of the year – from furlough schemes in the countries where such measures were introduced, with the positive €169 million impact recognized as a deduction from the corresponding salaries and payroll taxes.

The costs of the measures taken to address the Covid-19 crisis are reflected in full in operating income. These costs result from purchases of protective equipment (masks, hand sanitizers, tests, *etc.*) and from adapting production to demand (fixed costs not absorbed due to the downturn in business). Additional specific expenditure related to the Covid-19 pandemic was estimated at €88 million (of which more than half in Europe, primarily in Southern Europe – ME & Africa), including €62 million for protective equipment. The balance reflects miscellaneous costs of travel cancellations, staff overtime and miscellaneous outside services such as cleaning.

Management compensation

In March 2020, the Chairman and Chief Executive Officer and the Chief Operating Officer wished to show their solidarity with the efforts being made by the Group's employees and stakeholders impacted by the unprecedented crisis. Consequently, they informed the Board of Directors of their decision to waive 25% of their compensation to be paid in 2020, *i.e.* 25% of their variable compensation in respect of the 2019 fiscal year and 25% of their fixed compensation for 2020, 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 coronavirus epidemic. At their April 22, 2020 and April 23, 2020 respective meetings, the Nomination and Remuneration Committee and the Board of Directors acknowledged this decision and unanimously praised it. Upon proposal of the Chairman and Chief Executive Officer and the Chief Operating Officer, the Board of Directors decided to review and reduce accordingly their variable compensation due in respect of the 2019 fiscal year and their fixed compensation for 2020.

The Board of Directors decided, in its April 23, 2020 meeting and in a similar move of solidarity as the executive corporate officers, to join this effort by also reducing by 25% the amount of the compensation that will be due to the Directors for the same period as for the executive corporate officers.

The amounts corresponding to these compensation reductions were donated by Saint-Gobain to the Paris public hospitals foundation (*Fondation de L'Assistance Publique – Hôpitaux de Paris,* or APHP) for an amount of €305,000, to charities supporting vulnerable populations affected by the Covid-19 pandemic, namely the humanitarian medical association "The Alliance for International Medical Action" (ALIMA), the *Abbé Pierre* Foundation, the *Secours Populaire*, and to employees in extreme difficulty in Brazil.

2.2 Strengthening the Group's liquidity

New sources of financing

From March, the Group bolstered the structure of its debt in the context of the Covid-19 pandemic, reinforcing its sources of financing through:

- a €1.5 billion bond issued on April 3, consisting of €750 million with a 3-year maturity and a 1.75% coupon and €750 million with a 7.5-year maturity and a 2.375% coupon;
- a syndicated credit line totaling €2.5 billion, including €1 billion drawn for a bond repayment of the same amount at the end of March, in addition to €4.0 billion in confirmed and undrawn back-up credit lines;
- access to the new commercial paper Pandemic Emergency Purchase Program (PEPP) launched by the European Central Bank on March 18, 2020.

In light of its robust cash position in the second half of the year, at the end of September the Group canceled the short-term syndicated credit line it had arranged in March 2020 for an initial amount of €2.5 billion, which had been subsequently reduced to €1.0 billion (undrawn) at the end of June.

Dividend distribution

Given the context of the coronavirus pandemic and the introduction of furlough measures, during its April 23, 2020 meeting, the Board of Directors decided not to recommend any dividend distribution to the June 4, 2020 Shareholders' Meeting. Although the Group recently further strengthened its liquidity, 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.

As announced in April, the Board of Directors' meeting of November 26, 2020 reviewed the Group's shareholder return policy. Based on the sales and results growth in the third quarter and the good start to the fourth quarter, the Board announced that it would be recommending to the June 3, 2021 Shareholders' Meeting that it set the dividend in respect of 2020 – payable in June 2021 – at €1.33 per share, to be paid in cash, i.e., the level of the dividend paid in June 2019.

The Board of Directors also confirmed that it would be maintaining its policy of favoring a dividend in cash and targeting a normalized dividend payout rate representing between 35% and 40% of recurring net income, a rate that will be exceeded for the dividend payable in respect of 2020.

Other specific measures taken to strengthen the Group's liquidity

As the economic situation gradually improves in certain countries, the Group's sale of its interest in Sika at the end of May helped boost cash by €2.4 billion (see note 3.2, "Changes in Group structure").

Various countries benefited from postponements of tax and social security payments, with the exception of France where these measures were not used. At December 31, 2020, there were no longer any significant amounts of deferred tax and social security payments within the Group.

2.3 Impairment review in light of the Covid-19 pandemic

- Impairment review of property, plant and equipment and intangible assets

The impacts of the pandemic – though much less significant in the second half – were taken into account when measuring these assets at the reporting date, using the approach described in note 6.5. The start of 2021 has validated the projections used for the impairment tests at December 31, 2020.

- Impairment review of other non-current assets

The impacts of the Covid-19 health crisis were also taken into account when measuring other non-current assets. In particular, this led to adjustments in the carrying amount of investments in equity-accounted companies to reflect their estimated value.

- Impacts of the Covid-19 crisis on the recognition of deferred tax assets on tax loss carryforwards

Due to short-term uncertainties related to the Covid-19 health crisis, the Group measured deferred tax assets based on an analysis of the tax position in each country concerned. The additional reduction in deferred tax assets on tax loss carryforwards in France recognized in an amount of €58 million at end-June 2020 was maintained at December 31, 2020.

- Impairment review of current assets: impacts of the Covid-19 pandemic on impairment provisions for trade accounts receivable and on the value of inventories

The review of trade accounts receivable in light of the Covid-19 crisis did not highlight any major default risks (see note 4.4.2 "Operating and non-operating receivables and payables").

Fixed costs relating to idle capacity attributable to the Covid-19 crisis were not included in calculating the value of inventories and were classified within operating items.

2.4 Impact on current operating items

- Amendment to IFRS 16 relating to Covid-19-related rent concessions

The amendment to IFRS 16 on Covid-19-related rent concessions was published by the IASB on May 28, 2020 and adopted by the European Union in early October 2020. It did not have a material impact on the Group's consolidated financial statements for the year ended December 31, 2020.

- Impacts of the Covid-19 crisis on the calculation of supplier and customer discounts

The consequences of the Covid-19 health crisis were taken into account when calculating supplier discounts to be recognized in operating income (as a deduction from cost of sales) by entities in the Distribution business (see note 4.1.3 "Business income") and customer discounts to be recognized as a deduction from sales by entities in the Industry business.

- Reduction in business travel costs

Operating income includes business travel cost savings resulting from the reduction in, or cancellation of, business trips in most countries where the Group does business.

- Provisions for management bonuses

In first-half 2020, budgeted management bonuses were revised in light of the impact of Covid-19 on annual earnings forecasts. As earnings improved in the second half of the year, the provisions were adjusted accordingly at December 31, 2020 (see note 5.4.3).

The impacts described above reflect the current Covid-19 environment. 2020 was a year of stark contrasts, with the strong negative impacts of the pandemic in the six months to June 30 partly countered by more limited impacts in the second half. These impacts may change in the coming months depending on the pandemic's development, duration, magnitude and available medical treatment, as well as on its consequences for the Group's partners (customers, suppliers, etc.).

NOTE 3 Scope of consolidation

3.1 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.

3.1.1 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.

3.1.2 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).

When the Group disposes of a portion of an equity interest leading to the loss of control (but retains 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.

3.1.3 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 net book value. 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.

3.1.4 Intragroup transactions

All intragroup transactions in the balance sheet and income statement are eliminated in consolidation.

3.1.5 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.

3.1.6 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.

3.1.7 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.

3.1.7.1 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).

3.1.7.2 Lebanon

The financial and political crisis in Lebanon has been growing since the end of 2019. As a result, inflation in the country has risen sharply, topping 100% in 2020 compared to a rate of 10% or lower up to the end of 2019 (since December 1997, the Lebanese pound has been indexed to the US dollar at USD 1 = LBP 1,507.5). Since economic forecasts do not anticipate any improvement in the short term, 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 revenue), IAS 29 will be applied to the Group's Lebanese companies with effect from January 1, 2021.

3.2 Changes in Group structure

Significant changes in the Group's structure during 2020 and 2019 are presented below and a list of the main consolidated companies at December 31, 2020 is provided in note 14 "Principal consolidated companies".

3.2.1 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.

3.2.1.1 Main acquisitions in 2020

Acquisitions in 2020 represent full-year sales of around €500 million and €110 million in Ebitda.

- On January 30, 2020, Saint-Gobain announced that Continental Building Products (NYSE: CBPX), a key player in the plasterboard industry in North America, obtained shareholder approval to be acquired by Saint-Gobain and that the American anti-trust authorities authorized the transaction. The acquisition was finalized on February 3, 2020.

  Upon completion of the operation, Saint-Gobain acquired all of the shares of Continental Building Products for US$37.00 per share in a transaction valued at approximately US$1.4 billion (around €1.3 billion).

  The process of identifying and measuring the assets acquired and liabilities assumed at their fair value began during first-half 2020 and was finalized at December 31, 2020. Goodwill relating to Continental Building Products cannot be amortized for tax purposes and its amount as measured by the Group is final.

The table below shows the fair value measurement of each major category of assets acquired and liabilities assumed:

(in EUR million)	Continental Building Products	Other newly-consolidated companies	Total at the acquisition date
Intangible assets	425	32	457
Property, plant and equipment	289	30	319
Financial assets and other non-current assets	15	0	15
NON-CURRENT ASSETS	**729**	**62**	**791**
Inventories	28	11	39
Trade accounts receivable, net	49	9	58
Other receivables	14	(8)	6
Cash and cash equivalents	130	10	140
CURRENT ASSETS	**221**	**22**	**243**
Non-current portion of long-term debt and lease liabilities	236	6	242
Non-current portion of provisions and other liabilities	103	11	114
NON-CURRENT LIABILITIES	**339**	**17**	**356**
Current portion of long-term debt and lease liabilities	5	0	5
Trade accounts payable	68	6	74
Other payables	21	0	21
Short-term debt and bank overdrafts	0	2	2
CURRENT LIABILITIES	**94**	**8**	**102**
TOTAL FAIR VALUE OF NET ASSETS ACQUIRED	**517**	**59**	**576**
Acquisition cost of shares	1,154	135	1,289
Minority interests	0	6	6
GOODWILL	**637**	**82**	**719**

The Continental Building Products acquisition presents a strong geographic fit with Saint-Gobain's North American operations, as well as cost synergies. The acquisition broadens the Group's product portfolio, allowing it to provide innovative solutions to a wider customer base.

This acquisition represents pro forma full-year sales of €421 million (USD 480 million) and €98 million (USD 112 million) in Ebitda for 2020.

- 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. The complementarity of Strikolith with Saint-Gobain's existing businesses enhances the Group's range of solutions in External Thermal Insulation Composite Systems (ETICS) and in construction chemicals in the Netherlands.
- On September 7, 2020, Saint-Gobain 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.

The Group began its process of identifying and measuring the assets acquired and liabilities assumed at their fair value within the scope of the Strikolith and MS Group acquisitions during the last quarter of 2020 and will finalize the purchase price accounting within 12 months of the acquisition date.

3.2.1.2 Main disposals and deconsolidations in 2020

Disposals in 2020 represent full-year sales of around €130 million.

The main company deconsolidations in 2020 are summarized below:

- following the commencement of the proceeding under Chapter 11 of the U.S. Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC were no longer consolidated in the Group's financial statements (see note 8.2.2.2 on the asbestos-related liabilities in the United States). This did not have a material impact on the Group's consolidated income;
- on March 10, 2020, Saint-Gobain divested part of Glasssolutions, its glass processing business in Germany, to DIK Deutsche Industriekapital GmbH;
- in May 2018, Saint-Gobain had acquired a 10.75% interest in Sika indirectly through the acquisition of 100% of Schenker-Winkler Holding AG (SWH) shares held by the Burkard family, as part of a global agreement with the Burkard family and Sika (see Section 5.4.2, Chapter 2 of the 2018 Registration Document and Section 2.2, note 2 to the consolidated financial statements in Chapter 8 of the 2019 Universal Registration Document).

  Following expiration of the two-year lock-up period set out in the May 2018 agreement with Sika, and as Sika decided not to exercise its right of first offer, on May 27, 2020 Saint-Gobain announced that it had completed the sale of approximately 15.2 million Sika shares held through its subsidiary SWH, representing its entire 10.75% stake in Sika's share capital, for a total amount of CHF 2.56 billion (€2.4 billion). The sale took the form of a private placement with qualified institutional investors.

  The shares in Sika were classified as equity investments, and the Group chose to recognize changes in the fair value of the shares within other comprehensive income directly in equity.

3.2.2 Transactions carried out in 2019

Saint-Gobain pursued a portfolio optimization strategy in 2019. Various acquisitions were completed in order to strengthen the Group's profile in high added-value businesses and in growing markets. In 2019, 18 acquisitions of consolidated companies or of companies in the process of being consolidated were completed for a total amount of around €260 million. Saint-Gobain also sold 15 consolidated companies for a total amount of €370 million.

The main transactions are summarized below:

- on January 11, 2019, Saint-Gobain sold its regional glass business Glassolutions Norway and Sweden to Mimir Invest AB, a Swedish investment firm;
- on February 1, 2019, Saint-Gobain completed the acquisition of American Seal and Engineering Co., a leader in technical sealing solutions;
- on April 24, 2019, Saint-Gobain completed the acquisition of the entire share capital of Knauf Mexico, a company specializing in the manufacture and distribution of plasterboard;
- on May 14, 2019, Saint-Gobain completed the sale of its silicon carbide grains and powders business to the private equity firm OpenGate Capital;
- on May 28, 2019, Saint-Gobain acquired UK-based Pritex, a key player in acoustic and thermal insulation solutions made from polymer-based composite materials and intended for the mobility market;
- on September 30, 2019, Saint-Gobain completed the sale of Saint-Gobain Building Distribution Deutschland to the Stark group;
- on October 1, 2019, Saint-Gobain completed the sale of K par K, specializing mainly in the door-to-door sale of customized woodwork and windows on the French market;
- on October 7, 2019, Saint-Gobain announced that it had completed the sale of its Optimera construction materials distribution business in Denmark to Davidsens Tommerhandel;
- on October 16, 2019, Saint-Gobain announced that it had acquired 100% of the mortars division of the Celima group in Peru. The mortars division leads the country's tiling adhesives market;
- on November 4, 2019, Saint-Gobain sold its regional glass transformation business Glassolutions in the Netherlands to the German family office Aequita;
- on November 29, 2019, Saint-Gobain completed the sale of Distribution Matériaux pour les Travaux Publics (DMTP) to the Frans Bonhomme group;
- on December 19, 2019, Saint-Gobain sold Hankuk Glass Industries, its construction glass activity in South Korea, to Glenwood Private Equity, a leading investment management company in South Korea specialized in industrial activities and the construction sector;
- on December 26, 2019, Saint-Gobain acquired Sonex, a Brazilian company specialized in the manufacture and supply of acoustic ceiling systems, marketed in particular under the Sonex, Nexacustic and Fiberwood brands;
- on December 31, 2019, Saint-Gobain acquired Belgium-based High Tech Metal Seals (HTMS), a designer and manufacturer of metal seals for the industrial, energy and aerospace markets;
- on December 31, 2019, Saint-Gobain entered into an agreement with Hirsch Servo and BEWiSynbra, through its subsidiary Placoplatre, to sell its expanded polystyrene (EPS) business in France.

At December 31, 2019, acquisitions represented full-year sales of around €189 million and €36 million in EBITDA. Disposals represented full-year sales of around €2.9 billion.

3.3 Assets and liabilities held for sale

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 (Southern Europe – ME & Africa segment), its home improvement business in France, on the basis of a firm and binding offer. This important step sets in motion a period of consultations and approvals (particularly with employee representatives), with the transaction expected to be completed in the first half of 2021. The Group will inject €245 million into Lapeyre in order to give it a strong cash position ahead of its sale.

Similarly, on January 4, 2021, Saint-Gobain announced that it was in exclusive negotiations with BME (Building Materials Europe) in preparation for the sale of Saint-Gobain Distribution The Netherlands (SGD NL, Southern Europe – ME & Africa segment). SGD NL operates in the Netherlands under the Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen brands. The transaction is subject to approval by the European competition authorities and to communication and consultation obligations with regard to the employee representatives of the relevant Dutch entities. The sale is expected to be finalized by the end of 2021.

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 Section 3.1.3), the balance sheet accounts of Lapeyre and SGD NL were combined and measured within assets and liabilities held for sale in the consolidated balance sheet at December 31, 2020, in accordance with IFRS 5. For confidentiality reasons, the position of each individual company at December 31, 2020 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.

The breakdown of assets and liabilities held for sale at the end of the reporting period is as follows:

(in EUR mil1llion)	Dec. 31, 2020
Intangible assets, property, plant and equipment, right-of-use assets and other non-current assets	164
Inventories, trade accounts receivable and other receivables	146
Cash and cash equivalents	19
ASSETS HELD FOR SALE	**329**
Provisions for pensions and other employee benefits	36
Other current and non-current liabilities and provisions	17
Trade accounts payable, other payables and other current liabilities	281
Debt and bank overdrafts	167
LIABILITIES HELD FOR SALE	**501**
NET ASSETS (LIABILITIES) HELD FOR SALE	**(172)**

3.4 Changes in the number of consolidated companies

At December 31, 2020, the number of consolidated companies was as follows:

	France	Outside France	Total
Fully consolidated companies			
At December 31, 2019	**133**	**618**	**751**
Newly consolidated companies	2	35	37
Merged companies	(4)	(14)	(18)
Deconsolidated companies	(2)	(25)	(27)
Change in consolidation method		2	2
At December 31, 2020	**129**	**616**	**745**
Equity-accounted companies and joint arrangements			
At December 31, 2019	**2**	**97**	**99**
Newly consolidated companies	1	4	5
Merged companies			0
Deconsolidated companies		(16)	(16)
Change in consolidation method		(2)	(2)
At December 31, 2020	**3**	**83**	**86**
Total			
AT DECEMBER 31, 2019	**135**	**715**	**850**
AT DECEMBER 31, 2020	**132**	**699**	**831**

3.5 Off-balance sheet commitments related to companies within the scope of consolidation

The Group's call option on Continental Building Products expired on February 3, 2020 when it acquired the company.

NOTE 4 Information concerning the Group's operating activities

4.1 Income statement items

4.1.1 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.

4.1.2 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.

4.1.3 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 million)	**2020**	**2019**
SALES	**38,128**	**42,573**
Personnel expenses:		
Salaries and payroll taxes [(1)]	(7,625)	(8,336)
Share-based payments [(2)]	(45)	(33)
Pensions and employee benefit obligations [(2)]	(222)	(158)
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets [(3)]	(1,902)	(1,901)
Share in net income of core business equity-accounted companies	13	24
Other [(4)]	(25,492)	(28,779)
OPERATING INCOME	**2,855**	**3,390**
Other business income	88	196
Other business expense [(3)]	(1,511)	(1,033)
OTHER BUSINESS INCOME AND EXPENSE	**(1,423)**	**(837)**
BUSINESS INCOME	**1,432**	**2,553**

(1) The year-on-year fall in salaries and payroll taxes in 2020 is attributable to the reduction in headcount (see note 5.1) and to the use of furlough schemes in response to the crisis triggered by the Covid-19 pandemic (see note 2.1);

(2) Share-based payments (IFRS 2 expense) and changes in employee benefit expense are detailed in note 5 "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 €1,948 million in 2020 versus €1,901 million in 2019. As from 2020, the "Other business expense" item includes amortization charged against intangible assets within the scope of purchase price accounting, representing €46 million in the year (see note 4.1.4);

(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 €429 million in 2020 (2019: €466 million).

4.1.4 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 million)	2020	2019
Restructuring costs (1)	(261)	(248)
Provisions and expenses relating to claims and litigation (2)	(4)	(89)
Other	(77)	(84)
NON-OPERATING INCOME AND EXPENSE	**(342)**	**(421)**
Impairment of assets and other (3)	(1,007)	(414)
Amortization of intangible assets related to PPA (4)	(46)	0
Other business expense (5)	(116)	(198)
IMPAIRMENT OF ASSETS AND OTHER BUSINESS EXPENSES	**(1,169)**	**(612)**
GAINS ON DISPOSALS OF NON-CURRENT ASSETS	**88**	**196**
GAINS (LOSSES) ON DISPOSALS, ASSET IMPAIRMENT, IMPACT OF CHANGES IN GROUP STRUCTURE	**(1,081)**	**(416)**
OTHER BUSINESS INCOME AND EXPENSE	**(1,423)**	**(837)**

(1) Restructuring costs in 2020 mainly consist of severance payments totaling €124 million (2019: €59 million);

(2) Up to 2019, changes in provisions and expenses relating to litigation as detailed and explained in note 8 "Other current and non-current liabilities and provisions, contingent liabilities and litigation" chiefly concerned asbestos-related litigation. In 2020, the decrease in provisions for asbestos-related litigation is primarily attributable to the deconsolidation of DBMP LLC (see note 8.2.2.2 discussing asbestos-related litigation in the United States);

(3) The "Impairment of assets and other" line essentially includes (i) impairment of goodwill, other intangible assets, property, plant and equipment, right-of-use assets and assets held for sale for €958 million in 2020 (mainly reflecting write-downs taken against intangible assets of the Distribution business in the United Kingdom and assets held for sale), compared to €342 million in 2019 (mainly assets held for sale), (ii) the impairment of other assets for €19 million (2019: €61 million), and (iii) acquisition fees and contingent consideration incurred in connection with business combinations, representing a net expense of €30 million in 2020 (2019: net expense of €11 million);

(4) In light of the major Continental Building Products acquisition carried out this year, amortization charged against brands and customer lists is now 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. This amortization totaled €46 million in 2020;

(5) Other business expense in 2020 as in 2019, mainly include capital losses on assets divested or scrapped.

4.2 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, plus the holding companies:
  - 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 2020 and 2019 is as follows:

2020

(in EUR million)	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").

2019

(in EUR million)	High Performance Solutions (2)	Northern Europe	Southern Europe (2) – ME & Africa	Americas (2)	Asia-Pacific	Other (1)	Group Total
Sales	7,584	15,058	13,624	5,555	1,888	(1,136)	42,573
Operating income (loss)	966	946	736	562	200	(20)	3,390
Business income (loss)	794	574	537	410	260	(22)	2,553
Share in net income (loss) of equity-accounted companies	1	9	(3)	15	4	(2)	24
Operating depreciation and amortization	345	610	582	238	99	27	1,901
Impairment of assets	0	224	86	7	23	2	342
Ebitda	1,211	1,455	1,244	666	292	2	4,870
Acquisitions of property, plant and equipment and intangible assets (3)	424	475	418	316	139	46	1,818
Goodwill, net	1,937	4,331	2,120	1,337	304	0	10,029
Brands, customer relationships and intellectual property	67	1,525	491	22	0	0	2,105
Total segment assets and liabilities	5,805	10,368	7,835	4,115	1,529	304	29,956

(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 €10,684 million and €5,357 million, respectively. France and United States segment assets represent €6,615 million and €4,590 million, respectively;

(3) Capital expenditure does not include right-of-use assets.

Sales and operating income derived from European operations (Northern Europe and Southern Europe – ME & Africa) can be analyzed as follows by Industry and Distribution entities:

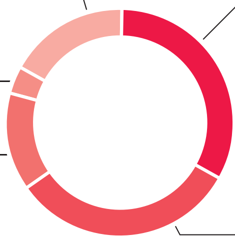
2020

(in EUR million)	Sales	Operating income
Industry Europe	9,240	752
Distribution Europe	16,347	680

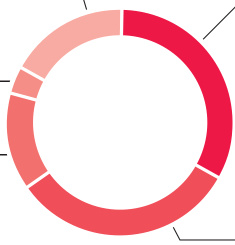
2019

(in EUR million)	Sales	Operating income
Industry Europe	10,115	933
Distribution Europe	19,006	749

In 2020, the breakdown of sales by segment and for the Group's main countries is as follows:



In 2019, the breakdown of sales by segment was as follows:



4.3 Performance indicators

4.3.1 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 €4,415 million in 2020 (2019: €4,870 million), calculated as follows:

(in EUR million)	2020	2019
Operating income	2,855	3,390
Depreciation/amortization of property, plant and equipment and intangible assets	1,227	1,219
Depreciation of right-of-use assets	675	682
Non-operating income and expense	(342)	(421)
EBITDA	**4,415**	**4,870**

4.3.2 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.

4.3.3 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.

8

4.3.4 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 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.

4.3.5 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 €1,470 million in 2020 (2019: €1,915 million). Based on the weighted average number of shares outstanding at December 31 (536,452,195 shares in 2020 and 542,079,771 shares in 2019), recurring earnings per share amounted to €2.74 in 2020 and €3.53 in 2019.

The difference between net income and recurring net income corresponds to the following items:

(in EUR million)	2020	2019
GROUP SHARE OF NET INCOME	**456**	**1,406**
Less:		
Gains (losses) on disposals of assets	(28)	(2)
Impairment of assets and other	(1,007)	(414)
Changes in provisions for non-recurring items	(42)	(128)
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	62	36
GROUP SHARE OF RECURRING NET INCOME	**1,470**	**1,915**

4.4 Working capital

Working capital can be analyzed as follows:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
INVENTORIES, NET	**5,362**	**6,200**
TRADE ACCOUNTS RECEIVABLE, NET	**4,597**	**4,813**
Other operating receivables	1,206	1,471
Other non-operating receivables	63	138
OTHER RECEIVABLES, NET	**1,269**	**1,609**
CURRENT TAX RECEIVABLE	**147**	**194**
TRADE ACCOUNTS PAYABLE	**5,897**	**6,000**
Other operating payables	3,454	3,457
Other non-operating payables	457	547
OTHER PAYABLES	**3,911**	**4,004**
CURRENT TAX LIABILITIES	**175**	**156**
Operating working capital	1,814	3,027
Non-operating working capital (including current tax receivables and liabilities)	(422)	(371)
WORKING CAPITAL	**1,392**	**2,656**

4.4.1 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, 2020 and 2019, inventories were as follows:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
Gross value		
Raw materials	1,368	1,494
Work in progress	308	344
Finished goods	4,170	4,856
GROSS INVENTORIES	**5,846**	**6,694**
Provisions for impairment		
Raw materials	(175)	(191)
Work in progress	(15)	(16)
Finished goods	(294)	(287)
TOTAL PROVISIONS FOR IMPAIRMENT	**(484)**	**(494)**
INVENTORIES, NET	**5,362**	**6,200**

The net value of inventories is €5,362 million at December 31, 2020 compared to €6,200 million at December 31, 2019. Impairment losses on inventories recorded in the 2020 income statement totaled €222 million (2019: €229 million). Reversals of impairment losses on inventories amounted to €175 million in 2020 (2019: €198 million).

The decrease in inventories at December 31, 2020 reflects the close monitoring of purchases and production during and outside lockdown periods, coupled with solid sales towards the end of the year.

4.4.2 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 9.3.8 and 9.3.10).

Trade and other accounts receivable

Trade and other accounts receivable can be analyzed as follows:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
Gross value	4,959	5,177
Provisions for impairment	(362)	(364)
TRADE ACCOUNTS RECEIVABLE, NET	**4,597**	**4,813**
Discounts obtained from and advances granted to suppliers	566	660
Prepaid payroll taxes	36	35
Other prepaid and recoverable taxes (other than income tax)	350	476
Miscellaneous operating receivables	260	301
Other non-operating receivables and provisions	64	139
Provisions for impairment of other operating receivables	(6)	(1)
Provisions for impairment of other non-operating receivables	(1)	(1)
OTHER RECEIVABLES, NET	**1,269**	**1,609**

In 2020, provisions and losses on trade accounts receivable were adversely affected by the consequences of the Covid-19 pandemic. Changes in impairment provisions for trade accounts receivable primarily reflect €121 million in additions (€99 million in 2019) and €102 million in reversals resulting from recoveries as well as write-offs (€113 million in 2019), as well as changes in exchange rates and Group structure. Bad debt write-offs remained stable at €76 million compared to €79 million at December 31, 2019.

Trade accounts receivable at December 31, 2020 and 2019 are analyzed below by maturity:

	Gross value		Impairment		Net value	
(in EUR million)	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
TRADE ACCOUNTS RECEIVABLE NOT YET DUE	**4,121**	**4,046**	**(60)**	**(34)**	**4,061**	**4,012**
Less than 1 month	330	471	(18)	(21)	312	450
1-3 months	125	184	(26)	(20)	99	164
More than 3 months	383	476	(258)	(289)	125	187
TRADE ACCOUNTS RECEIVABLE PAST DUE	**838**	**1,131**	**(302)**	**(330)**	**536**	**801**
TRADE ACCOUNTS RECEIVABLE	**4,959**	**5,177**	**(362)**	**(364)**	**4,597**	**4,813**

Trade and other accounts payable

Trade and other accounts payable and accrued expenses can be analyzed as follows:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
TRADE ACCOUNTS PAYABLE	**5,897**	**6,000**
Downpayments received and rebates granted to customers	1,356	1,338
Payables to suppliers of non-current assets	274	346
Grants received	99	108
Accrued personnel expenses	1,263	1,242
Accrued taxes other than on income	368	418
Other operating payables	467	459
Other non-operating payables	84	93
OTHER PAYABLES	**3,911**	**4,004**

4.5 Off-balance sheet commitments related to operating activities

4.5.1 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 million)	Total 2020	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Total 2019
Property, plant and equipment and intangible assets	33	30	3	0	45
Raw materials and energy	1,357	406	721	230	1,491
Services	183	99	76	8	276
TOTAL	**1,573**	**535**	**800**	**238**	**1,812**

4.5.2 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 €72 million at December 31, 2020 (December 31, 2019: €93 million).

4.5.3 Commercial commitments

The Group's commercial commitments are shown below:

		Commitment amounts by period			
(in EUR million)	Total 2020	Due within 1 year	Due in 1 t o 5 years	Due beyond 5 years	Total 2019
Security for borrowings	45	23	11	11	44
Other commitments given	144	72	24	48	157
TOTAL	**189**	**95**	**35**	**59**	**201**

Guarantees given to the Group in respect of receivables totaled €77 million at December 31, 2020 (December 31, 2019: €83 million). At December 31, 2020, pledged assets represented €674 million (December 31, 2019: €714 million) and chiefly concerned fixed assets pledged in the United Kingdom.

4.5.4 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.

Greenhouse gas emissions allowances allocated to Group companies by the European Union in 2020 represented approximately 3.3 million metric tons of CO_2. This will enable the Group to surrender enough allowances to cover its actual emissions for 2020. As a result, no provision has been recorded in this respect in the Group's financial statements.

2021 marks the start of Phase IV of the CO_2 emissions market (EU ETS). The 2021 allowances will be added to the residual inventory of prior allocations and will enable the Group in early 2022 to cover the level of its greenhouse gas emissions in 2021.

NOTE 5 Employees, personnel expenses and employee benefit obligations

5.1 Employees of fully consolidated companies

Average headcount

	2020	2019
Managerial-grade employees	29,027	30,555
Administrative employees	70,658	77,341
Other employees	68,775	73,045
TOTAL AVERAGE NUMBER OF EMPLOYEES	**168,460**	**180,941**

Closing headcount

The total number of Group employees for fully consolidated companies was 167,552 employees at December 31, 2020 and 170,643 employees at December 31, 2019.

5.2 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 2020 and 2019:

(in EUR million)	2020	2019
Directors' compensation	1.0	1.1
Direct and indirect compensation (gross)		
Fixed portion	8.1	7.7
Variable portion	5.2	3.7
Share-based payment expense (IFRS 2)	6.6	7.6
TOTAL EXCLUDING ESTIMATED COST OF PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS (IAS 19)	**20.9**	**20.1**
Estimated cost of pensions and other employee benefit obligations (IAS 19)*	1.8	-2.0
TOTAL	**22.7**	**18.1**

* *The 2019 gain takes into account the impact of settling certain plans (see note 5.3 dealing with provisions for pensions and other employee benefits).*

Total gross compensation and benefits paid in 2020 to Saint-Gobain management by the French and foreign companies in the Group (excluding any long-term cash settled compensation) amounted to €13.3 million (2019: €11.4 million), including €5.2 million in gross variable compensation (2019: €3.7 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 €46.3 million at December 31, 2020 (December 31, 2019: €41.5 million).

5.3 Provisions for pensions and other employee benefits

5.3.1 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. These obligations 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 as follows:

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 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.

8

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.

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 benefits. 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.

5.3.2 Actuarial assumptions used to measure defined benefit obligations and plan assets

5.3.2.1 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, 2020.

For the Eurozone, two discount rates were calculated based on the term of the plans using a yield curve model developed by the consultants 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 2020 for the Group's main plans are 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.*

The rates used in 2019 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	1.01%	1.39%	1.01%	1.39%	2.00%	3.20%
Salary increases		2.50%		1.80% to 2.40%	2.00%*	3.00%
Inflation rate		1.50%		1.00% to 1.70%	1.90%	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 pension obligation, the revised actuarial assumptions, notably the discount and inflation rates, contributed to an increase in the obligation, and therefore the provision, in an amount of €1,070 million.

The actual return on plan assets for almost all plans amounts to €1,290 million. It is €1,086 million higher than the expected return, leading to a decrease in the provision of the same amount.

5.3.2.2 Sensitivity of assumptions

A 0.5-point decrease (increase) in the discount rate would lead to an increase (decrease) in defined benefit obligations of around €210 million for the United States plans, €190 million for the Eurozone plans and €480 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 €610 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 4.50% and 5.59% per year, depending on the age of the beneficiary. A 1-point increase in this rate would lead to an increase of around €30 million in the related projected benefit obligation.

5.3.3 Breakdown of and changes in pensions and other post-employment benefit obligations

5.3.3.1 Carrying amount of provisions

Provisions for pensions and other employee benefit obligations consist of the following:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
Pension obligations	1,822	1,824
Length-of-service awards	400	396
Post-employment healthcare benefits	278	287
TOTAL PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**2,500**	**2,507**
Healthcare benefits	24	26
Long-term disability benefits	11	12
Other long-term benefits	94	103
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**2,629**	**2,648**

Provisions for all other long-term benefits total €129 million at December 31, 2020 (€141 million at December 31, 2019).

The following table shows net obligations under pensions and other post-employment benefit plans, excluding other long-term benefits:

(in EUR million)	Dec. 31, 2020	Dec. 31, 2019
Provisions for pensions and other post-employment benefit obligations – liabilities	2,500	2,507
Pension plan surpluses – assets	(334)	(288)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**2,166**	**2,219**

5.3.3.2 Analysis of obligations

At December 31, 2020, pension obligations and provisions for other post-employment benefit obligations break down by major geographic region as follows:

(in EUR million)	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**

At December 31, 2019, pension obligations and provisions for other post-employment benefit obligations broke down by major geographic region as follows:

(in EUR million)	France	Eurozone	United Kingdom	United States	Rest of the World	Net total
AVERAGE DURATION *(in years)*	**14**	**16**	**20**	**12**	**17**	**17**
Defined benefit obligations – funded plans	659	1,443	5,244	2,955	1,050	11,351
Defined benefit obligations – unfunded plans	314	144		250	176	884
Fair value of plan assets	(231)	(505)	(5,452)	(2,876)	(960)	(10,024)
DEFICIT (SURPLUS)	**742**	**1,082**	**(208)**	**329**	**266**	**2,211**
Asset ceiling			2		6	8
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**742**	**1,082**	**(206)**	**329**	**272**	**2,219**

5.3.3.3 Changes in provisions

Changes in pensions and other post-employment benefit obligations are as follows:

(in EUR million)	Pension obligations	Fair value of plan assets	Asset ceiling	Net pension and other post-employment benefit obligations
AT JANUARY 1, 2019	**10,860**	**(8,677)**	**10**	**2,193**
Changes during the year				
Service cost	184			184
Interest cost/return on plan assets as per calculations	317	(266)		51
Employee contributions and plan administration costs		(2)		(2)
Past service cost				0
Plan curtailments/settlements	(51)	2		(49)
Pension contributions		(124)		(124)
Benefit payments	(535)	445		(90)
Actuarial gains and losses and asset ceiling	1,160	(1,078)	(2)	80
Translation adjustments	334	(335)		(1)
Changes in Group structure and reclassifications	(23)	12		(11)
Liabilities held for sale	(11)	(1)		(12)
TOTAL CHANGES	**1,375**	**(1,347)**	**(2)**	**26**
AT DECEMBER 31, 2019	**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**

5.3.3.4 Actuarial gains and losses

Actuarial gains and losses on provisions result from the following items:

(in EUR million)	2020	2019
Pension obligations	1,070	1,160
Fair value of plan assets	(1,086)	(1,078)
Asset ceiling	7	(2)
TOTAL CHANGES	**(9)**	**80**

5.3.3.5 Plan assets

Plan assets have been progressively built up by contributions, primarily in the United Kingdom and the United States.

Contributions paid by the Group in 2020 totaled €119 million (2019: €124 million).

A 0.5-point increase or decrease in the actual return on plan assets would have an impact of approximately €51 million on equity.

Plan assets mainly comprise:

	Dec. 31, 2020	Dec. 31, 2019
Equities	22%	22%
Bonds	56%	61%
Other	22%	17%

Contributions to pension plans for 2021 are estimated at around €65 million.

5.3.4 Defined contribution plans

Contributions to defined contribution plans are expensed as incurred.

Contributions to defined contribution plans for 2020 represented an estimated €628 million (2019: €653 million), including €412 million for government-sponsored basic pension schemes (2019: €428 million), €123 million for government-sponsored supplementary pension schemes, mainly in France (2019: €127 million), and €93 million for corporate-sponsored supplementary pension plans (2019: €98 million).

5.4 Share-based payments

5.4.1 Group Savings Plan

The Group Savings Plan (*Plan Épargne 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.

The compensation cost recorded in accordance with IFRS 2 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 2020, Saint-Gobain implemented a new PEG (*Plan Épargne Groupe*). The terms of the 2020 PEG are identical to the 2019 PEG and are described below.

In 2020, 6,099,996 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €23.03 (2019: 5,999,997 shares at an average price of €25.69), representing a share capital increase of €139 million (€153 million in 2019), net of transaction fees.

An amount of €3.7 million was expensed in respect of the plans in 2020, compared to a zero expense in 2019 owing to the lock-in cost.

The following table shows the main features of the standard plans, the amounts invested in the plans and the valuation assumptions applied in 2020 and 2019:

	2020	2019
Plan characteristics		
Date of Shareholders' Meeting	June 6, 2019 (17th Resolution)	June 7, 2018 (17th Resolution)
Date of the Chief Executive Officer's decision fixing the subscription price	June 15	March 18
Plan duration *(in years)*	5 or 10	5 or 10
Reference price *(in EUR)*	28.79	32.11
Subscription price *(in EUR)*	23.03	25.69
Discount *(in %)*	20.00%	20.00%
Total discount on the date of the Chief Executive Officer's decision *(in %)* **(a)**	24.57%	22.02%
Employee investments *(in EUR million)*	140.5	154.1
Total number of shares subscribed	6,099,996	5,999,997
Valuation assumptions (5-year maturity)		
Interest rate applicable to employees*	4.80%	4.85%
Risk-free interest rate	-0.45%	-0.17%
Repo rate	0.29%	0.48%
Lock-up discount *(in %)* **(b)**	21.77%	22.11%
Total cost to the Group *(in %)* **(a-b)**	2.80%	-0.09%

* *A 0.5-point decline in borrowing costs for the employee would increase the expense as calculated in accordance with IFRS 2 by €2.2 million in 2020.*

As the introduction of the new PEG was postponed compared to previous years due to the pandemic, the capital increase took place in August 2020.

5.4.2 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, options may only be exercised after four years of the grant date. During this period, none of the options received may be exercised. 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, 2020, the 2012 plan offers subscription options, while the 2013, 2015 and 2016 plans offer purchase options. For plans launched in 2017 and 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.

As in 2019, no stock options were awarded in 2020.

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, 2018	**1,848,007**	**38.78**
Options granted	0	0
Options exercised	(310,204)	36.33
Options forfeited	(480,281)	37.40
OPTIONS OUTSTANDING AT DECEMBER 31, 2019	**1,057,522**	**40.12**
Options granted	0	0
Options exercised	0	0
Options forfeited*	(212,998)	40.43
OPTIONS OUTSTANDING AT DECEMBER 31, 2020	**844,524**	**40.04**

* *Including 206,498 options granted under the 2016 stock option plan that lapsed because the performance conditions were not met, and 6,500 options relating to rights under said plan that were 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 €0.7 million in 2020 (€1 million in 2019).

The table below summarizes information about stock options outstanding at December 31, 2020, 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**
2011	31.22		11			0	Subscription
2012	27.71	19,633	23			19,633	Subscription
2013	38.80	120,347	35			120,347	Purchase
2014	34.13		47			0	Purchase
2015	39.47	62,542	59			62,542	Purchase
2016	40.43	67,002	71			67,002	Purchase
2017			83	49.38	284,500	284,500	Subscription or purchase*
2018			95	32.24	290,500	290,500	Subscription or purchase*
TOTAL		**269,524**			**575,000**	**844,524**	

* *2017 and 2018 plans: see above.*

At December 31, 2020, 269,524 stock options were exercisable (at an average exercise price of €38.55) and 575,000 options (with an average exercise price of €40.72) had not yet vested.

5.4.3 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 criteria as well as the lock-up feature. It is recognized over the vesting period, which covers a maximum of four years.

Since 2012, 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.

In the exceptional circumstances caused by the Covid-19 pandemic and in light of the structure of the long-term compensation plans (performance condition appreciated over a three-year period and importance of the operating income through the ROCE criterion), the decrease in the Group's operating income in 2020 due to the magnitude of the Covid-19 pandemic would have had a major impact on the long-term compensation plans implemented in 2017, 2018 and 2019. Furthermore, the beneficiaries concerned (almost 2,200 Group employees) have seen a sharp decrease in other components of their compensation tied to earnings figures (in particular the operating income) or due to solidarity measures.

As permitted by the AFEP-MEDEF Code in exceptional circumstances, and pursuant to the plans which grant the Board of Directors powers to adjust targets in the event of such exceptional circumstances justifying so, the Board recognized the need to offset – at least partially – the significant impact of this unprecedented global event of an exceptional scale in order to ensure:

- the motivation and retention of the beneficiaries of the affected plans; and

- that the interests of the beneficiaries and those of shareholders remain aligned (since the ROCE criterion cannot be met and has no further effect);

which are the key goals of the plans.

The Board of Directors has also taken into account the fact that on average over the past five years, Saint-Gobain has been in the lower quartile of CAC 40 companies in terms of its effective burn rate, *i.e.*, the number of performance shares that vest after applying performance conditions (source: Willis Towers Watson study). The Board chose only to partially offset the impacts of the pandemic for its performance share plans – which concern over 2,000 employees – and not for its stock option plans for 2017, 2018 or 2019, which are nonetheless also severely impacted.

Acting on a proposal of the Nomination and Remuneration Committee, and in order to maintain a contingency with respect to the achievement of the ROCE criterion over full-year 2020, the Board of Directors of Compagnie de Saint-Gobain, at its meeting on September 24, 2020, decided to partially offset the impact of the Covid-19 pandemic on operating income for 2020 by excluding the impact recognized in the first half of the year 2020 only.

The Board therefore maintained the challenging aspect and seriousness of the ROCE criterion by allowing the uncertainties of the second half of the year 2020 to remain.

Subject to the above, it should be noted that no changes were made to the affected plans (2017, 2018, and 2019 plans).

5.4.3.1 Performance share plans

At December 31, 2020, there were four outstanding performance share plans, approved by the Board of Directors in 2017, 2018 and 2019 and on November 26, 2020. A total of 1,420 shares remain to be delivered under the 2016 plan in connection with ongoing succession processes, which were launched before the plan was settled on November 24, 2020.

All plans are subject to service and performance conditions. The vesting period for the plans is four years and the shares will be delivered the day after the end of the vesting period for the 2017 plan, and the fourth day after the end of the vesting period for the 2018, 2019 and 2020 plans.

The table below shows changes in the number of performance share rights:

	Number of rights
NUMBER OF PERFORMANCE SHARE RIGHTS AT DECEMBER 31, 2018	**4,176,989**
Performance share rights granted in November 2019	1,251,770
Shares issued/delivered	(341,150)
Lapsed and canceled rights	(159,740)
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**

* *Rights granted under the 2016 plan including 423,316 rights that lapsed because the performance condition had only been partly met, and 73,990 rights that were 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 discount on restricted stock (*i.e.*, stock subject to a four-year lock-up), 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 expense recorded in the income statement in 2020 for these plans amounted to €27.6 million (2019: €27 million).

The following table shows the expected dates when shares under the five performance share plans outstanding at December 31, 2020 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, 2020*	Delivery date	Type of shares
November 24, 2016	1,420	2021	existing
November 23, 2017	1,225,530	November 23, 2021	existing
November 22, 2018	1,218,819	November 25, 2022	existing
November 21, 2019	1,251,770	November 24, 2023	existing
November 26, 2020	1,268,295	November 29, 2024	existing
TOTAL	**4,965,834**		

* *Subject to fulfillment of the service and performance conditions applicable to each plan.*

5.4.3.2 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 was set up in 2020. As the last plan expired in 2019, no expenses in respect of such plans were recognized in 2020 (€5 million in 2019).

NOTE 6 Intangible assets, property, plant and equipment, and right-of-use assets

6.1 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. Any negative difference between the cost of the acquisition and the fair value of the net assets and liabilities acquired is recognized in the income statement during the year of acquisition.

Changes in goodwill in 2020 and 2019 are detailed below:

(in EUR million)	**Dec. 31, 2020**	**Dec. 31, 2019**
At January 1		
Gross value	12,495	12,396
Accumulated impairment	(2,466)	(2,406)
NET VALUE	**10,029**	**9,990**
Changes during the year		
Impairment	(201)	(104)
Translation adjustments and restatement for hyperinflation	(484)	138
Changes in Group structure	719	5
Assets held for sale	(35)	0
TOTAL CHANGES	**(1)**	**39**
At December 31		
Gross value	12,229	12,495
Accumulated impairment	(2,201)	(2,466)
NET VALUE	**10,028**	**10,029**

In 2020, changes in Group structure mainly reflect first-time consolidations following the acquisition of Continental Building Products (see note 3.2) for €637 million and of MS Techniques and Transluminal. They also result from acquisitions carried out at the end of 2019 (consolidated in 2020), in particular High Tech Metal Seals (HTMS) and Sonex. Impairment losses amount to €201 million, relating mainly to the United Kingdom Distribution business and assets held for sale (see note 6.5 on impairment reviews). Currency translation adjustments primarily reflect the impacts of fluctuations in the US dollar, pound sterling, Brazilian real, Norwegian krone, Thai baht and South African rand.

In 2019, changes in Group structure related mainly to newly consolidated companies and deconsolidated divested companies, and concern all segments. Impairment essentially concerned assets sold in the year. The 2019 translation adjustments and restatements for hyperinflation primarily reflected the impacts of fluctuations in the pound sterling, US dollar, Thai baht, Argentine peso, Norwegian krone and Swedish krona.

6.2 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 valuate 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 2020 and 2019 are analyzed below:

(in EUR million)	**Brands**	**Intellectual property and customer relationships**	**Software**	**Other**	**Total intangible assets**
At January 1, 2019					
Gross value	2,807	0	1,170	680	4,657
Accumulated amortization and impairment	(831)	0	(896)	(404)	(2,131)
NET VALUE	**1,976**	**0**	**274**	**276**	**2,526**
Changes during the year					
Acquisitions			47	115	162
Disposals			(2)	(12)	(14)
Translation adjustments and restatement for hyperinflation	47	1	3	3	54
Amortization and impairment	(13)	(9)	(104)	(30)	(156)
Transfers			172	(172)	0
Changes in Group structure and other	23	80	4	32	139
Assets held for sale	0	0	(1)	(1)	(2)
TOTAL CHANGES	**57**	**72**	**119**	**(65)**	**183**
At December 31, 2019					
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 and impairment*	(458)	(42)	(125)	(21)	(646)
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**

* *In 2020, "Amortization and impairment" includes amortization charged against intangible assets within the scope of purchase price accounting, representing €46 million in the year.*

The breakdown of brands, intellectual property and customer relationships by segment is provided in the segment information tables in note 4 "Information concerning the Group's operating activities".

In 2020, changes in Group structure relate 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 (see note 6.5 "Impairment review").

6.3 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 components 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 2020 and 2019 are analyzed below:

(in EUR million)	Land and quarries	Buildings	Machinery and equipment	Assets under construction	Total property, plant and equipment
At January 1, 2019					
Gross value	2,458	8,294	19,651	1,421	31,824
Accumulated depreciation and impairment	(729)	(5,108)	(14,688)	(46)	(20,571)
NET VALUE	**1,729**	**3,186**	**4,963**	**1,375**	**11,253**
Changes during the year					
Acquisitions	16	70	303	1,267	1,656
Disposals	(29)	(26)	(31)	(5)	(91)
Translation adjustments and restatement for hyperinflation	22	42	58	16	138
Depreciation and impairment	(80)	(269)	(907)	(9)	(1,265)
Transfers		239	914	(1,153)	0
Changes in Group structure and other	54	(2)	(108)	(5)	(61)
Assets held for sale	54	(28)	30	21	77
TOTAL CHANGES	**37**	**26**	**259**	**132**	**454**
At December 31, 2019					
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 and impairment	(42)	(261)	(879)	(5)	(1,187)
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**

In 2020, changes in Group structure relate mainly to the first-time consolidation of Continental Building Products. Translation adjustments and restatements for hyperinflation primarily reflect the impacts of fluctuations in the Brazilian real, US dollar, Mexican peso, Indian rupee, pound sterling, Polish zloty, Russian ruble and Argentine peso.

In 2019, changes in Group structure related to newly consolidated companies and deconsolidated divested companies, and concern all segments. Impairment was essentially recognized on assets sold in the year. The 2019 translation adjustments and restatements for hyperinflation primarily reflected the impacts of fluctuations in the pound sterling, US dollar, Argentine peso, Mexican peso and Russian ruble.

6.4 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 US$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 implicit interest rate of the lease is used as the discount rate only in the case of non-property lease contracts and only if the legal documentation of the contract stipulates it explicitly.

Although leases can generally incorporate indexation clauses, lease liabilities are measured based solely on indexes known at the end of the reporting period.

In 2020, right-of-use assets under leases relate mainly to land and buildings for €2,367 million and to machinery and equipment for €535 million.

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 €108 million in 2020 (€115 million in 2019).

The table below presents right-of-use assets for lease contracts by category:

(in EUR million)	Land and buildings	Machinery and equipment	Total
At January 1, 2019			
Gross value	5,389	1,153	6,542
Accumulated depreciation and impairment	(3,149)	(590)	(3,739)
NET VALUE	**2,240**	**563**	**2,803**
Changes during the year			
New leases	718	242	960
Lease modifications	9	1	10
Disposals	(56)	(14)	(70)
Translation adjustments and restatement for hyperinflation	21	8	29
Depreciation and impairment	(491)	(227)	(718)
Assets held for sale	(3)	(1)	(4)
Changes in Group structure and other	(41)	(15)	(56)
TOTAL CHANGES	**157**	**(6)**	**151**
At December 31, 2019			
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 and restatement for hyperinflation	(67)	(19)	(86)
Depreciation and impairment	(485)	(220)	(705)
Changes in Group structure and other	0	0	0
Assets held for sale	(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**

6.5 Impairment review

6.5.1 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 annual budget or 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 2020, the Group had 27 CGUs compared to 28 in 2019, following Lapeyre's classification within assets and liabilities held for sale (see note 3.3). Note that SGD The Netherlands does not represent a separate CGU.

The 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 employed by the Group for the valuation of 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 senior 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 a low annual growth rate (between 1.5% and 2% barring exceptional cases). The average cost of capital remained unchanged in 2020, 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 discount rates applied in 2020 were 6.85% for Western Europe and North America, 7.85% for Eastern Europe and emerging Asia-Pacific and 8.75% for South America, Russia and the Middle East.

6.5.2 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 or decrease in the discount rate applied to cash flows;
- 0.5-point increase or decrease in the annual average rate of growth in cash flows projected to perpetuity;
- 1-point decrease in the operating income rate for Industrial activities and 0.5-point decrease for Distribution activities.

The first half of 2020 was markedly affected by Covid-19, prompting a sharp downturn in trading between March and the end of May. However, the extent of the downturn was different for each CGU. In Europe, which represents more than two-thirds of the Group's sales, trading bottomed out in April before rallying gradually but firmly as from mid-May.

In these unprecedented circumstances, the Group analyzed impairment at June 30 based on qualitative inputs (*i.e.*, the feasibility and long-term viability of each CGU's business model – potentially involving a downward revision of normative business and profitability inputs – as well as the potential magnitude and duration of the crisis triggered by Covid-19) and quantitative inputs (analysis of existing headroom at December 31, 2019 and the known sensitivity of each CGU to a change in the discount rate, perpetuity growth rate and profitability rate). Based on this analysis, it distinguished between:

- CGUs impacted in the short term by the Covid-19 crisis, but essentially in line with wider economic trends, and whose medium- to long-term outlook appears to be unaffected;
- CGUs which were already considered as "sensitive" at December 31, 2019. These CGUs were tested for impairment at end-June.

The sustained pace of business in the second half of 2020 and the recovery for most of the Group's CGUs validated the Group's decision as of June 30 not to consider the Covid-19 pandemic in itself as evidence of impairment.

In this respect, the projections used for the impairment tests for 2021 consider a return to close to normal trading levels.

At December 31, 2020, a 0.5-point increase in the discount rate for all CGUs would have led to approximately €22 million in additional impairment of non-current assets, concerning mainly the United Kingdom Distribution business, while 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 €6 million, also mainly affecting the Distribution business in the United Kingdom.

The impact of a 1-point decrease in the operating income rate for all Industrial CGUs would have generated additional non-current asset impairment of roughly €149 million, primarily relating to entities in the Pipe business and to a lesser extent, Flat Glass entities in Southern Europe. A 0.5-point decrease in the rate for Distribution activities would have generated additional impairment of around €167 million for the United Kingdom Distribution business.

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 or decrease in the discount rate applied to cash flows;
- a 1.5-point decrease in the operating income rate for Industrial activities and a 1-point decrease for Distribution activities.

The following table presents the results of the sensitivity analysis for the various CGUs at December 31, 2020:

	Impact of changes in the						
	discount rate		**growth rate**	**operating income rate**			
(in EUR million)	**0.5-point increase**	**0.75-point increase**	**0.5-point decrease**	**1-point decrease Industry CGUs**	**1.5-point decrease Industry CGUs**	**0.5-point decrease Distribution CGUs**	**1.0-point decrease Distribution CGUs**
High Performance Solutions							
Northern Europe	(13)	(38)	(3)			(163)	(369)
Southern Europe – ME & Africa	(9)	(22)	(3)	(123)	(254)		
Americas		(5)		(13)	(29)	(4)	(23)
Asia-Pacific		(2)		(13)	(22)		
TOTAL	**(22)**	**(67)**	**(6)**	**(149)**	**(305)**	**(167)**	**(392)**

The breakdown of asset impairment by region for 2020 and 2019 is provided in the segment information tables in note 4 "Information concerning the Group's operating activities".

Goodwill and brands allocated to sensitive CGUs amounted to €72 million and mainly concerned Southern Europe and the Americas.

6.5.3 Impairment recognized in the year

In 2020 the Group reviewed its impairment tests in light of the current situation and the outlook for certain businesses and countries based on the CGU analyses described above.

As a result of the impairment test carried out on the Distribution United Kingdom CGU at June 30, 2020, the Group recognized an impairment loss of €581 million against the CGU's intangible assets in its financial statements, in addition to the €750 million write-down already taken in 2018. The impairment reflects several factors which adversely affect the CGU's short- to medium-term outlook. These include increased competition exacerbated by stronger pressure on margins and profitability, in turn amplified by the impact of the Covid-19 crisis on the Group's first-half 2020 results. Despite an upturn in trading volumes in the second half of the year, the outlook for this business remains cautious owing to Brexit-related uncertainties. The assumptions used at June 30 remained relevant at December 31, 2020.

The Group confirms the medium-term recovery and profitability outlook for its three Pipe CGUs. The CGUs remain sensitive to a change in the discount rate, perpetuity growth rate and profitability rate to the same extent as at December 31, 2019.

The value of assets held for sale was adjusted in the context of their announced sale (see note 3.3), which led to the recognition of an impairment loss for an amount of €235 million, including €34 million relating to goodwill.

NOTE 7 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.

7.1 Changes in investments in equity-accounted companies

Changes in investments in equity-accounted companies in 2020 and 2019 can be analyzed as follows:

(in EUR million)	2020	2019
At January 1		
Group share in:		
Associates	182	185
Joint ventures	236	207
TOTAL	**418**	**392**
Goodwill	19	20
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**437**	**412**
Changes during the year		
Group share in net income of associates	11	11
Group share in net income of joint ventures	4	13
Dividends paid	(14)	(16)
Translation adjustments and restatement for hyperinflation	(33)	(2)
Acquisitions and capital increases	55	32
Changes in Group structure, transfers and other variations	2	(13)
TOTAL CHANGES	**25**	**25**
At December 31		
Group share in:		
Associates	185	182
Joint ventures	246	236
TOTAL	**431**	**418**
Goodwill	31	19
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES	**462**	**437**

Investments in non-core business equity-accounted companies represented €57 million at December 31, 2020 (€44 million at end-2019).

The principal financial aggregates of equity-accounted companies are as follows:

	2020			2019		
(in EUR million)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Sales	813	633	1,446	802	647	1,449
Net income	52	8	60	24	29	53
Non-current assets	469	430	899	535	420	955
Current assets	526	262	788	498	292	790
Non-current liabilities	811	596	1,407	763	610	1,373
Current liabilities	184	96	280	270	102	372
Shareholders' equity	607	520	1,127	631	499	1,130

7.2 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 million)	Dec. 31, 2020	Dec. 31, 2019
Financial receivables	5	4
Inventories	2	0
Short-term receivables	11	10
Cash and cash equivalents	0	0
Provisions for asset impairment	0	0
Short-term debt	6	3
Cash advances	0	0

Purchases and sales transactions with equity-accounted companies are as follows:

(in EUR million)	2020	2019
Purchases	54	11
Sales	36	36

The increase in purchases from equity-accounted companies results from the inclusion of Continental Building Products entities in the Group's reporting scope.

7.3 Other non-current assets

Changes in other non-current assets in 2020 and 2019 are analyzed below:

(in EUR million)	Equity investments and other	Loans, deposits and surety	Pension plan surpluses	Total
At January 1, 2019				
Gross value	1,742	625	193	2,560
Provisions for impairment	(28)	(5)		(33)
NET VALUE	**1,714**	**620**	**193**	**2,527**
Changes during the year				
Increases (decreases)	72	(58)	83	97
Provisions for impairment	1	(2)		(1)
Translation adjustments and restatement for hyperinflation	0	2	12	14
Transfers and other movements	0	2		2
Changes in Group structure	0	1		1
Change in fair value	871	0		871
TOTAL CHANGES	**944**	**(55)**	**95**	**984**
At December 31, 2019				
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	0	(1)		(1)
Translation adjustments and restatement for hyperinflation	(6)	(22)	(15)	(43)
Transfers and other movements	0	2		2
Changes in Group structure	(49)	0		(49)
Change in fair value	(157)	0		(157)
Assets held for sale	0	(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 in the fair value of equity investments in both 2020 and 2019 relate mainly to Sika shares.

The decrease in other non-current assets in 2020 chiefly results from the sale of Sika shares (see note 3.2, "Changes in Group structure").

NOTE 8 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.

8.1 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 million)	Provisions for claims and litigation	Provisions for environmental risks	Provisions for restructuring costs	Provisions for 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, 2019									
Current portion	127	28	95	19	102	73	444	11	455
Non-current portion	437	125	28	84	92	106	872	162	1,034
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**564**	**153**	**123**	**103**	**194**	**179**	**1,316**	**173**	**1,489**
Changes during the year									
Additions	128	20	85	31	63	70	397		397
Reversals	(8)	(6)	(18)	(10)	(21)	(18)	(81)		(81)
Utilizations	(122)	(9)	(112)	(21)	(37)	(44)	(345)		(345)
Changes in Group structure	0	(7)	18	(1)	(3)	(10)	(3)		(3)
Translation adjustments and reclassifications	11	7	4	(1)	6	(16)	11	3	14
Liabilities held for sale	0	0	(2)	0	(1)	1	(2)		(2)
TOTAL CHANGES	**9**	**5**	**(25)**	**(2)**	**7**	**(17)**	**(23)**	**3**	**(20)**
At December 31, 2019									
Current portion	56	32	54	18	106	65	331	12	343
Non-current portion	517	126	44	83	95	97	962	164	1,126
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**573**	**158**	**98**	**101**	**201**	**162**	**1,293**	**176**	**1,469**
Changes during the year									
Additions	45	20	114	28	84	61	352		352
Reversals	(1)	(6)	(9)	(10)	(13)	(22)	(61)		(61)
Utilizations	(48)	(10)	(72)	(19)	(45)	(44)	(238)		(238)
Changes in Group structure	(500)		(1)			419	(82)	0	(82)
Translation adjustments and reclassifications	(3)	(2)		(5)	(4)	(52)	(66)	(37)	(103)
Liabilities held for sale			(1)	(2)	(8)	0	(11)		(11)
TOTAL CHANGES	**(507)**	**2**	**31**	**(8)**	**14**	**362**	**(106)**	**(37)**	**(143)**
At December 31, 2020									
Current portion	32	32	74	22	108	82	350	11	361
Non-current portion	34	128	55	71	107	442	837	128	965
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**66**	**160**	**129**	**93**	**215**	**524**	**1,187**	**139**	**1,326**

8.1.1 Provisions for claims and litigation

The decrease in provisions for claims and litigation at December 31, 2020 primarily reflects 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 is a rise in provisions for other risks, which mainly results from the financing commitments undertaken by CertainTeed LLC in favor of DBMP LLC (see notes 8.1.6 and 8.2.2.2 discussing asbestos-related liabilities in the United States).

Provisions for claims and litigation essentially covered PFOA-related proceedings and asbestos lawsuits filed against the Group in the United States. These provisions are described in further detail in note 8.2 “Contingent liabilities and litigation”.

8.1.2 Provisions for environmental risks

These provisions cover costs relating to environmental protection measures, as well as site rehabilitation and clean-up costs.

8.1.3 Provisions for restructuring costs

Provisions for restructuring costs amounted to €129 million at December 31, 2020 (December 31, 2019: €98 million), including net additions of €105 million during the year.

8.1.4 Provisions for personnel expenses

These provisions primarily cover indemnities due to employees that are unrelated to the Group’s reorganization plans.

8.1.5 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.

8.1.6 Provisions for other contingencies

At December 31, 2020, provisions for other contingencies amount to €524 million (December 31, 2019: €162 million) and mainly concern the United States (€411 million), France (€38 million) and Brazil (€32 million).

8.1.7 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 2020, changes in investment-related liabilities primarily concerned minority shareholder puts.

8.2 Contingent liabilities and litigation

8.2.1 Antitrust law and related proceedings

8.2.1.1 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 at December 31, 2020).

8.2.1.2 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.

The period opened for lodging an appeal is pending as of the closing date of these financial statements.

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 de grande instance*) based on the facts being investigated by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority, procedure which remains stayed as of the closing date of these financial statements.

8.2.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

8.2.2.1 Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, seven further individual lawsuits were filed in 2020 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases that affect or have affected them. As of December 31, 2020, a total of 837 such 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 December 31, 2020, 800 of these 837 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €6.2 million as of December 31, 2020 (compared to €5 million as of December 31, 2019).

Concerning the 37 lawsuits outstanding against Everite and Saint-Gobain PAM as of December 31, 2020, the procedures relating to the merits of all the cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 32 pending before the Civil Courts (*Tribunaux judiciaires*) or Appeal Courts.

In addition, as of December 31, 2020, 258 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 used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2020, 224 lawsuits had been completed. In 141 of these cases, the employer was held liable for "inexcusable fault".

At the same date, compensation paid by these companies totaled approximately €8.7 million as of December 31, 2020 (compared to €8 million as of December 31, 2019).

As regards the 34 suits outstanding as of December 31, 2020, five cases were still being investigated by the French Social Security authorities, 28 were being tried – including 22 pending before the Civil Courts (*Tribunaux judiciaires*), five before the Appeal Courts and one before the *Cour de cassation*. Lastly, one action has been cancelled but the plaintiff may request its restoration at any time within a two-year period following its cancellation.

Anxiety claims

Eight of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, are the subject of damages claims that are different from those described above.

"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, 2020, a total of 824 lawsuits had been brought by current or former employees claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 824 suits, 721 have been definitely completed, representing a total amount of compensation of €7.6 million as of December 31, 2020 (as at December 31, 2019). The remaining 103 lawsuits are pending before the Amiens Appeal Court.

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 €5.5 million as of December 31, 2020 (compared to €4.1 million as of December 31, 2019).

8.2.2.2 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 U.S. Bankruptcy Code in the U.S. 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 U.S. 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 3 to 8 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 U.S. 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 USD 432 million as of December 31, 2020.

The Group's consolidated income for 2020 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 2020 (USD 99 million, corresponding to €88 million, in 2019).

8.2.2.3 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. A first instance decision was rendered in connection with the first suit in July 2020, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the 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.

8.2.3 Environmental disputes

PFOA matters in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of U.S. 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 both completed and on-going 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 and clean-up obligations at these sites has not yet been established. 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.

On December 31, 2020, the provision recorded by the Company in respect of this matter amounts to €31.2 million.

8.2.4 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 and phase 2 commenced in January 2020 and is expected to continue into 2022. 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 have been, or are expected to be, stayed prior to the service of full pleadings, in view of the ongoing Public Inquiry. 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.

8.2.5 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 4.5.2). 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 9 Financing and financial instruments

9.1 Financial risks

9.1.1 Liquidity risk

9.1.1.1 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 bond issues which generally are 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 9.3, 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.

9.1.1.2 Liquidity risk on investments

Short-term investments consist of bank deposits and mutual fund units. To reduce liquidity and high volatility risks, whenever possible, the Group invests in money market and/or bond funds.

9.1.2 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 the Group'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.

9.1.3 Market risks

9.1.3.1 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 9.4 provides a breakdown of instruments used to hedge energy and commodity risks.

9.1.3.2 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 the cost of its medium-term debt against interest rate risk and optimizing borrowing costs. According to Group policy, the derivative financial instruments used to hedge these risks 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, 2020 of pre-tax income and pre-tax equity to fluctuations in the interest rate on the Group's net debt after hedging:

(in EUR million)	**Impact on pre-tax income**	**Impact on pre-tax equity**
Interest rate increase of 50 basis points	27	5
Interest rate decrease of 50 basis points	(27)	(5)

Note 9.4 to the consolidated financial statements provides a breakdown of interest rate risk hedging instruments and of gross debt by type of interest (fixed or variable) after hedging.

9.1.3.3 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 set up contracts generally through the Group's parent company, Compagnie de Saint-Gobain, which then carries out the corresponding forex hedging transaction 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, 2020, 97% 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, 2020:

(in EUR millions equivalent)	**Long**	**Short**
EUR	3	3
USD	4	23
Other currencies	0	2
TOTAL	**7**	**28**

The table below gives an analysis, as of December 31, 2020, 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 EUR millions equivalent)	**Impact on pre-tax income**
EUR	(0.1)
USD	(1.9)
Other currencies	(0.1)
TOTAL	**(2.1)**

Assuming that all other variables remained unchanged, a 10% fall in the exchange rates for these currencies at December 31, 2020 would have the opposite impact.

Note 9.4 provides a breakdown of foreign exchange risk hedging instruments.

9.1.3.4 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 9.4 provides a breakdown of these share price risk hedging instruments.

9.2 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 pensions and other post-employment benefit plans net of the return on plan assets, and other financial income and expense.

Net financial income (expense) in 2020 and 2019 includes:

(in EUR million)	**2020**	**2019**
Borrowing costs, gross	(274)	(300)
Income from cash and cash equivalents	6	27
BORROWING COSTS, NET, EXCLUDING LEASE LIABILITIES	**(268)**	**(273)**
Interest on lease liabilities	(58)	(71)
TOTAL BORROWING COSTS, NET	**(326)**	**(344)**
Interest cost – pension and other post-employment benefit obligations	(234)	(321)
Return on plan assets	204	266
INTEREST COST – PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS, NET	**(30)**	**(55)**
Other financial expense	(105)	(109)
Other financial income	42	40
OTHER FINANCIAL INCOME AND EXPENSE	**(63)**	**(69)**
NET FINANCIAL INCOME (EXPENSE)	**(419)**	**(468)**

9.3 Net debt

9.3.1 Long- and short-term debt

9.3.1.1 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.

9.3.1.2 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 rate method.

9.3.1.3 Lease liabilities

Lease liabilities represent obligations to make lease payments in accordance with IFRS 16.

9.3.1.4 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 million)	Dec. 31, 2020	Dec. 31, 2019
Bond issues	9,469	9,505
Perpetual bonds and participating securities	203	203
Long-term securitization	280	350
Other long-term financial liabilities	227	228
NON-CURRENT PORTION OF LONG-TERM DEBT	**10,179**	**10,286**
Bond issues	1,500	1,480
Long-term securitization	220	150
Other long-term financial liabilities	126	121
CURRENT PORTION OF LONG-TERM DEBT	**1,846**	**1,751**
Short-term financing programs (NEU CP, US CP, Euro CP)	0	0
Short-term securitization	144	0
Bank overdrafts and other short-term financial liabilities	357	224
SHORT-TERM DEBT	**501**	**224**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES	**12,526**	**12,261**
Lease liabilities	3,098	3,217
TOTAL GROSS DEBT	**15,624**	**15,478**
Cash at banks	(1,559)	(2,052)
Mutual funds and other marketable securities	(6,884)	(2,935)
CASH AND CASH EQUIVALENTS	**(8,443)**	**(4,987)**
TOTAL NET DEBT	**7,181**	**10,491**

Changes in the Group's long-term debt (excluding lease liabilities) can be analyzed as follows:

	Dec. 31, 2019	Cash impact		No cash impact			Dec. 31, 2020
(in EUR million)		Increases	Decreases	Changes in Group structure	Translation adjustments	Other	
Non-current portion of long-term debt	10,286	1,606	(292)	239	(102)	(1,559)	10,179
Current portion of long-term debt	1,751	15	(1,494)	5	(2)	1,572	1,846
TOTAL LONG-TERM DEBT	**12,037**	**1,621**	**(1,786)**	**244**	**(104)**	**13**	**12,025**

The main changes with an impact on cash are described in note 9.3.3. 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 €12.2 billion at December 31, 2020 (for an accounting value of €11.2 billion). The fair value of bonds corresponds to the market price on the last day of the year. For other borrowings, fair value is considered equal to the amount repayable.

9.3.2 Gross debt repayment schedule

The schedule of the Group's total gross debt as of December 31, 2020 is as follows:

(in EUR million)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	1,500	4,192	4,668	10,360
	GBP		333	276	609
Perpetual bonds and participating securities	EUR			203	203
Long-term securitization	EUR	220	280		500
Other long-term financial liabilities	All currencies	8	58	169	235
Accrued interest on long-term debt	All currencies	118			118
TOTAL LONG-TERM DEBT		**1,846**	**4,863**	**5,316**	**12,025**
SHORT-TERM DEBT	**All currencies**	**501**	**0**	**0**	**501**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES		**2,347**	**4,863**	**5,316**	**12,526**
Lease liabilities	All currencies	656	1,595	847	3,098
TOTAL GROSS DEBT		**3,003**	**6,458**	**6,163**	**15,624**

At December 31, 2020, future interest payments on gross long-term debt (excluding lease liabilities) managed by Compagnie de Saint-Gobain (short- and long-term) can be broken down as follows:

(in EUR million)	Within 1 year	1 to 5 years	Beyond 5 years	Total
Future interest payments on gross long-term debt	223	598	558	1,379

Interest on perpetual bonds and on participating securities is calculated up to 2049.

9.3.3 Bonds

On April 3, 2020, Compagnie de Saint-Gobain issued:

- €750 million worth of 1.75% fixed-rate bonds, maturing on April 3, 2023;
- €750 million worth of 2.375% bonds, maturing on October 4, 2027.

Compagnie de Saint-Gobain redeemed:

- €1,000 million worth of 0% bonds on March 27, 2020 mature;
- two floating-rate 3-month Euribor +0.23% private placements on June 25, 2020 mature, amounting to €180 million and €300 million, respectively.

9.3.4 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, 2020, 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 2020 was €3.18.

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

9.3.5 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, 2020, 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 2020 was €0.71.

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 have been bought back over the years. At December 31, 2020, 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 participating security, which is linked to consolidated net income of the previous year and to the reference six-month Libor EUR rate +7/8%. The amount paid per security in 2020 was €60.60, paid in two installments (€27.25 and €33.35).

These participating securities are not redeemable and the interest paid on them is reported under financial costs.

9.3.6 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, 2020, the state of these programs is as follows:

(in EUR million)	Authorized drawings	Authorized limits at Dec. 31, 2020	Balance outstanding at Dec. 31, 2020	Balance outstanding at Dec. 31, 2019
Medium Term Notes	1 to 30 years	15,000	11,149	11,129
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	815*	0	0
Euro Commercial Paper	up to 12 months	815*	0	0

* *Equivalent of US$1,000 million based on the exchange rate at December 31, 2020.*

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.

9.3.7 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, 2020.

Another short-term line of credit was arranged on March 22, 2020 for an initial amount of €2.5 billion, maturing in March 2021. This line was canceled on September 16, 2020.

9.3.8 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, 2020 and December 31, 2019.

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 long term and the remaining balance as current.

The US program was set up on July 30, 2020 for a maximum amount of USD 400 million. Its value amounts to €144 million at December 31, 2020.

9.3.9 Collateral

At December 31, 2020, €1 million of Group debt is secured by various non-current assets (real estate and securities).

9.3.10 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. A total of €368 million factored receivables were derecognized at December 31, 2020, compared to €471 million at December 31, 2019.

9.3.11 Interest rate benchmark 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. On November 19, 2020, the Shareholders' Meeting ratified an amendment to the 1984 participating securities' issuance contract. Pursuant to this amendment, the interest on these securities will now be calculated by reference to six-month Euribor and no more to six-month EUR Libor.

9.4 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 net 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 debts 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 and 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. 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 million)	Derivatives recorded in assets	Derivatives recorded in liabilities	Dec. 31, 2020	Dec. 31, 2019	Within 1 year	1 to 5 years	Beyond 5 years	Dec. 31, 2020
FAIR VALUE HEDGES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash flow hedges								
Currency	3	(2)	1	0	367	1	0	368
Interest rate	0	(92)	(92)	(78)	0	95	358	453
Energy and commodities	0	0	0	(4)	10	1	0	11
Other risks: equities	0	0	0	(2)	3	33	0	36
CASH FLOW HEDGES – TOTAL	**3**	**(94)**	**(91)**	**(84)**	**380**	**130**	**358**	**868**
Derivatives not qualifying for hedge accounting mainly contracted by Compagnie de Saint-Gobain								
Currency	96	(100)	(4)	0	5,474	1	0	5,475
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	**96**	**(100)**	**(4)**	**0**	**5,474**	**1**	**0**	**5,475**
TOTAL	**99**	**(194)**	**(95)**	**(84)**	**5,854**	**131**	**358**	**6,343**

9.4.1 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.

9.4.2 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 debt (euro debt) into euro debt (foreign currency debt).

9.4.3 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.

9.4.4 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.

9.4.5 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, 2020, credit value adjustments were not material.

9.4.6 Impact on equity of financial instruments qualifying for cash flow hedge accounting

At December 31, 2020, the IFRS cash flow hedge reserve carried in equity has a debit balance of €54 million, consisting mainly of:

- a debit balance of €28 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 €27 million corresponding to changes in the fair value of interest rate hedges classified as cash flow hedges;
- a credit balance of €1 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.

9.4.7 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 loss of €4 million at December 31, 2020 (nil at December 31, 2019).

9.4.8 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, 2020, no embedded derivative deemed to be material at Group level was identified.

9.4.9 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 2.0% at December 31, 2020, compared with 1.8% at December 31, 2019.

The average internal rate of return on the Group's main component of long-term debt before hedging (bonds) was 2.4% in 2020 compared to 2.1% in 2019.

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at December 31, 2020, taking into account interest rate and cross-currency swaps.

	Gross debt, excluding lease liabilities		
(in EUR million)	**Variable rate**	**Fixed rate**	**Total**
EUR	1,540	9,936	11,476
Other currencies	511	309	820
TOTAL	**2,051**	**10,245**	**12,296**
(in %)	17%	83%	100%
Accrued interest and other			230
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES			**12,526**

9.5 Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 9:

At December 31, 2020

		Financial instruments				Financial instruments at fair value			
(in EUR million)	**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	(7)			441	441				0
Equity investments and other	(7)		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**

At December 31, 2019

		Financial instruments				Financial instruments at fair value			
(in EUR million)	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				6,419	6,419				0
Loans, deposits and surety	(7)			565	565				0
Equity investments and other	(7)		2,658		2,658	2,554		104	2,658
Derivatives recorded in assets		5	2		7		7		7
Cash and cash equivalents		2,935		2,052	4,987	2,935			2,935
TOTAL FINANCIAL ASSETS		**2,940**	**2,660**	**9,036**	**14,636**	**5,489**	**7**	**104**	**5,600**
Trade and other accounts payable				(9,995)	(9,995)				0
Long- and short-term debt				(12,183)	(12,183)				0
Long- and short-term lease liabilities				(3,217)	(3,217)				0
Derivatives recorded in liabilities		(5)	(86)		(91)		(91)		(91)
TOTAL FINANCIAL LIABILITIES		**(5)**	**(86)**	**(25,395)**	**(25,486)**	**0**	**(91)**	**0**	**(91)**
FINANCIAL ASSETS AND LIABILITIES – NET		**2,935**	**2,574**	**(16,359)**	**(10,850)**	**5,489**	**(84)**	**104**	**5,509**

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 10 Shareholders' equity and earnings per share

10.1 Equity

10.1.1 Equity

At December 31, 2020, the number of shares comprising the capital stock of Compagnie de Saint-Gobain was 532,683,713 shares with a par value of €4 (544,683,451 shares at December 31, 2019).

10.1.2 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.

10.1.3 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.

10.1.4 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, 2020, 2,650,208 shares were held in treasury (December 31, 2019: 2,595,723 shares). In 2020, the Group acquired 20,733,422 shares (2019: 9,777,969 shares) directly on the market and 2,578,937 shares were sold (2019: 1,676,229 shares). Lastly, 18,100,000 shares were canceled in 2020 and 8,211,754 shares in 2019.

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.

10.1.5 Number of shares

	Number of shares	
	Issued	**Outstanding**
NUMBER OF SHARES AT DECEMBER 31, 2018	**546,585,004**	**543,879,267**
Group Savings Plan	5,999,997	5,999,997
Stock subscription option plans	310,204	310,204
Shares purchased		(9,777,969)
Shares sold		1,676,229
Shares canceled	(8,211,754)	
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**

10.1.6 Dividends

The Annual Shareholders' Meeting of June 4, 2020 approved the decision not to pay a dividend in respect of 2020.

10.2 Earnings per share

10.2.1 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:

	2020	2019
Group share of net income *(in EUR million)*	456	1,406
Weighted average number of shares in issue	536,452,195	542,079,771
BASIC EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**0.85**	**2.59**

10.2.2 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:

	2020	2019
Group share of net income *(in EUR million)*	456	1,406
Weighted average number of shares assuming full dilution	539,325,415	545,159,839
DILUTED EARNINGS PER SHARE, GROUP SHARE *(in EUR)*	**0.85**	**2.58**

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 2,386 and 2,870,834 shares, respectively, at December 31, 2020.

NOTE 11 Tax

11.1 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 million)	2020	2019
CURRENT TAXES	**(519)**	**(601)**
France	(67)	(83)
Outside France	(452)	(518)
DEFERRED TAXES	**(7)**	**(30)**
France	(72)	(32)
Outside France	65	2
TOTAL INCOME TAX EXPENSE	**(526)**	**(631)**

Theoretical tax expense was reconciled with current tax expense using a tax rate of 32.02% in 2020 and 34.43% 2019, and can be analyzed as follows:

(in EUR million)	2020	2019
Net income	489	1,454
Less:		
Share in net income of equity-accounted companies	15	24
Income taxes	(526)	(631)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**1,000**	**2,061**
French tax rate	32.02%	34.43%
Theoretical tax expense at French tax rate	(320)	(709)
Impact of different tax rates	73	219
Asset impairment, capital gains and losses on asset disposals	(129)	(117)
Deferred tax assets not recognized and provisions for deferred tax assets	(75)	(30)
Liability method	(27)	24
Research tax credit and value-added contribution for businesses (CVAE)	(16)	(16)
Costs related to dividends	(54)	(2)
Other taxes and changes in provisions	22	0
TOTAL INCOME TAX EXPENSE	**(526)**	**(631)**

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, India, Norway, the Czech Republic, the United Kingdom, China, Sweden and Switzerland.

11.2 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 the deferred tax is 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 the net deferred tax assets and liabilities break down as follows:

(in EUR million)	**Net deferred tax asset (liability)**
NET VALUE AT JANUARY 1, 2019	**411**
Deferred tax (expense) benefit	(30)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	27
Liability method on actuarial gains and losses	5
Translation adjustments and restatement for hyperinflation	(15)
Assets and liabilities held for sale	(1)
Changes in Group structure and other	(12)
NET VALUE AT DECEMBER 31, 2019	**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**

Changes in Group structure relate mainly to the first-time consolidation of Continental Building Products.

The table below shows the main deferred tax components:

(in EUR million)	**Dec. 31, 2020**	**Dec. 31, 2019**
Pensions	465	474
Brands, customer relationships and intellectual property	(432)	(411)
Depreciation and amortization, accelerated capital allowances and tax-driven provisions	(644)	(689)
Tax loss carry-forwards	440	546
Other	476	465
NET DEFERRED TAX	**305**	**385**
Of which:		
Deferred tax assets	665	833
Deferred tax liabilities	(360)	(448)

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 €665 million were recognized at December 31, 2020 (€833 million at December 31, 2019), primarily in France (€157 million), the United States (€64 million), Germany (€188 million) and Italy (€59 million). Deferred tax liabilities of €360 million were recognized at December 31, 2020 (€448 million at December 31, 2019), including €136 million in the United Kingdom, €49 million in Switzerland, €38 million in India, and €38 million in Denmark. Deferred tax liabilities in other countries were not material.

11.3 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 €440 million at December 31, 2020 and €546 million at December 31, 2019. 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, 2020, deferred tax assets whose recovery is not considered probable totaled €374 million (December 31, 2019: €412 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.

The additional reduction in deferred tax assets on tax loss carryforwards represented €60 million at December 31, 2020, and primarily related to France.

NOTE 12 Subsequent events

None.

NOTE 13 Fees paid to the Statutory Auditors

Total fees paid to the Statutory Auditors and recognized in the income statement in 2020 and 2019 are detailed in the "Additional information and cross-reference tables" section of the Universal Registration Document.

NOTE 14 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 Autoglas GmbH, Herzogenrath*	Germany	Full consolidation	99.99%
Saint-Gobain Sekurit Deutschland Beteiligungen GmbH, Herzogenrath*	Germany	Full consolidation	99.99%
Saint-Gobain Sekurit Deutschland GmbH & CO Kg, 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 Ltda	Brazil	Full consolidation	100.00%
Saint-Gobain Canada, Inc.	Canada	Full consolidation	100.00%
Saint-Gobain Performance Plastics (Shanghaï) Co., LTD	China	Full consolidation	100.00%
Saint-Gobain Abrasives (Shanghaï) Co., LTD	China	Full consolidation	99.99%
SG Hanglas Sekurit (Shanghaï) Co., Ltd	China	Full consolidation	99.62%
Hankuk Sekurit Limited	South Korea	Full consolidation	99.24%
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 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 KK	Japan	Full consolidation	100.00%
Saint-Gobain America SA 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	99.94%
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%
Glasverarbeitungs-Gesellschaft Deggendorf mbH, Deggendorf*	Germany	Full consolidation	99.99%
Vetrotech Saint-Gobain Kinon GmbH, Aachen*	Germany	Full consolidation	99.99%
Saint-Gobain Glassolutions Objekt-Center GmbH, Radeburg*	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 Denmark A/S	Denmark	Full consolidation	99.97%
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	99.96%
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%
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	France	Full consolidation	100.00%
Distribution Sanitaire Chauffage	France	Full consolidation	100.00%
Lapeyre	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%
Saint-Gobain Distribution The Netherlands B.V	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 Pipelines Co., Ltd	China	Full consolidation	100.00%
Saint-Gobain India Private Limited	India	Full consolidation	99.03%
Mag-Isover KK	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 Productos 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%
CertainTeed Gypsum & Ceillings USA, Inc.	United States	Full consolidation	100.00%
CertainTeed Ceilings Corporation	United States	Full consolidation	100.00%
Continental Building Products Operating Company, LLC	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, 2020

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.

Compagnie de Saint-Gobain SA

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie cedex

To the Shareholders,

1. 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, 2020.

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, 2020 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.

2. 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, 2020 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.

3. 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, 2020, representing €10,028 million, €2,505 million and €11,072 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, 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 6.5 to the consolidated financial statements led to the recognition of impairment losses of €958 million in the year ended December 31, 2020 (including impairment on assets held for sale), as indicated in Note 4 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 health crisis of Covid-19 on the parameters activity and profitability, 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 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 recent context related to Covid-19, the sensitivity ranges communicated have been 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 and Brazil.

As indicated in Note 8 to the consolidated financial statements, provisions amounting to €1,187 million were recognized at December 31, 2020 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 and Brazil, 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 and class actions in Brazil): 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 Brazil 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 Brazil 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;

8

- 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.

Measurement of supplier discounts in Distribution

Description of risk

The Distribution entities in Europe accounted for 43% of the Group's sales for the fiscal year 2020. The profitability of these entities varies depending on supplier discounts received, which lower the cost price of negotiated goods. As indicated in Notes 4.1.2, 4.4.1 and 4.4.2 to the consolidated financial statements, the recognition of supplier discounts specifically affects "Cost of sales" in the consolidated income statement as well as "Inventories" and "Other receivables" in the consolidated balance sheet.

Given the diversity of products and suppliers in the Distribution business, supplier contracts are numerous, complex and varied. They give rise to several supplier discounts, some of which are subject to volume conditions or targets, granted at various levels (local, regional, national and international). Measuring accrued supplier discounts is a key audit matter as the monitoring thereof is complex and requires estimates to be made by Management. Determining the amounts of supplier discounts to be taken into account when measuring inventories held by the Distribution entities is also a significant audit matter.

How our audit addressed this risk

We gained an understanding of the process used by Management to estimate accrued supplier discounts at the reporting date and performed tests on the effectiveness of the controls performed by Management.

We also assessed, on a multi-year basis, the consistency of the supplier discount rates obtained per entity and country, confirmed by interviews with Management. We assessed the way in which the consequences of the health crisis of Covid-19 were taken into account in the determination of these supplier discounts. Using a sample, we remeasured the supplier discounts obtained based on the terms and conditions of the relevant agreements and volumes purchased. We also retrospectively cross-checked cash and credit notes received after the reporting date against the receivables recognized and asked a sample of suppliers to directly confirm the discount amounts due for the fiscal year.

With regard to the accuracy of the supplier discounts taken into account when measuring inventories held by the Distribution entities, we assessed that the accounting methods were applied consistently across all the entities. Using sampling techniques, we cross-checked the measurement of certain inventory items against supplier invoices, estimating supplier discounts granted subsequently.

We assessed that the disclosures provided in the notes to the consolidated financial statements regarding supplier discounts were appropriate.

4. 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 management report (or 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 on by an independent third party.

5. 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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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*).

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, 2020 PricewaterhouseCoopers Audit and KPMG Audit were in the thirty-fifth and seventeenth consecutive year of their engagement, respectively.

6. 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 (IFRS) 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.

7. 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 25, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG SA*	
Edouard Sattler	Cécile Saint-Martin	Pierre-Antoine Duffaud	Bertrand Pruvost

3. Compagnie de Saint-Gobain 2020 annual financial statements (parent company)

Income statement

(in EUR thousand)		2020	2019
Operating revenue			
General assistance		199,557	221,526
Other services		81,562	75,371
SALES		**281,120**	**296,897**
Write-backs of depreciation, amortization, impairment and provisions		428	26,790
Expense transfers		10,438	27,274
Other operating income		1,188	1,486
	TOTAL I	**293,174**	**352,447**
Operating expenses			
Other purchases and external charges		(237,429)	(266,040)
Taxes other than on income		(8,717)	(6,607)
Wages and salaries		(52,297)	(56,656)
Payroll taxes		(20,415)	(19,734)
Depreciation, amortization, impairment and provisions		(21,443)	(60,431)
Other operating expenses		(1,560)	(2,213)
	TOTAL II	**(341,860)**	**(411,681)**
OPERATING INCOME/(LOSS) (NOTE 2)		**(48,686)**	**(59,234)**
Share in profits/(losses) of joint ventures			
PROFITS	**TOTAL III**		
LOSSES	**TOTAL IV**		
Financial income			
Income from investments in subsidiaries and affiliates		689,530	813,814
Income from loans and other investments		293,120	319,321
Income from other non-current investment securities			12
Other interest income		25,944	20,785
Write-backs of impairment and provisions, expense transfers		889	1,062
Foreign exchange gains		6,727	4,647
Net income from sales of marketable securities		1,966	870
	TOTAL V	**1,018,176**	**1,160,511**
Financial expense			
Depreciation, amortization, impairment and provisions		(15,465)	(4,721)
Interest expense		(264,241)	(279,028)
Foreign exchange losses		(83)	(33)
Net losses on sales of marketable securities		(10,847)	(3,297)
	TOTAL VI	**(290,636)**	**(287,079)**
NET FINANCIAL INCOME (NOTE 3)		**727,540**	**873,432**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**678,854**	**814,199**
Exceptional income			
On revenue transactions		18,727	32,211
On capital transactions		14,171	30,961
Write-backs of depreciation, amortization, impairment and provisions		37,704	25,315
	TOTAL VII	**70,603**	**88,487**
Exceptional expense			
On revenue transactions		(42,202)	(31,221)
On capital transactions		(10,028)	(206,327)
Depreciation, amortization, impairment and provisions		(19,958)	(42,573)
	TOTAL VIII	**(72,187)**	**(280,121)**
NET EXCEPTIONAL INCOME/(EXPENSE) (NOTE 4)		**(1,584)**	**(191,634)**
INCOME TAXES (NOTE 5)	**TOTAL IX**	**184,939**	**226,402**
TOTAL INCOME		**1,381,953**	**1,601,445**
TOTAL EXPENSES		**(519,744)**	**(752,479)**
NET INCOME		**862,209**	**848,966**

Balance sheet

Assets

(in EUR thousand)		Dec. 31, 2020 GROSS	Dec. 31, 2020 Depreciation, amortization, and impairment	Dec. 31, 2020 NET	Dec. 31, 2019
NON-CURRENT ASSETS					
Intangible assets (Note 6)					
Goodwill [(1)]		567	(567)	0	0
Other intangible assets		55,576	(47,180)	8,396	4,733
Intangible assets in progress		330		330	5,083
Property, plant and equipment (Note 7)					
Land		51	0	51	51
Buildings		1,400	(870)	530	595
Other		88,472	(10,751)	77,721	4,857
Assets under construction		33	0	33	73,813
Financial investments [(2)] (Note 8)					
Investments in subsidiaries and affiliates		13,002,487	(400,420)	12,602,068	12,602,069
Loans and advances to subsidiaries and affiliates		13,685,680	0	13,685,680	14,958,665
Other investment securities		11,614	(1,214)	10,400	6,811
Loans		457,395	0	457,395	1,471,401
Other financial investments		991	0	991	1,382
	TOTAL I	**27,304,595**	**(461,002)**	**26,843,594**	**29,129,460**
CURRENT ASSETS (Note 9)					
Other receivables [(3)]		704,690	0	704,690	1,158,007
Marketable securities		6,537,783	0	6,537,783	2,617,088
Cash and cash equivalents		993,026	0	993,026	1,153,027
Accruals					
Prepayments [(3)]		36,671	0	36,671	19,376
	TOTAL II	**8,272,170**	**0**	**8,272,170**	**4,947,498**
Deferred charges	**TOTAL III**	**44,746**	**0**	**44,746**	**44,816**
Translation losses	**TOTAL IV**	**-**	**-**	**-**	**-**
TOTAL ASSETS		**35,621,511**	**(461,002)**	**35,160,509**	**34,121,774**
(1) including leasehold rights				-	-
(2) of which due within one year				3,058,001	3,968,696
(3) of which due beyond one year				32,834	16,172

Shareholders' equity and liabilities

(in EUR thousand)		Dec. 31, 2020	Dec. 31, 2019
Shareholders' equity (Note 10)			
Capital stock		2,130,735	2,178,734
Additional paid-in capital		4,891,069	5,333,634
Revaluation reserve		45,023	45,023
Other reserves:			
Legal reserve*		213,073	217,873
Untaxed reserves		2,617,758	2,617,758
Other reserves		301,428	301,428
Unappropriated retained earnings		6,382,151	5,533,185
Net income for the year		862,209	848,966
Untaxed provisions (Note 12)		3,247	3,247
	TOTAL I	**17,446,694**	**17,079,848**
Other equity (Note 11)			
Non-voting participating securities	Total I *bis*	170,035	170,035
Provisions (Note 12)			
Provisions for contingencies		25,678	25,004
Provisions for charges		294,914	301,404
	TOTAL II	**320,592**	**326,408**
Debt and payables [(1)] (Note 13)			
Bonds		11,157,739	11,159,296
Bank borrowings [(2)]		7,230	9,198
Other borrowings		5,754,979	5,136,134
Tax and social charges payable		54,086	28,399
Other payables		237,470	200,559
Accruals			
Deferred income		11,684	11,897
	TOTAL III	**17,223,188**	**16,545,483**
Translation gains	**TOTAL IV**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**35,160,509**	**34,121,774**
* of which long-term capital gains reserve		14,225	14,225
(1) of which due beyond one year		9,552,179	9,587,876
of which due within one year		7,671,010	6,957,606
(2) of which short-term bank loans and overdrafts		7,230	9,198

8

Statement of cash flows

(in EUR thousand)	2020	2019
NET INCOME	**862,209**	**864,887**
Depreciation and amortization	24,550	10,060
Changes in provisions	(8,965)	32,162
Gains and losses on disposals of assets, net	26,385	174,743
CASH FLOW FROM OPERATIONS	**904,179**	**1,081,852**
(Increase) decrease in other receivables	453,317	559,850
(Increase) decrease in deferred charges and prepaid income/expenses	(68,166)	(1,992)
Increase (decrease) in taxes and social charges payable	25,687	(32,532)
Increase (decrease) in other payables	36,911	111,729
NET CHANGE IN WORKING CAPITAL	**447,749**	**637,055**
NET CASH FROM OPERATING ACTIVITIES	**1,351,928**	**1,718,907**
Acquisition of intangible assets	(1,339)	(2,651)
Acquisition of property, plant and equipment	(7,893)	(39,462)
Acquisition of investments in subsidiaries and affiliates and other investment securities	(33)	(92,653)
Acquisition of treasury stock	(650,992)	(277,413)
Proceeds from disposals of property, plant and equipment and intangible assets	14,171	30,961
(Increase) decrease in loans and advances to subsidiaries and affiliates	1,272,985	(599,348)
(Increase) decrease in long-term loans	1,014,007	(142,494)
(Increase) decrease in other financial investments	391	205
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**1,653,839**	**(1,122,855)**
Issue (cancellation) of capital stock	139,607	164,562
Dividend paid	0	(716,380)
Increase (decrease) in provisions for contingencies and charges	0	(903)
Increase (decrease) in short- and long-term debt	(3,525)	1,735,989
Increase (decrease) in bank overdrafts and other short-term debt	618,845	166,117
Decrease (increase) in marketable securities	(3,908,153)	(1,634,146)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**(3,165,767)**	**(284,761)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(160,001)**	**311,291**
Cash and cash equivalents at January 1	1,153,027	857,657
Cash and cash equivalents at December 31	993,026	1,153,027
Analysis of cash and cash equivalents at December 31		
Cash at bank	993,026	1,153,027
Cash on hand	0	0
Total	993,026	1,153,027

Notes to the 2020 annual financial statements

The financial statements cover the 12-month period from January 1 to December 31, 2020.

The following notes are an integral part of the annual financial statements.

These financial statements were adopted on February 25, 2021 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.

Intangible assets

Purchased goodwill that is not legally protected is amortized over 25 years. Other intangible assets, consisting of computer software, are measured at acquisition cost and amortized over periods of three, five or ten years.

Property, plant and equipment

Property, plant and equipment are stated at cost (purchase price plus incidental expenses), except for assets acquired prior to December 31, 1976, which have been revalued.

They are depreciated over their estimated useful lives using the straight-line or declining-balance 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 or declining balance

Financial investments, investments in subsidiaries and affiliates and other investment securities

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 cost, a provision is set aside for impairment. No unrealized capital gain is recorded if fair value exceeds cost, and unrealized capital gains and losses are not offset.

Treasury shares held by the Company at year-end for allocation upon exercise of stock options are recorded in the balance sheet under "Other investment securities". They are carried at the lower of cost, market price or the option exercise price when it is probable that the options will be exercised.

Treasury shares held for cancellation are carried at cost and are not revalued or provisioned.

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.

This item also includes treasury shares held by the Company other than those classified as financial investments.

These securities are valued in accordance with the first in/first out (FIFO) method.

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 materials) price risks resulting from the Group's international activities are hedged by Compagnie de Saint-Gobain, mainly on behalf of subsidiaries. On its own behalf and for its subsidiaries, Compagnie de Saint-Gobain also hedges the risk of fluctuations in the Saint-Gobain share price that could affect the cost of performance unit plans.

Currency risks are hedged mainly by fixed-term forward purchase and sale contracts and currency options. Foreign currency receivables and payables hedged by forward purchase and sale contracts are recorded in the balance sheet at the hedging rate.

The portion of the unrealized gain or loss on currency options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Only unrealized losses on currency options that do not qualify for hedge accounting are recognized in the income statement.

The Company uses mainly interest rate swaps and cross-currency swaps to hedge its exposure to fluctuations in interest rates. Financial income and expenses on interest rate swaps and cross-currency swaps are recognized in the income statement on a symmetrical basis against income and expenses on the hedged items.

The portion of the unrealized gain or loss on interest rate options qualifying for hedge accounting that represents the extrinsic (time) value is taken to income, and the portion that represents the intrinsic value is recorded in the balance sheet. Interest rate options that do not qualify for hedge accounting are recognized in the income statement at market value.

The commodity (energy and raw materials) price risks of subsidiaries are hedged by the Company, mainly using energy and raw materials swaps. Financial income and expenses on these swaps are recognized in the income statement on a symmetrical basis against the income and expenses on the hedged items.

The risk of fluctuations in the Saint-Gobain share price that could affect the cost of performance unit plans is hedged using cash-settled equity swaps, which qualify for hedge accounting.

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.

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)

Impacts of the Covid-19 pandemic

The Company was affected by the Covid-19 pandemic in the first half of 2020. However, trading in the second half of the year was almost back to normal levels.

In this context, the measures taken by the Company to address the crisis caused by the pandemic were the result of swift decisions taken in line with the Saint-Gobain Group's key priorities. These included keeping a close watch on the Company's cash levels, with strict measures put in place to reduce costs and investments and to maintain a tight rein on working capital, in addition to the specific action taken to strengthen the Group's cash position. The Company did not choose to defer any tax or social security payments as permitted by the law.

The impacts of the pandemic – though much less significant in the second half – were taken into account when measuring assets at the reporting date.

Earnings trends

The operating loss improved by €10.5 million to €48.7 million, compared with €59.2 million in 2019, owing mainly to a reduction in pension and other employee benefit costs. In 2019, the sharp decrease in the discount rate used to measure employee benefit obligations generated a significant accounting expense.

NOTE 3 Net financial income

Net financial income decreased by €145.9 million to €727.5 million in 2020 from €873.4 million in 2019.

The year-on-year change is mainly attributable to the €124.3 million fall in investment income: while dividends received from subsidiaries remained broadly stable at €718.2 million, 2020 profit transferred from subsidiaries of the German branch was down €125.6 million owing to the economic climate resulting from the Covid-19 pandemic in first-half 2020.

NOTE 4 Exceptional items

The Company recorded a net exceptional expense of €1.6 million in 2020 compared to a net exceptional expense of €191.6 million in 2019. The net exceptional expense in 2019 chiefly reflected losses on the September 30, 2019 disposal of shares in Saint-Gobain Building Distribution Deutschland to the Stark group and the expense relating to the Group's long-term compensation plans.

NOTE 5 Income taxes

The Company recorded an income tax benefit of €184.9 million, breaking down as:

- an income tax benefit of €167.1 million under the tax consolidation regime (France);
- an income tax benefit of €18.0 million for the German entity.

The French tax group generated a tax profit in 2020 after several years of tax losses. 50% of the 2020 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 €1,068 million at December 31, 2020.

Compagnie de Saint-Gobain's permanent German establishment, which is the head of the Group's *Organschaft* local tax consolidation regime, reported a profit on tax consolidation in 2020. At December 31, 2020, future tax savings corresponding to the branch's unused tax loss carry-forwards amounted to €31.4 million.

NOTE 6 Intangible assets

	Intangible assets					Amortization				Net
(in EUR thousand)	Gross at Jan. 1, 2020	Additions	Disposals (retire-ments)	Transfer of intangible assets in progress	Gross at Dec. 31, 2020	Accumu-lated at Jan. 1, 2020	Increases	Decreases	Accumu-lated at Dec. 31, 2020	at Dec. 31, 2020
Purchased goodwill	567				567	567			567	0
Other intangible assets	52,451	45	(3,223)	6,303	55,576	47,718	2,580	(3,118)	47,180	8,396
Intangible assets in progress	5,083	1,294	0	(6,047)	330	0			0	330
TOTAL	**58,101**	**1,339**	**(3,223)**	**256**	**56,473**	**48,285**	**2,580**	**(3,118)**	**47,747**	**8,726**

NOTE 7 Property, plant and equipment

	Property, plant and equipment					Depreciation				Net
(in EUR thousand)	Gross at Jan. 1, 2020	Additions	Disposals (retire-ments)	Transfer of PPE under construction	Gross at Dec. 31, 2020	Accumu-lated at Jan. 1, 2020	Increases	Decreases	Accumu-lated at Dec. 31, 2020	at Dec. 31, 2020
Land	51				51	0			0	51
Buildings	1,400				1,400	805	65		870	530
Other	14,914	7,861	(7,660)	73,357	88,472	10,057	6,439	(5,746)	10,750	77,721
Assets under construction	73,813	33		(73,813)	33	0			0	33
Prepayments	0				0	0			0	0
TOTAL	**90,178**	**7,893**	**(7,660)**	**(456)**	**89,955**	**10,862**	**6,504**	**(5,746)**	**11,620**	**78,335**

The change in assets under construction reflects the definitive recognition within assets of installations corresponding to capitalized expenditures related to the construction of the new Saint-Gobain tower which are the responsibility of the lessee. These expenditures were reclassified to "Other" when the tower was effectively brought into service at the end of the first lockdown. The assets began to be depreciated as of June 1, 2020.

NOTE 8 Financial investments

(in EUR thousand)	Financial investments Gross at Jan. 1, 2020	Additions	Disposals	Gross at Dec. 31, 2020
Investments in subsidiaries and affiliates	13,003,137	33	(658)	13,002,512
Loans and advances to subsidiaries and affiliates	14,958,665	2,297,841	(3,570,826)	13,685,680
Other investment securities	8,265	638,450	(635,101)	11,614
Loans	1,471,401	108,517	(1,122,523)	457,395
Other financial investments	1,382	513	(904)	991
TOTAL	**29,442,850**	**3,045,354**	**(5,330,012)**	**27,158,192**

Changes in investments in subsidiaries and affiliates

(in EUR thousand)	Additions	Disposals
Saint-Gobain Expertises Services		(10)
Sekurit Colombia		(648)
Saint-Gobain Immobilien GmbH	28	
Saint-Gobain Isover G+H AG	5	
TOTAL	**33**	**(658)**

No impairment was recognized against investments in subsidiaries and affiliates in 2020.

Analysis of loans, receivables and other financial investments by maturity

		Due	
(in EUR thousand)	Gross	Within 1 year	Beyond 1 year
Loans and advances to subsidiaries and affiliates	13,685,680	2,913,342	10,772,338
Loans	457,395	144,660	312,735
Other financial investments	991	0	991
TOTAL	**14,144,065**	**3,058,001**	**11,086,064**

Changes in other investment securities

(in EUR thousand)	Increases	Decreases
Purchase of treasury shares for cancellation	601,294	
Transfer from marketable securities of treasury shares for cancellation	34,659	
Cancellation of treasury shares		(634,971)
Allocation of treasury shares to cover stock option plans	2,497	
Disposal of VIGEO shares		(130)
TOTAL	**638,450**	**(635,101)**

Changes in treasury shares classified as financial investments

(in EUR thousand)	No. of shares held	Gross value	Net value
AT DECEMBER 31, 2018	**120,347**	**5,849**	**3,584**
Shares purchased in 2019	8,211,754	266,628	266,628
Shares canceled in 2019	(8,211,754)	(266,628)	(266,628)
Transfer of marketable securities in 2019	62,542	2,285	2,285
Adjustment to provision for impairment			930
AT DECEMBER 31, 2019	**182,889**	**8,134**	**6,799**
Shares purchased in 2020	17,486,197	603,791	603,791
Shares canceled in 2020	(18,100,000)	(634,971)	(634,971)
Transfer of marketable securities in 2020	709,434	34,659	34,659
Adjustment to provision for impairment			122
AT DECEMBER 31, 2020	**278,520**	**11,613**	**10,400**

During 2020, Compagnie de Saint-Gobain bought back 18,878,142 treasury shares outside the scope of the liquidity agreement, each with a par value of €4, representing a total amount of €651 million (€75.5 million aggregate par value).

Of these 18,878,142 treasury shares:

- 17,417,470 shares bought for cancellation have been recorded under “Financial investments” for an amount of €601.3 million (€69.7 million aggregate par value);
- 68,727 shares bought to cover the 2016 stock option plan have been recorded under “Financial investments” for an amount of €2.5 million (€0.3 million par value).

This represents a total of 17,486,197 shares bought for €603.8 million (€69.9 million par value).

Of the remaining 1,391,945 shares:

- 541,945 shares, bought to cover employee share plans, were initially recorded under “Marketable securities” for an amount of €14.1 million (€2.2 million par value) and were subsequently reclassified within “Financial investments” in July ahead of their cancellation in August;
- 850,000 shares, bought to cover employee share plans, were recorded under “Marketable securities” for an amount of €33.1 million (€3.4 million par value).

In all, 6,100,000 shares were canceled on August 13, 9,000,000 on November 3 and 3,000,000 on November 30, representing a total of 18,100,000 shares canceled.

A total of 709,434 shares initially recorded under “Marketable securities” were reclassified within “Financial investments” in 2020 for an amount of €34.7 million (€2.8 million par value), including 541,945 shares acquired during the year.

In 2020, 733,024 treasury shares were remitted as part of existing performance share plans (of which 731,274 in November as part of the 2016 plan), versus 341,150 shares in 2019. No treasury shares were remitted as part of stock option plans in either 2020 or 2019.

At December 31, 2020, 1,988,969 treasury shares were held, of which:

- 26,904 treasury shares intended to be canceled (see above);
- 251,616 treasury shares held to cover stock option plans (see above);
- 36,367 treasury shares held in connection with a liquidity agreement (see Note 9 “Marketable securities”);
- 1,674,082 treasury shares held to cover employee share plans (see Note 9 “Marketable securities”).

NOTE 9 Current assets

Maturities of receivables reported under "Current assets"

		Due	
(in EUR thousand)	Gross	Within 1 year	Beyond 1 year
Other receivables	704,690	704,584	106
Prepayments	36,671	3,837	32,834
TOTAL	**741,361**	**708,421**	**32,940**
Provision for doubtful receivables	-	-	-

Analysis of "Other receivables"

(in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Current account advances to subsidiaries	157,425	936,844
Mark-to-market adjustments to swaps and options*	25,776	3,038
Accounts receivable – Group	483,588	92,483
Accruals for income and credit notes receivable	28,046	30,508
Tax receivables	3,496	33,438
Accruals for income and credit notes receivable – Group	1,413	2,512
Accounts receivable – External companies	897	1,428
Prepayments to suppliers	390	767
Income tax	1,169	10,639
Other	2,490	46,350
TOTAL	**704,690**	**1,158,007**

* *All mark-to-market adjustments to swaps and options that represent debit entries are recorded as assets on the balance sheet under "Other receivables" and those representing credit entries are recorded as liabilities on the balance sheet under "Other payables".*

Marketable securities

Marketable securities amounted to €6,538 million at December 31, 2020.

They consist mainly of €6,475 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.

The securities also include 1,674,082 treasury shares held to cover performance share plans.

Lastly, marketable securities include those held under a liquidity agreement the Company entered into on November 16, 2007 with Exane BNP Paribas. This agreement complies with the Code of Ethics adopted by the French financial markets association (*Association française des marches financiers* – AMAFI), which is recognized by the French financial markets authority (*Autorité des marchés financiers* – AMF). It came into effect on December 3, 2007 for an initial period ending on December 31, 2007, and has been automatically renewed since that date.

In compliance with applicable regulations (particularly AMF decision No. 2018-01 of July 2, 2018 establishing liquidity agreements on shares as an acceptable market practice), Compagnie de Saint-Gobain entered into a new liquidity agreement with Exane BNP Paribas on June 20, 2019, replacing their former liquidity agreement with retroactive effect from January 1, 2019.

Under this liquidity agreement, at December 31, 2020 the Company held:

- €3.6 million worth of units in a euro-denominated money-market fund (FCP);
- 36,367 treasury shares.

In 2020, 1,847,040 shares were purchased under this agreement (2019: 1,245,520 shares) and 1,847,233 shares were sold (2019: 1,335,079 shares).

Deferred charges

(in EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Bond issuance costs	39,993	38,497
Syndicated credit facility arrangement fees	4,753	6,276
Other deferred charges		43
DEFERRED CHARGES	**44,746**	**44,816**

In 2020, new debt issuance costs recorded under "Deferred charges" totaled €21.3 million (2019: €7.1 million) and amortization for the year amounted to €21.3 million (2019: €10.6 million). The corresponding refinancing transactions are presented in Note 13.

NOTE 10 Shareholders' equity

10.1 Changes in capital stock

Par value at December 31, 2019: €4 Par value at December 31, 2020: €4	Number of shares	Amount *(in EUR thousand)*
CAPITAL STOCK AT JANUARY 1, 2020	**544,683,451**	**2,178,734**
Shares canceled on August 13, 2020	(6,100,000)	(24,400)
Shares issued under the Group Savings Plan on August 13, 2020	6,099,996	24,400
Shares issued upon exercise of stock options on October 30, 2020	266	1
Shares canceled on November 3, 2020	(9,000,000)	(36,000)
Shares canceled on November 30, 2020	(3,000,000)	(12,000)
CAPITAL STOCK AT DECEMBER 31, 2020	**532,683,713**	**2,130,735**

At December 31, 2020, capital stock amounted to €2,130,735 thousand, represented by 532,683,713 shares of common stock with a par value of €4 each.

10.2 Statement of changes in shareholders' equity

(in EUR thousand)	Amount
SHAREHOLDERS' EQUITY AT DEC. 31, 2019 BEFORE APPROPRIATION OF 2019 NET INCOME	**17,079,849**
Shares issued under the Group Savings Plan on August 13, 2020	139,597
Shares canceled on August 13, 2020	(201,556)
Shares canceled on November 3, 2020	(324,677)
Shares issued upon exercise of stock options on October 30, 2020	10
Shares canceled on November 30, 2020	(108,739)
Net income for 2020	862,209
SHAREHOLDERS' EQUITY AT DEC. 31, 2020 BEFORE APPROPRIATION OF 2020 NET INCOME	**17,446,694**

10.3 Significant events

The principal events that contributed to changes in capital stock and shareholders' equity were as follows:

- **the August 2020 increase in capital stock through the subscription of 6,099,996 shares under the Group Savings Plan at a price of €23.03.** The issue proceeds amounted to €140,483 thousand (€139,597 thousand after deducting the issue costs, net of tax, from the premium);
- **the capital reductions of August 13, November 3 and November 30, 2020 through the cancellation of respectively 6,100,000 shares, 9,000,000 shares and 3,000,000 shares** for a total gross and net amount of €634,971 thousand.

These various transactions had the effect of decreasing **capital stock** by €47,999 thousand, the **legal reserve** by €4,800 thousand and **additional paid-in capital** by €442,565 thousand.

Changes in **unappropriated retained earnings** during the year are shown below.

Changes pursuant to the third Resolution of the June 4, 2020 Shareholders' Meeting (appropriation of income):

(in EUR thousand)	
AT DECEMBER 31, 2019 (BEFORE APPROPRIATION OF 2019 NET INCOME)	**5,533,185**
Net income for 2019	848,966
Less final dividend taking into account the actual number of treasury shares held	-
AT DECEMBER 31, 2020 (BEFORE APPROPRIATION OF 2020 NET INCOME)	**6,382,151**

As announced in April, the Board of Directors' meeting of November 26, 2020 reviewed the Group's shareholder return policy. Based on the sales and results growth in the third quarter and the good start to the fourth quarter, the Board announced that it would be recommending to the June 3, 2021 Shareholders' Meeting that it set the dividend in respect of 2020 – payable in June 2021 – at €1.33 per share, to be paid in cash, *i.e.*, the level of the dividend paid in June 2019.

10.4 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, options may only be exercised after four years of the grant date. During this period, none of the options received may be exercised. 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, 2020, the 2012 plan offers subscription options, while the 2013, 2015 and 2016 plans offer purchase options. For plans launched in 2017 and 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 shares	Average exercise price *(in EUR)*
OPTIONS OUTSTANDING AT DECEMBER 31, 2018	**1,848,007**	**38.78**
Options granted	0	-
Options exercised	(310,204)	36.33
Options forfeited	(480,281)	37.40
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**

* *Including 206,498 options granted under the 2016 stock option plan that lapsed because the performance conditions were not met, and 6,500 options relating to rights under said plan that were withdrawn.*

The table below summarizes information about stock options outstanding at December 31, 2020, after taking into account partial fulfillment of the performance criteria attached to certain plans.

	Exercisable options			Options not yet exercisable		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**
2011	31.22	-	11	-	-	-	Subscription
2012	27.71	19,633	23	-	-	19,633	Subscription
2013	38.80	120,347	35	-	-	120,347	Purchase
2014	34.13	-	47	-	-	-	Purchase
2015	39.47	62,542	59	-	-	62,542	Purchase
2016	40.43	67,002	71	-	-	67,002	Purchase
2017	-	-	83	49.38	284,500	284,500	see 10.4 above
2018	-	-	95	32.24	290,500	290,500	see 10.4 above
TOTAL	**-**	**269,524**	**-**	**-**	**575,000**	**844,524**	**-**

At December 31, 2020, 269,524 stock options were exercisable (at an average exercise price of €38.55) and 575,000 options with an average exercise price of €40.72 had not yet vested.

8

10.5 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, 2020, there were four outstanding performance share plans, approved by the Board of Directors in 2017, 2018 and 2019 and on November 26, 2020. A total of 1,420 shares remain to be delivered under the 2016 plan in connection with ongoing succession processes, which were launched before the plan was settled on November 24, 2020.

All plans are subject to service and performance conditions. The vesting period for the plans is four years and the shares will be delivered the day after the end of the vesting period for the 2017 plan and the fourth day after the end of the vesting period for the 2018, 2019 and 2020 plans.

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, 2018	**4,176,989**
■ performance share rights granted in November 2019	1,251,770
■ shares issued/delivered	(341,150)
■ lapsed and canceled rights	(159,740)
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**

* *Rights granted under the 2016 plan including 423,316 rights that lapsed because the performance condition had only been partly met, and 73,990 rights that were withdrawn.*

The following table shows the expected dates when shares under the performance share plans outstanding at December 31, 2020 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 granted at inception of Plan	Deliveries	Outstanding rights at Dec. 31, 2020 (1)	Deliveries 2021	Nov. 23, 2021	Nov. 25, 2022	Nov. 24, 2023	Nov. 29, 2024	Type of shares
Nov. 24, 2016 (2)	1,231,320	732,594	1,420	1,420					existing
23/11/2017	1,226,680	1,150	1,225,530		1,225,530				existing
22/11/2018	1,219,619	800	1,218,819			1,218,819			existing
21/11/2019	1,251,770	0	1,251,770				1,251,770		existing
26/11/2020	1,268,295	0	1,268,295					1,268,295	existing
TOTAL	**6,197,684**	**734,544**	**4,965,834**	**1,420**	**1,225,530**	**1,218,819**	**1,251,770**	**1,268,295**	

(1) Subject to fulfillment of the service and performance conditions applicable to each plan.
(2) Plan settled on November 24, 2020: A total of 1,420 remain to be delivered in 2021 in connection with succession processes, which were launched before November 24, 2020 and not yet finalized at December 31, 2020.

10.6 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).

There were no unvested performance unit plans at either December 31, 2019 or 2020.

10.7 Compagnie de Saint-Gobain Group savings plan (peg)

The Group Savings Plan (*Plan Épargne 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 2020, 6,099,996 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €23.03 (2019: 5,999,997 shares at an average price of €25.69), representing a share capital increase of €140 million (€154 million in 2019).

10.8 Potential number of shares

At the **Shareholders' Meeting of June 6, 2019**, shareholders authorized the Board of Directors of Compagnie de Saint-Gobain to:

- issue, on one or several occasions, up to 109,250,000 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 (15th to 20th Resolutions/26-month authorization commencing June 6, 2019);
- 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 Executive Directors of Compagnie de Saint-Gobain, *i.e.*, 8,288,775 options, including a maximum of 828,878 options for Executive Directors (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 Executive Directors of Compagnie de Saint-Gobain, *i.e.*, 6,631,020 free shares, including a maximum of 663,102 free shares for Executive Directors (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 on November 26, 2020 by granting 1,268,295 performance shares (including 147,500 for Executive Directors) (see section 10.5);
- issue, on one or several occasions, up to 12,022,500 new shares to members of the Group Savings Plan (22nd Resolution/26-month authorization commencing June 6, 2019). On August 13, 2020, the Group made partial use of this authorization by issuing 6,099,996 shares to employees.

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 533,278,346 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 654,219,560 shares.

NOTE 11 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, 2020, 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 security in 2020 was €0.71.

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 have been bought back over the years. At December 31, 2020, 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 participating security, which is linked to consolidated net income of the previous year and to the reference six-month Libor EUR rate +7/8%. The amount paid per security in 2020 was €60.60, paid in two installments (€27.25 and €33.35).

Following the reform of interest bank offered rates (IBOR), the November 19, 2020 Shareholders' Meeting ratified an amendment to the 1984 issuance contract for participating securities. Pursuant to this amendment, the interest on these securities will now be calculated by reference to six-month Euribor and not six-month EUR Libor.

None of these securities are redeemable and the interest is classified as a component of finance costs.

NOTE 12 Provisions

(in EUR thousand)	At Jan. 1, 2020	Charge for the year	Reversal of provisions	Other (transfers)	At Dec. 31, 2020
Untaxed provisions					
Reinvested capital gains	3,247	0	0		3,247
Other	0	0	0		0
	3,247	**0**	**0**	**0**	**3,247**
Provisions for contingencies					
Provisions for taxes	22,159	1,753	1,669		22,243
Provisions for other contingencies	2,845	863	273		3,435
	25,004	**2,617**	**1,942**	**0**	**25,678**
Provisions for charges					
Provisions for pensions and other post-employment benefit obligations*	153,555	11,308	0		164,862
Provisions for performance share and performance unit plan costs	127,851	12,990	31,206		109,636
Provisions for other charges	19,998	2,948	2,530		20,416
	301,404	**27,246**	**33,736**	**0**	**294,914**
Provisions for impairment					
Investments in subsidiaries and affiliates	401,069	0	648		400,420
Other investment securities	1,454	34	274		1,214
Doubtful receivables	0	0	0		0
Marketable securities	0	0	0		0
	402,522	**34**	**922**	**0**	**401,634**
Impact on operating income/(loss)		**10,251**	**593**	**0**	
Impact on net financial income		**34**	**922**	**0**	
Impact on exceptional items		**19,612**	**35,085**	**0**	

* *The Company's obligations with respect to supplementary pension plans and other post-employment benefits are measured using the actuarial method of projected unit credits based on end-of-career salaries and employees' vested rights at the measurement date. Actuarial gains and losses arising in the year under defined-benefit retirement plans are recognized immediately and in full in the income statement. The discount rate used in 2020 was 0.70% for terms of 14 years or less (1.01% in 2019), and 1.11% for terms over 14 years (1.39% in 2019).*

NOTE 13 Debt and payables

Total debt and payables (€17,223 million) recorded a net increase of €678 million, which is largely explained by the net €619 million increase in "Other borrowings".

Analysis of debt and payables

(in EUR thousand)	Gross	Due: Within 1 year	Due: Beyond 1 year
Bonds [1]	11,157,739	1,615,949	9,541,790
Bank borrowings [1] [2]	7,230	7,230	
Other borrowings [3]	5,754,979	5,754,824	155
DEBT	**16,919,949**	**7,378,004**	**9,541,945**
Tax and social charges payable	54,086	54,086	
Other payables [3]	237,470	237,470	
Deferred income	11,684	1,450	10,234
TOTAL DEBT AND PAYABLES [4]	**17,223,189**	**7,671,010**	**9,552,179**
(1) New borrowings and debt for the year – non-Group	1,500,000		
Borrowings and debt repaid during the year – non-Group	1,480,000		
(2) Of which:			
▪ debt with original maturity of up to two years	7,230		
▪ debt with original maturity of more than two years			
(3) Of which:			
▪ shareholder loans	None		
▪ new loans from subsidiaries*	646,251		
▪ loans from subsidiaries repaid during the year	36,046		
(4) Debt due beyond five years	5,001,097		

* *Including the net change in current accounts with Group entities.*

Long- and short-term debt

(in EUR thousand)	2020	2019
1. Medium- and long-term debt		
LONG-TERM PORTION		
Due between January 1 and December 31		
2021		1,500,000
2022	1,000,000	1,000,000
2023	1,612,000	862,000
2024	1,178,693	1,197,609
2025	750,000	750,000
2026 and beyond	4,968,577	4,234,342
No fixed maturity	32,675	32,705
Total long- and medium-term debt excluding short-term portion	**9,541,945**	**9,576,656**
Short-term portion	**1,615,949**	**1,582,825**
TOTAL	**11,157,894**	**11,159,481**
2. Short-term debt		
Borrowings from Group entities	5,750,508	5,133,651
Bank overdrafts and other short-term borrowings	7,230	9,198
Other	4,315	2,298
TOTAL	**5,762,053**	**5,145,147**
TOTAL LONG- AND SHORT-TERM DEBT	**16,919,947**	**16,304,628**

Long-term debt can be analyzed as follows by currency:

(in EUR thousand)	**2020**	**2019**
Euro	10,540,592	8,804,218
Pound sterling	617,147	620,252
TOTAL	**11,157,739**	**9,424,470**

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 9 "Deferred charges").

13.1 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, 2020, 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 2020 was €3.18.

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

13.2 Main changes in bond debt in 2020

On April 3, 2020, Compagnie de Saint-Gobain issued:

- €750 million worth of 1.75% fixed-rate bonds, maturing on April 3, 2023;
- €750 million worth of 2.375% bonds, maturing on October 4, 2027.

Compagnie de Saint-Gobain redeemed:

- €1,000 million worth of 0% bonds on March 27, 2020 at maturity;
- two floating-rate 3-month Euribor +0.23% private placements on June 25, 2020 at maturity, amounting to €180 million and €300 million.

13.3 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, 2020, the state of these programs was as follows:

(in EUR million)	**Authorized drawings**	**Authorized limits at Dec. 31, 2020**	**Balance outstanding at Dec. 31, 2020**	**Balance outstanding at Dec. 31, 2019**
Medium-Term Notes	1 to 30 years	15,000	11,149	11,129
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	815*	0	0
Euro Commercial Paper	up to 12 months	815*	0	0

* *Equivalent to USD 1,000 million based on the exchange rate at December 31, 2020.*

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 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, 2020.

Another short-term line of credit was arranged on March 22, 2020 for an initial amount of €2.5 billion, maturing in March 2021. This line was canceled on September 16, 2020.

NOTE 14 Related-party transactions

14.1 Transactions with related companies

(in EUR thousand)	Net amount concerning related companies: Subsidiaries [1]	Other related companies [2]	Other companies	Net balance sheet amount at Dec. 31, 2020
Balance sheet items				
Investments in subsidiaries and affiliates	12,602,067			12,602,067
Loans and advances to subsidiaries and affiliates	13,685,680			13,685,680
Other investment securities	10,400			10,400
Loans	415,838		41,557	457,395
Other receivables	642,427		62,263	704,690
Marketable securities	58,791		6,478,992	6,537,783
Cash and cash equivalents			993,026	993,026
Bonds			11,157,739	11,157,739
Bank borrowings			7,230	7,230
Other borrowings	5,752,845		2,134	5,754,979
Tax and social charges payable			54,086	54,086
Other payables	125,934		111,536	237,470
Income statement items				
Income from investments in subsidiaries and affiliates	689,530			689,530
Income from loans and other investments	293,120			293,120
Other interest income	24,901		1,043	25,944
Interest expense	8,524		255,717	264,241

(1) Fully consolidated companies
(2) Companies that are not fully consolidated

14.2 Transactions with other related parties

There are no material transactions with other related parties that were not entered into under arm's length conditions.

8

NOTE 15 Investment portfolio

	Country	Net book value *(in EUR thousand)*	% interest	Number of shares
SPAFI	France	5,768,287	100.00%	251,014,618
Partidis	France	2,065,919	100.00%	58,597,751
Saint-Gobain Europe du Nord (formerly Saint-Gobain Matériaux de Construction)	France	1,790,712	100.00%	112,145,608
Vertec	France	891,512	100.00%	11,790,699
Saint-Gobain Benelux	Belgium	812,344	100.00%	3,296,475
Saint-Gobain Do Brasil	Brazil	259,292	55.31%	93,891,494
Saint-Gobain Cristaleria	Spain	211,253	16.35%	3,660,417
Saint-Gobain Isover G+H AG	Germany	153,820	99.91%	3,197,111
Saint-Gobain PPL Isofluor GmbH	Germany	153,764	100.00%	23,008,200
Saint-Gobain Glaceries de Saint-Roch oHG, Aachen	Germany	153	60.00%	300,000
Saint-Gobain Innovative Materials	Belgium	124,080	15.00%	1,667,698
Saint-Gobain Glass Deutschland GmbH	Germany	86,660	60.00%	119,999,970
Saint-Gobain Beteiligungen GmbH	Germany	76,425	100.00%	15,358,100
Saint-Gobain Autoglas GmbH	Germany	72,833	60.00%	120,000,000
Saint-Gobain Diamant Werkzeuge GmbH	Germany	61,151	100.00%	20,000,000
SEPR	France	53,310	25.73%	407,600
Saint-Gobain PAM	France	16,950	8.10%	360,255
Unterstützungskasse GmbH	Germany	29	95.00%	28,500
Saint-Gobain Immobilien GmbH	Germany	27	100.00%	25,000
Saint-Gobain Vertex	Germany	4	60.00%	20,000
SCI Île-de-France	France	3,428	94.00%	22,560
Miscellaneous French companies		35	0.37%	80,000
Miscellaneous foreign companies		78	99.72%	2,219,656
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES		**12,602,068**		
Cie de Saint-Gobain (treasury shares)	France	9,418	-	251,616
Cie de Saint-Gobain (treasury shares held for cancellation)	France	982	-	26,904
Miscellaneous French companies			-	
OTHER INVESTMENT SECURITIES		**10,400**		
TOTAL		**12,612,468**		

NOTE 16 Information about subsidiaries and affiliates

Information on direct holdings of Compagnie de Saint-Gobain whose book value exceeds 1% of capital:

COMPANY *(in EUR thousands or thousands of local currency units)*	Capital stock	Reserves	% interest	Book value of shares held Gross *(in EUR thousand)*	Book value of shares held Net *(in EUR thousand)*	Loans and advances granted by the Company *(in EUR thousand)*	Guarantees given by the Company *(in EUR thousand)*	2020 sales	2020 net income/ (loss)	Dividends received by the Company in 2020 *(in EUR thousand)*
1 – SUBSIDIARIES										
At least 50%-owned										
by the Company										
SPAFI										
12, place de l'Iris	EUR k	EUR k						EUR k	EUR k	
92400 Courbevoie	3,012,175	3,389,976	100.00	5,768,287	5,768,287	570,500		0	2,080,611	599,925
Partidis										
12, place de l'Iris	EUR k	EUR k						EUR k	EUR k	
92400 Courbevoie	893,616	(809,980)	100.00	2,065,919	2,065,919	1,437,000		3,781	(472,720)	0
S-G Europe du Nord										
12, place de l'Iris	EUR k	EUR k						EUR k	EUR k	
92400 Courbevoie	476,618	757,835	100.00	2,123,712	1,790,712	4,203,459		6,270	136,756	0
Vertec										
12, place de l'Iris	EUR k	EUR k						EUR k	EUR k	
92400 Courbevoie	188,651	682,797	100.00	891,512	891,512	0		0	19,858	79,941
S. G. Benelux										
6, Avenue Einstein,	EUR k	EUR k						EUR k	EUR k	
1300 Wavre, Belgium	812,345	11,367	100.00	812,345	812,345	0		0	3,853	3,994
S. G. Isover G+H AG										
1 Burgermeister-Grünzweig Strasse	EUR k	EUR k						EUR k	EUR k	
D-67059 Ludwigshafen	82,000	11,426	99.91	153,820	153,820	0		356,346	11,865	11,865
S. G. PPL Isofluor GmbH										
Ziegeleistrasse 2/Kreitzweg	EUR k	EUR k						EUR k	EUR k	
D-41472, Neuss	23,008	139,936	100.00	153,764	153,764	0		9,795	58,105	58,105
S. G. Glass Deutschland GmbH										
Nikolausstrasse 1	EUR k	EUR k						EUR k	EUR k	
D-52222, Stolberg	102,258	32,889	60.00	87,197	86,660	0		333,408	6,873	6,873
S G Do Brasil										
482, avenida Santa Marina – Agua Branca	(BRLk)	(BRLk)						(BRLk)	(BRLk)	
05036-903 São Paulo-SP, Brésil	1,697,564	1,070,546	55.31	259,292	259,292	0		4,207,109	396,966	33,799
Saint-Gobain Autoglas GmbH										
Glasstrasse 1	EUR k	EUR k						EUR k	EUR k	
D-52134, Herzogenrath	102,258	19,130	60.00	72,833	72,833	0		0	(36,934)	(36,934)
Saint-Gobain Diamant Werkzeuge GmbH										
Schuetzenwall 13-17	EUR k	EUR k						EUR k	EUR k	
D-22844, Norderstedt	10,226	50,925	100.00	61,151	61,151	0		34,197	(33,107)	(33,107)
Saint-Gobain Beteiligungen GmbH										
Krefelder Straß e 195	EUR k	EUR k						EUR k	EUR k	
D-52070, Aachen	15,358	0	100.00	76,425	76,425	0		0	0	0

COMPANY *(in EUR thousands or thousands of local currency units)*	Capital stock	Reserves	% interest	Book value of shares held: Gross *(in EUR thousand)*	Book value of shares held: Net *(in EUR thousand)*	Loans and advances granted by the Company *(in EUR thousand)*	Guarantees given by the Company *(in EUR thousand)*	2020 sales	2020 net income/ (loss)	Dividends received by the Company *(in EUR thousand)*
2 – AFFILIATES										*
10%- to 50%-owned										
by the Company										
S. G. Cristaleria										
132, Principe de Vergara	EUR k	EUR k						EUR k	EUR k	
28002 Madrid, Espagne	134,512	717,434	16.35	211,253	211,253	710,000		308,838	(38,239)	0
S. G. Innovative Materials										
6, Avenue Einstein,	EUR k	EUR k						EUR k	EUR k	
1300 Wavre, Belgium	390,566	(202,537)	15.00	160,880	124,080	0		137,971	(70,029)	0
SEPR										
12, place de l'Iris	EUR k	EUR k						EUR k	EUR k	
92400 Courbevoie	63,361	10,187	25.73	53,310	53,310	10,000		151,126	12,865	514
OTHER COMPANIES										
Subsidiaries (over 50%-owned)										
Total French companies				3,428	3,428					72
Total foreign companies				213	213					
Affiliates (10%- to 50%-owned)										
Total French companies										
Total foreign companies										
Other investments				**48,129**	**18,046**					
Treasury stock				**10,631**	**9,418**					
Treasury stock held for cancellation				**0**	**0**					
TOTAL				**13,014,101**	**12,612,468**	**6,930,959**	**0**	**5,548,841**	**2,076,723**	**725,047**

* *The amounts shown for subsidiaries of the German branch corresponds to the 2020 profit or loss transferred under the tax consolidation system.*

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	2020 amount *(in EUR thousand)*	2019 amount *(in EUR thousand)*
Guarantee for new Saint-Gobain tower lease	01/09/32	SCI Iris La Défense	6,459	6,459
Guarantee given on behalf of Saint-Gobain Isover (electricity purchases)	12/31/25	Exeltium	13,830	16,060
Commitments given to other members of economic interest groupings (GIE)	indefinite	GIE counterparts	8,062	6,963
Commitment given to the Saint-Gobain Initiatives foundation	multiple	SG Initiatives counterparts	1,650	3,300
Rent guarantee (Les Miroirs)	06/30/20	Miroirs A & B	0	3,000
Commitment given to employees of the German companies in the Group (early retirement plan)	05/31/22	Sparkasse Aachen	1,534	1,606
Other commitments given	multiple	multiple	0	33

Financing-related off-balance sheet commitments

Financing-related off-balance sheet commitments given	Date	Counterparty	2020 amount *(in EUR thousand)*	2019 amount *(in EUR thousand)*
Liquidity agreement guarantee	janv-20	Exane	350	642
Euro equivalent of forward currency sale contracts	multiple	multiple	5,811,216	1,127,874
Euro equivalent of foreign currencies payable under currency swaps	multiple	multiple	3,899,706	3,128,388
Equity swaps acquired as hedges of performance units	multiple	multiple	96	1,519

Financing-related off-balance sheet commitments received	Date	Counterparty	2020 amount *(in EUR thousand)*	2019 amount *(in EUR thousand)*
Liquidity agreement guarantee	janv-20	Exane	336	280
Euro equivalent of forward currency purchase contracts	multiple	multiple	5,811,726	1,128,360
Euro equivalent of foreign currencies receivable under currency swaps	multiple	multiple	3,938,626	3,149,696
2013/2023 undrawn line of credit	12/20/2023	multiple	2,480,000	2,480,000
2017/2023 undrawn line of credit	12/20/2023	multiple	1,520,000	1,520,000

Financing-related off-balance sheet commitments given and received	Date	Counterparty	2020 amount *(in EUR thousand)*	2019 amount *(in EUR thousand)*
Interest-rate swaps: fixed-rate borrower/fixed-rate lender	multiple	multiple	278,077	293,841
Interest-rate swaps: variable-rate borrower/fixed-rate lender	multiple	multiple	175,000	175,000
Commodity swaps: fixed-price buyer/variable-price seller	multiple	multiple	-153	-4,672
Commodity swaps: variable-price buyer/fixed-price seller	multiple	multiple	-153	-4,672

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.

8

NOTE 18 Information on fees paid to the statutory auditors

Total fees (excluding VAT) paid and payable to the Statutory Auditors in 2020, as reflected in the income statement for the year, may be broken down as follows:

- statutory audit fees: €1.8 million;
- fees for audit-related advice and services: €0.3 million.

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 (Saint-Gobain tower, La Défense)	2020	2019
Managerial-grade employees	166	173
Supervisors	18	22
Administrative staff	4	6
TOTAL	**188**	**201**
of which employees under fixed-term contracts	1	6

German branch (Aix-la-Chapelle)	2020	2019
Managerial-grade employees	85	82
Supervisors	110	117
Administrative staff	0	0
TOTAL	**195**	**199**
of which employees under fixed-term contracts	13	15

Management compensation

Total gross compensation and benefits paid in 2020 by the French and foreign companies in the Group to members of the Executive Committee as it stood at December 31, 2020 (excluding any long-term compensation) amounted to €13.3 million (2019: €11.4 million), including €5.2 million in gross variable compensation (2019: €3.7 million). No severance payments were made in 2020 to members of the Executive Committee as it stood at December 31, 2020 (as in 2019).

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 €46.3 million in 2020 (2019: €41.5 million).

Compensation paid to members of the Board of Directors for 2020 totaled €1.0 million (2019: €1.1 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 Antitrust law and related proceedings

Legal provisions covering competition 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.

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 at December 31, 2020).

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.

The period opened for lodging an appeal is pending as of the closing date of these financial statements.

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 de grande instance*) based on the facts being investigated by the Competition Authority. In an order dated December 16, 2014, the pre-trial judge declared a stay of proceedings while waiting for the decision from the Competition Authority, procedure which remains stayed as of the closing date of these financial statements.

20.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, seven further individual lawsuits were filed in 2020 by former employees (or persons claiming through them) of Everite and Saint-Gobain PAM – which in the past had carried out fiber-cement operations – for asbestos-related occupational diseases that affect or have affected them. As of December 31, 2020, a total of 837 such 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 December 31, 2020, 800 of these 837 lawsuits had been completed in terms of both liability and quantum. In all these cases, the employers were held liable on the grounds of "inexcusable fault".

Compensation paid by Everite and Saint-Gobain PAM in settlement of these lawsuits totaled approximately €6.2 million as of December 31, 2020 (compared to €5 million as of December 31, 2019).

Concerning the 37 lawsuits outstanding against Everite and Saint-Gobain PAM as of December 31, 2020, the procedures relating to the merits of all the cases were at different stages, with five in the process of being investigated by the French Social Security authorities and 32 pending before the Civil Courts (*Tribunaux judiciaires*) or Appeal Courts.

In addition, as of December 31, 2020, 258 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 used equipment containing asbestos to protect themselves against heat from furnaces.

As of December 31, 2020, 224 lawsuits had been completed. In 141 of these cases, the employer was held liable for "inexcusable fault".

At the same date, compensation paid by these companies totaled approximately €8.7 million as of December 31, 2020 (compared to €8 million as of December 31, 2019).

As regards the 34 suits outstanding as of December 31, 2020, five cases were still being investigated by the French Social Security authorities, 28 were being tried – including 22 pending before the Civil Courts (*Tribunaux judiciaires*), five before the Appeal Courts and one before the *Cour de cassation*. Lastly, one action has been cancelled but the plaintiff may request its restoration at any time within a two-year period following its cancellation.

Anxiety claims

Eight of the Group's French subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, are the subject of damages claims that are different from those described above.

"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, 2020, a total of 824 lawsuits had been brought by current or former employees claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos. None of these plaintiffs were suffering from an asbestos-related disease and some of them were not receiving the ACAATA benefit. Of these 824 suits, 721 have been definitely completed, representing a total amount of compensation of €7.6 million as of December 31, 2020 (as at December 31, 2019). The remaining 103 lawsuits are pending before the Amiens Appeal Court.

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 €5.5 million as of December 31, 2020 (compared to €4.1 million as of December 31, 2019).

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 3 to 8 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 USD 432 million as of December 31, 2020. The Group's consolidated income for 2020 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 2020 (USD 99 million, corresponding to €88 million, in 2019).

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. A first instance decision was rendered in connection with the first suit in July 2020, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the 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 both completed and on-going 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 and clean-up obligations at these sites has not yet been established. 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.

On December 31, 2020, the provision recorded by the Company in respect of this matter amounts to €31.2 million.

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 and phase 2 commenced in January 2020 and is expected to continue into 2022. 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 have been, or are expected to be, stayed prior to the service of full pleadings, in view of the ongoing Public Inquiry. 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, 2020

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 SA

Tour Saint-Gobain

12, place de l'Iris

92400 Courbevoie cedex

France

To the Shareholders,

1. 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, 2020.

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, 2020 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.

2. 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, 2020 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.

3. 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 financial investments

Description of risk

At December 31, 2020, the carrying amount of the Company's financial investments, chiefly comprising investments in subsidiaries and affiliates and related loans and advances, stood at €26,288 million, representing 75% 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 not led to book complementary impairment losses for the year ended December 31, 2020.

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 financial investments to ensure their appropriateness.

4. 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.22-10-11 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.

5. Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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*).

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, 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the thirty-five year and the seventeenth consecutive year of their engagement, respectively.

6. 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.

7. 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 25, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		KPMG Audit *Department of KPMG SA*	
Edouard Sattler	Cécile Saint-Martin	Pierre-Antoine Duffaud	Bertrand Pruvost

5. Management report Compagnie de Saint-Gobain annual financial statements

Compagnie de Saint-Gobain's net income totaled €862.2 million in 2020 (2019: €849.0 million). This income consisted largely of financial income from subsidiaries and affiliates (dividends and income transfers from subsidiaries of the German branch) totaling €689.5 million in the year (2019: €813.8 million), and an income tax benefit of €184.9 million (2019: €226.4 million) from the French and German tax consolidation groups, less a net exceptional expense of €1.6 million (2019: €191.6 million due mainly to the sale of Saint-Gobain Distribution Deutschland outside the Group). No impairment loss against investments in subsidiaries and affiliates was recognized in 2020 or in 2019.

Shareholders' equity before allocation of income for the year totaled €17,447 million at December 31, 2020 (December 31, 2019: €17,080 million).

Significant events during the year

1.1 Impacts of the Covid-19 pandemic

The Company was affected by the Covid-19 pandemic in the first half of 2020. However, trading in the second half of the year was almost back to normal levels.

In this context, the measures taken by the Company to address the crisis caused by the pandemic were the result of swift decisions taken in line with the Saint-Gobain Group's key priorities. These included keeping a close watch on the Company's cash levels, with strict measures put in place to reduce costs and investments and to maintain a tight rein on working capital, in addition to the specific action taken to strengthen the Group's cash position. Furthermore, at the Shareholders' Meeting held on June 4, 2020, shareholders approved the Board of Directors' recommendation that no dividend be paid in respect of 2019.

The Company did not choose to defer any tax or social security payments as permitted by the law.

1.2 Transactions involving shareholders' equity

The main changes in shareholders' equity included:

- an increase of €139.6 million in shareholders' equity on August 13, 2020 through the subscription of 6,099,996 shares at a price of €23.03 under the Group Savings Plan;
- a reduction of €635.0 million in shareholders' equity following the cancellation of 6,100,000 shares on August 13, 2020, of 9,000,000 shares on November 3, 2020 and of 3,000,000 shares on November 30, 2020.

1.3 Acquisition of Continental Building Products

On November 12, 2019, Saint-Gobain and Continental Building Products (NYSE: CBPX) announced that they had entered into an agreement pursuant to which Saint-Gobain is to acquire all of the outstanding shares of Continental Building Products. The transaction was unanimously approved by the Boards of Directors of both Saint-Gobain and Continental Building Products. A forward purchase of USD 1.3 billion was taken out in respect of this put option on January 14, 2020. On January 30, 2020, Saint-Gobain announced that Continental Building Products had obtained shareholder approval to be acquired by Saint-Gobain and that the US Competition Authority had authorized the transaction. The deal closed on February 3, 2020. Upon completion of the transaction, Saint-Gobain will have acquired all of the shares of Continental Building Products for USD 37.00 per share in a transaction valued at approximately USD 1.4 billion (around €1.3 billion).

1.4 Sale of the stake in Sika

On May 27, 2020, Saint-Gobain announced the successful completion of the sale by its subsidiary Schenker-Winkler Holding AG of approximately 15.2 million Sika shares, representing its full stake of 10.75% of Sika's share capital, for a total of CHF2.56 billion (€2.4 billion). The shares were placed *via* a private placement to qualified institutional investors by way of an accelerated book-building process.

1.5 Planned 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. This important step launches a period of consultations and approvals which should result in a finalized transaction in the first half of 2021.

Lapeyre has approximately 3,500 employees, with 10 plants and 126 stores in France. In 2019 it generated sales of €641 million and an operating loss of €34 million.

In addition, Saint-Gobain will provide 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.

1.6 Planned 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).

In 2019, SGBD NL generated revenues of €522 million. Operating under the brands Raab Karcher, Tegelgroep Nederland, Galvano and Van Keulen, it has 38 sales outlets and employs over 1,000 people. The sale will be based on an enterprise value of €150 million.

The transaction is subject to approval by the European competition authority and to information and consultation of the employee representatives of the relevant Dutch entities. The transaction is intended to be finalized by the end of 2021.

1.7 Financing activities

On April 3, 2020, Compagnie de Saint-Gobain issued:

- €750 million worth of 1.75% fixed-rate bonds, maturing on April 3, 2023;
- €750 million worth of 2.375% bonds, maturing on October 4, 2027.

Compagnie de Saint-Gobain redeemed:

- €1,000 million worth of 0% bonds on March 27, 2020 at maturity;
- two floating-rate 3-month Euribor +0.23% private placements on June 25, 2020 at maturity, amounting to €180 million and €300 million.

A short-term line of credit was arranged on March 22, 2020 for an initial amount of €2.5 billion, maturing in March 2021. This line was canceled on September 16, 2020.

1.8 Relocation of the head office

In the first half of 2020, the Company moved its headquarters to the new Saint-Gobain Tower at 12 place de l'Iris, 92400 Courbevoie, France.

Other mandatory disclosures

2.1 Maturity of amounts owed to suppliers and from customers

Pursuant to Article D.441-4, amounts owed to non-Group suppliers and from non-Group customers can be analyzed as follows by maturity:

	Article D.441 I.-1: Overdue invoices from suppliers unpaid at Dec. 31, 2020						Article D.441 I.-2: Overdue invoices to customers unpaid at Dec. 31, 2020					
(in EUR thousand)	**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	285					363	32					141
Total value of invoices incl. VAT	6,015	1,032	285	151	(285)	1,183	354	311	78	48	106	543
Percentage of 2019 total purchases incl. VAT	6.27%	1.08%	0.30%	0.16%	-0.30%	1.23%						
Percentage of 2019 sales incl. VAT							20%	18%	4%	3%	6%	31%
(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 thousand)	2020	2019	2018	2017	2016
1 – CAPITAL STOCK AT YEAR-END					
Share capital	2,130,735	2,178,734	2,186,340	2,214,228	2,221,121
Number of common shares outstanding	532,683,713	544,683,451	546,585,004	553,557,091	555,280,358
2 – RESULTS OF OPERATIONS					
Sales	281,120	296,897	188,609	181,074	175,762
Income before tax, depreciation, amortization and provisions	695,116	677,122	914,931	864,136	952,078
Income tax	184,939	226,402	154,213	14,032	128,412
Income after tax, depreciation, amortization and provisions (net income)	862,209	848,966	669,184	839,496	1,048,738
Dividends	705,717 (1)	0 (2)	716,380 (3)	707,475 (4)	694,143 (5)
3 – EARNINGS PER SHARE *(IN EUR)*					
Income before tax, depreciation, amortization and provisions	1.30	1.24	1.67	1.56	1.71
Income after tax, depreciation, amortization and provisions (net income)	1.62	1.56	1.22	1.52	1.89
Net dividend per share	1.33	0	1.33	1.30	1.26
4 – EMPLOYEE INFORMATION (6)					
Average number of employees during the year	188	201	200	199	205
Total payroll for the year	32,405	33,729	30,788	29,867	33,059
Total benefits paid for the year	17,647	15,423	14,756	14,612	15,572

(1) Estimated amount based on 532,684,042 shares carrying, at January 31, 2021, rights to dividends in respect of 2020, less 2,070,093 treasury shares held at January 31, 2021.

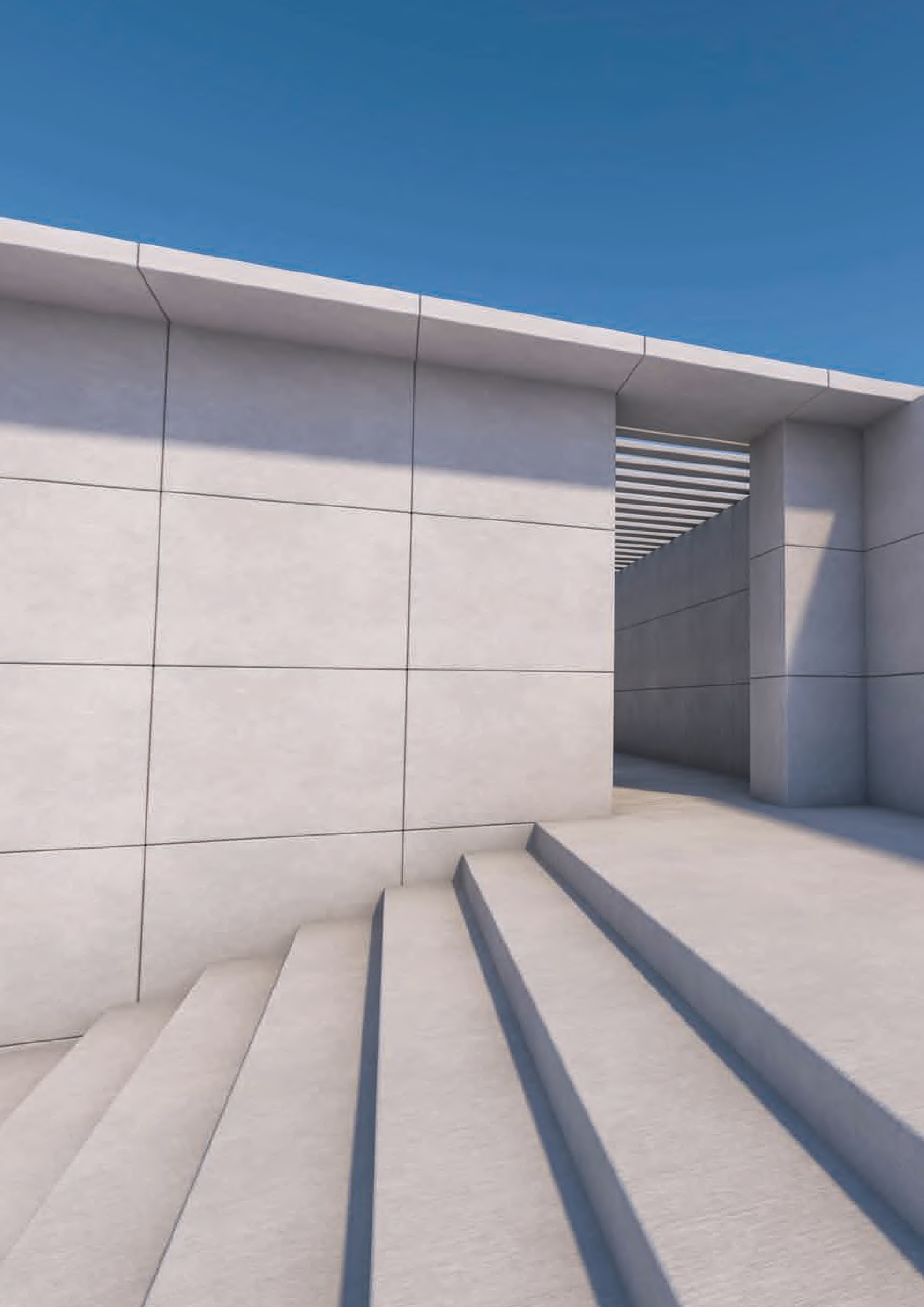
(2) No dividend was paid in respect of 2019.

(3) 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.

(4) 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.

(5) Based on 555,284,802 shares carrying rights to dividends in respect of 2016, less 4,377,414 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, 2020, the share capital was set at €2,130,734,852.00, divided among 532,683,713 shares with a par value of €4 each, entirely paid in 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 limits for holding office, which are 70 for a Director and 68 for the Chairman of the Board of Directors. The Chairman of the Board of Directors may also hold the position of Chief executive officer of the Company, if agreed by the members of the Board. In this situation, their job title shall be Chairman and Chief executive officer. The age limit for holding office as Chairman and Chief executive officer is 65 (the same as for the Chief executive officer and Chief Operating Officers).

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 fund 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 General 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 General 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 income 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, 2021 describe the Board's organization and functioning. The internal rules were last updated by the Board of Directors on July 30, 2020.

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(b). 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 drafted and distributed to 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 without any break in transmission, 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 annual report for the Saint-Gobain Group and the draft Group and Company 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 and Chief executive officer, 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 Directors are present; in the latter case, notice shall first be given to the Chairman and Chief executive officer, who 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 and Chief executive officer 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 Directors being present, so that they can assess the performance of the Executive Directors and consider the future line-up of Saint-Gobain Group's General Management.

IV. Board Committees

Three Board Committees exclusively composed of Directors – the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee – prepare the Board of Directors' tasks and deliberations in their respective areas.

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 Chairman and Chief executive officer, 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.

V. 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;
- convening, chairing, organizing and reporting to the Chairman and Chief executive officer on the meetings of the Directors held without the presence of the Executive Directors. Such sessions may be held during or at the close of a meeting of the Board of Directors and, as the case may be, such sessions may be co-chaired by the Chairman of the Nominations and Remuneration Committee in the event he/she is a different person, and for matters falling under the responsibility of the Nominations and Remuneration Committee (in particular succession plans and compensation of the Chairman and Chief executive officer);
- serving as a point of contact of the shareholders of Compagnie de Saint-Gobain on governance matters, and meet them at the request of the Chairman and Chief executive officer;
- ensuring that the Directors receive the relevant information to exercise 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 is honored.

Powers of the Lead independent Director

In the course of his duties, the Lead independent Director has the right to:

- suggest to the Chairman and Chief executive officer the addition of points to the agenda of any meeting of the Board of Directors;
- request the Chairman and Chief executive officer to convene the Board of Directors on a specific agenda;
- convene and chair the meetings of the Board of Directors in the event of the temporary inability or death of the Chairman and Chief executive officer; 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 relevant Committee.

The Lead independent Director reports to the Board of Directors on the completion of his mission on an annual basis.

VI. 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 sales 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 and Chief executive officer and the Lead independent Director and refrain from participating in discussions and votes on the concerned topics.

The Chairman and Chief executive officer must consult the Board before accepting any new appointment in a publicly traded company.

VII. Compensation of the Directors and reimbursement of expenses

The Board of Directors distributes the amount allocated by the General Meeting as compensation for the work of the Directors.

The Chairman and Chief executive officer does not receive compensation for his role as Director.

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 the necessary supporting documents, for travel expenses, and any expenses incurred within the course of carrying out their duties as Directors of the Company.

VIII. 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 on display

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

Mr. Pierre-André de Chalendar, Chairman and 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 388, 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 18, 2021

Pierre-André de Chalendar

Chairman and Chief executive officer

1.4 Information about the Statutory Auditors

1.4.1 Statutory Auditors and Substitute Auditors

At December 31, 2020, the Statutory Auditors of the Company are:

- PricewaterhouseCoopers Audit [1], 63, rue de Villiers, 92208 Neuilly-sur-Seine, France, represented by Mr. Edouard Sattler and Mrs. Cécile Saint-Martin. Its mandate was renewed on June 2, 2016 for a period of six years and expires at the 2022 Annual Shareholders' Meeting;
- 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.

1.4.2 Statutory Auditors' fees

Statutory Auditors' fees and members of their networks paid by the Group for the fiscal year 2020

	PricewaterhouseCoopers				KPMG			
	2020		2019		2020		2019	
(in EUR million)	Amount before tax	%	Amount before tax	%	Amount before tax	%	Amount before tax	%
Accounts certification services								
Issuer	0.9	7%	0.9	6%	0.9	11%	0.9	9%
Fully consolidated subsidiaries	8.5	68%	8.2	58%	7.1	84%	7.5	81%
Subtotal	**9.4**	**75%**	**9.1**	**64%**	**8**	**94%**	**8.4**	**90%**
Services other than accounts certification*								
Issuer	0.2	2%	0.3	1%	0.0	0%	0.0	0%
Fully consolidated subsidiaries	2.9	23%	5.0	35%	0.5	6%	0.9	10%
Subtotal	**3.1**	**25%**	**5.3**	**36%**	**0.5**	**6%**	**0.9**	**10%**
TOTAL	**12.5**	**100%**	**14.4**	**100%**	**8.5**	**100%**	**9.3**	**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, compliance services on accounting, tax and regulatory issues, as well as training.*

(1) Members of the Versailles branch of the French Regional Auditors' Association.

1.5 Main addresses

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

NORTHERN EUROPE REGION

Germany and Austria
Krefelder Straße 195
52070 Aachen
Germany
Tel. +49 (241) 400 20-0
www.saint-gobain.de

Nordic countries and Baltic States
Robert Jacobsens Vej 62A
2300 Copenhagen S
Denmark
Tel.: +45 70 300 688

United Kingdom and Republic of Ireland
Saint-Gobain House
Binley Business Park
Coventry CV3 2TT
United Kingdom
Tel.: +44 (0) 2476 56 0700
www.saint-gobain.co.uk

Poland
Iris B
Ul. Cybernetyki 9
02-677 Warsaw
Poland
Tel.: +48 (22) 653 79 00
www.saint-gobain.pl

Czech Republic
Smrčkova 2485/4
180 00 Prague 8
Czech Republic
Tel.: +420 724 738 135
www.saint-gobain.cz

Russia, Ukraine and CIS countries
PREO 8 Business Center, 19th floor
8, Preobrazhenskaya ploschad
107061, Moscow
Russian Federation
Tel.: +7 495 228 8110
www.saint-gobain.ru

Switzerland
Saint-Gobain Switzerland
c/o Sanitas Troesch AG
Hardturmstrasse 101
CH-8031 Zurich
Switzerland
Tel.: +41 44 446 15 55
www.saint-gobain.ch

Romania
43 Pipera Road, Floreasca Park, building A, 3rd floor
014254, Bucharest
Romania
Tel.: +40 (21) 207 57 00
Fax: +40 (21) 207 57 11
www.saint-gobain.ro

Bulgaria
13 Imperator Konstantin Veliki str.
2230 Kostinbrod,
Bulgaria
Tel.: +359 2 400 37 00
www.saint-gobain.bg

SOUTHERN EUROPE, MIDDLE EAST REGION AFRICA

Spain/Portugal/Algeria

Principe de Vergara 132
28002 Madrid
Spain
Tel.: +34 (91) 397 20 55
www.saint-gobain.es
www.saint-gobain.pt

Office in Morocco

2, Allée des Figuiers Ain Sebâa
Casablanca
Morocco
Tel.: +212 5226-89000

Italy

Via Ettore Romagnoli, 6
20146 Milan
Italy
Tel.: +39 (02) 42431
www.saint-gobain.it

Sub-Saharan Africa

Block A, Siemens Office Park
Janadel Ave
Halfway Gardens
Midrand 1686
South Africa
Tel.: +27 12 657 2800
www.saint-gobain-africa.com/e

Middle East

Dbayeh main road, Mitsulift Bldg 3rd Floor,
Dbayeh Main Road
PO Box 55-44, Beirut
Lebanon
Tel.: +961 4 546 870/1/2
www.saint-gobain-emme.com

United Arab Emirates

40th Floor, Tiffany Tower,
Cluster W, Jumeirah Lakes Towers
Dubai
United Arab Emirates
Tel.: +971 (0)4 450 2300
www.saint-gobain-emme.com

Saudi Arabia

Rabwah Central, Rolaco Building,
Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966 011 473 8751
www.saint-gobain-emme.com

Oman and Qatar

Al Rayan, complex B 5th floor
P.O. Box 22520 Doha
Qatar
Tel.: +974 4442 3816
www.saint-gobain-emme.com

Turkey

Altaycesme Mahallesi Camli Sokak No: 21 K: 4
Esas Ofispark 34843 Maltepe, Istanbul
Turkey
Tel.: +90 216 250 12 22
www.saint-gobain.com.tr

Egypt

Imm. 12B4, Cairo Festival City, 2nd floor, New Cairo
Egypt
Tel.: +202 25288070
www.saint-gobain-emme.com

Benelux

6F Avenue Einstein
1300 Wavre
Belgium
Tel.: +00 32 (0)10 80 00 80
www.saint-gobain.com

Greece

Saint-Gobain Hellas
5, Kleisouras str.-PC 14452 Metamorfossi
Athens
Greece
Tél.: +30 210 2831804

ASIA-PACIFIC REGION

China
17 & 18F, Shanghai Point
No. 1158, East DaMing Rd.
Shanghai 200082
China
Tel.: + (86 21) 5552 6666
www.saint-gobain.com.cn

Japan
Saint-Gobain Bldg
3-7 Kojimachi, Chiyoda-ku
102-0083 Tokyo
Japan
Tel.: +81 3 6272 6250
www.saint-gobain.co.jp

South Korea
10F, KFAS Bldg.
211, Teheran-ro
Gangnam-gu
Seoul 06141
South Korea
Tel.: +82 2 3706 9073

Thailand
12F, Gypsum Metropolitan Tower
539/2, Si Ayutthaya Road
Thanonphayathai, Ratchathewi
Bangkok 10400
Thailand
Tel.: +(66)2 640 8721

Australia
60 Hume Hwy
Somerton, VIC 3062
Australia
Tel.: +61 3 9930 7850
www.saint-gobain.com.au

India
Level 5, Leela Business Park
Andheri Kurla Road
Andheri (East)
Mumbai -400059
India
Tel.: +91 (022) 40 21 21 21
www.saint-gobain.co.in

Vietnam
8th Floor, SOFIC Tower, 10 Mai Chi Tho Street
Thu Thiem Ward, District 2
Ho Chi Minh
Vietnam
Tel.: +84 28 3930 7273
www.saint-gobain.com.an

Malaysia
No. 29 & 31, Jalan TIAJ 2/1, Taman Industri Alam Jaya
42300 Bandar Puncak Alam
Selangor Darul Ehsan
Malaysia
Tel.: +603 6038 9498
www.saint-gobain.com.my

Indonesia
21st Floor, Menara Sentraya Jl. Iskandarsyah Raya No. 1A
Kebayoran Baru 12 160
Jakarta
Indonesia
Tel.: +62 21 2788 1928
www.saint-gobain.co.id

Burma
BH3, Industrial Area, Zone B, Thilawa
Special Economic Zone
Yangon
Myanmar
Tel.: +95 9798180854
www.mm.weber

Philippines
27F Trade & Financial Tower
7th Avenue corner 32nd street
Bonifacio Global city, Taguig City, 1634
Philippines
Tel.: +63 2 886 9173
www.gyproc.com.ph

AMERICAS REGION

North America

Saint-Gobain Corporation
20 Moores Road
Malvern, PA 19355
United States
Tel.: +1 610-893-5000
www.saint-gobain-northamerica.com

Brazil

Avenida Santa Marina, 482
Agua Branca
SP 05036-903 São Paulo
Brazil
Tel.: +55 (11) 2246-7000
www.saint-gobain.com.br

Mexico/Colombia/Central America

Mexico, Central America, Colombia and Venezuela
Torre 1 Piso 14
Calz Legaria 549, 10 de Abril, 11250,
Miguel Hidalgo, CDMX
Mexico
Tel.: +52 (55) 52 79 16 00
www.saint-gobain.com.mx
www.saint-gobain.com.co

Argentina

Dr. Luis Garcia 695 – Tigre, Buenos Aires
B1646
Argentina
Tel.: +54 11 5173 4900

Chile

El Lucero 244, Lampa, Chacabuco Province
9380000,
Santiago – Chile
Chile
Tel.: +56 22 738 9386

Peru

Av. Los Faisanes 157 - Urb. La Campiña
15056 (Chorrillos/Lima)
Peru
Tel.: +5112524034

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 SHP 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 follow 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, has 670 consolidated entities at the end of 2020.

- 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 area, socio-professional category and contract type. Newly integrated companies are accounted for in accordance with their financial integration, and companies sold during the past year are not included.
- In order to simplify data collection, for non-interfaced entities with less than 500 employees, only the number of employees and hours worked are reported in our reporting tool. Thus, indicators concerning staff movements, absences and compensation are calculated on 96.7% of the Group's perimeter.
- 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

Smart'R is a decision-making tool, introduced by the Human Resources department in order to provide computer-based data on employees.

Since January 2017, Smart'R has integrated payroll details on a monthly basis. Automated collection is in place for more than 92% of the Group's employees. Manual data collection is necessary for entities not integrated into shared service centers (8% of employees are not interfaced).

We are setting up interfaces as soon as it becomes relevant and technically possible to do so, but some data is still entered manually, particularly for the newly acquired companies.

Details of the annual social reporting were collected and entered 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, sales 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 GRI-HR 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, at all levels of the structure, both at company and regional levels.

2.1.2.5 Absenteeism and temporary employment

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, South Africa, Japan, several entities in India, one in Norway, two in Switzerland, and one in Indonesia, 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.).

The country and the entity concerned by this exclusion are South Africa and an entity in Norway.

2.1.2.6 Training indicators

Training activities carried out at the sold entities are taken into account in the calculation of the training indicators. The completion rates for mandatory e-learning (Adhere, Comply and ACT) include this year training initiated and carried out during the year as well as cases of initiated training that have not been fully completed, depending on changes in the scope of the *Transform & Grow* program.

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).

This is the case, among other things, for training concepts. Four entities in the United States were excluded from the perimeter of calculation for training indicators, due to non-reliable data. The non-interfaced entities with less than 500 employees are also excluded from the perimeter.

2.1.3 EHS reporting

2.1.3.1 Basis

Scope of reporting

The EHS reporting covers 1,461 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 and 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 Security 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 incidents, 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 829 entities. The consolidated data from these entities corresponds to the "Group scope". An "environmental scope" 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 465 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 2017-2019 objectives

The Group has set medium-term objectives, up to 2025, based on the 2010 results. To achieve them, intermediate objectives are established for a three-year period. The baseline year for the intermediate objectives is the year prior to the period start. The current period 2020-2022 therefore uses 2019 as its base year.

Based on the results from the baseline year, every three years the Group updates 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.

In addition, for the indicators tracking environmental objectives, results are published using comparable production to the baseline year. This means that 2020-2022 emissions and consumption are recalculated based on 2019 production.

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.

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, by the EHS Directors of each Region;
- 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 the reports has continuously improved thanks to effective feedback and better use of the systems by the specialized teams. 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.

2.1.4.1 Trade reporting perimeter

The indicators described in Chapter 3, Section 1.5.2.2 and published in Chapter 4, Section 2.4 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 whom more than 3 million euros of annual purchases are realized, among them are European partners and local brands' main national suppliers (France, Norway, Denmark, Sweden and United Kingdom). These identified suppliers cover over 76% of total trade purchasesl. 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 thousands 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 spendings linked to industries that are not managed by the Purchasing Department (banks, insurances, legal departments).

This perimeter represents 80% 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 non-financial information statement included in the management report

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.

For the year ended December 31st, 2020

To the Compagnie de Saint-Gobain annual general meeting,

In our capacity as Statutory Auditor of Compagnie de Saint-Gobain (hereinafter the "entity), appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement[1] for the year ended December 31st, 2020 (hereinafter the "Statement"), 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*).

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.

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 our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

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").

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- 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 set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement presents the business model and the principal risks associated with the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators;

- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- 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 assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, 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 on a selection of contributing entities[1] and covers 21% to 23% of consolidated headcount data and between 17% and 22% (with the exception of the indicator "Recycled materials integrated to products" – 11%) of the consolidated environmental data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and resources

Our work was carried out by a team of 11 people between October 2020 and February 2021 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 some fifteen interviews with people responsible for preparing the Statement, representing Human Resources, Corporate Social Responsibility, Responsible Procurement, Environment and Health and Safety.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, February 25th, 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Cécile Saint-Martin	Émilie Bobin
Partner	Sustainable Development Partner

(1) Our work was performed on 33 EHS entities, corresponding to 31 HR entities, representative of the Group's activities and geographical implementation: Germany (1), Argentina (1), Brazil (3), China (2), Spain (2), United States (6), Finland (1), France (4), Hong Kon (1), India (3), Mexico (1), Netherlands (1), Poland (1), Czech Republic (3), United Kingdom (1), Switzerland (1), and 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 within the organization and inclusion	Including the results: – Diversity index – Percentage of women managers – Percentage of women senior managers
Energy efficiency and carbon intensity of operations	Including the results: – Carbon emissions (scope 1 and scope 2) – Energy consumption by type – % of non-recovered waste
Business ethics	Including the result: – % of new managers trained to the Adhere, Comply et Act program during their first year of integration
Management of skills and talents	Including the results: – Percentage of employees participating in the engagement survey – Proportion of shares held by Group employees – Percentage of employees trained – Number of employees hired – Number of departures
Responsible value chain management	Including the results: – Purchases covered by the Suppliers Charter – Proportion of suppliers per CSR performance level – Results of CSR on-site audits for the Group's labelled suppliers
Integration of recycled materials into products	Including the result: – Avoided withdrawals of natural raw materials
Health and safety at work	Including the results: – TF2 of Saint-Gobain employees, temporary workers and permanent contractors – Absenteeism rate – Percentage of sites concerned which have an inventory of their products and chemical substances – Number of SMAT visits – Number of sites in the "Millionaires Club"
Product safety	Including the result: – % 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.

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, 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;
- In relation to the fiscal year ending December 31, 2018: the management report, the consolidated financial statements, the annual financial statements and the related reports of the Statutory Auditors, included in the Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on March 15, 2019 under number D.19-0153.

The information included in the Registration Document and Universal Registration Document, other than that referred to above, is replaced or updated by the information included in this Universal Registration Document. These Registration Document and Universal Registration Document 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 226 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 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 Chapter 1, Section 2.4 of this document. 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 3, Section 1.1.1).

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 Board 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 2.2.1.2).

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	**Commitment:** Human Resources Policy Human Rights Policy	 III – 3.1 III – 1.4.1
	Actions: OPEN 4.0 program Human rights program (non-discrimination)	 III – 3.3.4 III – 1.4.3
	Quantitative objectives: Diversity index 25% of women managers in 2020 25% of women senior managers in 2025 30% of women in the Executive Committee of the Group 30% of women on average in the Executive Committees of the BU	 IV – 2.1 IV – 2.4 IV – 2.4 IV – 2.4 IV – 2.4
	Indicators: 23.6% of women in the 19072 highest positions or 11.4% of the Group's positions Other diversity indicators Other non-discrimination indicators	 IV – 2.1 IV – 2.4 IV – 2.4
Energy efficiency and carbon intensity of operations	**Commitment:** EHS charter and policy Energy – climate policy Net zero carbon commitment before 2050	 III – 2.2.4 III – 2.3.1 III – 4.1
	Actions: WCM Program Energy – climate network Transversal programs including internal carbon pricing, R&D programs and scope 3 control	 III – 2.2.1 III – 2.3.1 III – 4.1.5
	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 – 2.1 IV – 2.4 IV – 2.4 IV – 2.4
	Indicators: GHG emissions indicators Energy indicators	 IV – 2.4 IV – 2.4
Business ethics *This risk includes human rights and the fight against corruption.*	**Commitment:** Code of ethics: the Principles of Conduct and Action	 I – 2.3
	Actions: Ethics and compliance program	 III – 1.2
	Quantitative objectives: Train 100% of new managers to the Adhere, Comply et Act program during their first year of integration	 IV – 2.1
	Indicators: Group Values Indicators Non-discrimination indicators	 IV – 2.4 IV – 2.4
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. 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:** Attitudes and Human Resources policy	 III – 3.1
	Actions: WCM Program OPEN 4.0 program SG Talents program Training Program	 III – 2.2.1 III – 3.3.6 III – 3.3.6 III – 3.3.5
	Indicators: Percentage of employees trained Training indicators in talent development	 IV – 2.1 IV – 2.4

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	I – 2.3
	Wood policy	III – 1.5.2.3
	High-risk raw material policy	III – 1.5.2.3
	Actions:	
	Responsible purchasing program	III – 1.5
	Quantitative objectives:	
	Responsible purchasing program	III – 1.5
	Indicators:	
	Responsible purchasing indicators	IV – 2.4
Integration of recycled materials into products	**Commitment:**	
	EHS charter and policy	III – 2.2.4
	Sustainable resource management policy	III – 2.3.3
	Actions:	
	Obtain a maximum recycled content	III – 2.3.3
	SCORE tool for the evaluation of the sustainable performance of products	III – 2.1.2
	Circular economy	III – 4.2
	Quantitative objectives:	
	Increase avoided withdrawals of natural raw materials by 30% (between 2017 and 2030)	IV-2.4
	Indicators:	
	Waste and raw materials	IV – 2.4
Energy and carbon efficiency of products and services	**Commitment:**	
	EHS charter and policy	III – 2.2.4
	Energy and climate policy	III – 2.3
	Actions:	
	Solutions for Growth program: design sustainable, comfortable and performing solutions including product transparency and evaluation and improvement of the sustainable performance of products	III – 2.1.2
	Seize the opportunities linked to the transition to a low-carbon economy	III – 4.1
	Actions that support a strong and low-carbon economic growth	III – 4.1.6.2
	Train clients locally, inform the end user	III – 4.1.6.3
	Indicators:	
	Provision of EPDs	III – 2.1.3
	Carbon avoidance linked to solutions	III – 4.1.4.2
Health and safety at work	**Commitment:**	
	EHS charter and policy	III – 2.2.4
	Health policy	III – 3.2.2
	Actions:	
	WCM Program	III – 2.2.1
	Safety at work Program	III – 3.2.3
	Health at work Program	III – 3.2.2
	CARE program	III – 3.3.2
	Mental WellBeing program	III – 3.3.3
	Quantitative objectives:	
	Maintain a TRAR below 2	III – 3.2.3
	Indicators:	
	HICE (Health Indicator for Occupational Exposure)	III – 3.2.2.4
	Health and Safety indicators	IV – 2.4
Product safety	**Commitment:**	
	EHS charter and policy	III – 2.2.4
	Health policy	III – 3.2.2
	Actions:	
	Innovation program, including the EHS check-list	III – 2.1.1
	WCM Program	III – 2.2.1
	Product transparency	III – 2.1.3
	Program to assess the sustainable performance of products	III – 2.1.2
	Management of chemical risks	III – 3.2.2.2
	Indicators:	
	Deployment of chemical risk management tools	III – 3.2.2.2
	Complementary work on the possibility of defining a performance indicator on product safety is being considered.	

Action to combat food waste:
Saint-Gobain is vigilant about food waste and is in constant dialogue with the managers of the collective catering facilities on its sites.

9

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 – 1.4.2
Identification, analysis and prioritization of risks, prevention of serious harm to the health and safety of people and the environment	III – 2.2.4
Appropriate actions to mitigate risks or prevent serious harm	
For the respect of human rights	III – 1.2.1; III – 1.2.2; III – 1.3; III – 1.4.3
For the health and safety of people	III – 3.2
For the environnement	III – 2.3
A system for monitoring the measures implemented and evaluating their effectiveness	
Annual reporting	IV – 2.4
A mechanism for alerting and collecting reports	III – 1.7

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 – 1.5.1
Appropriate actions to mitigate risks or prevent serious harm	III – 1.5.2; III – 1.5.2.3
Trade Responsible Purchasing program	III – 1.5.2.2
Non-trade Responsible Purchasing program	III – 1.5.2.1
A system for monitoring the measures implemented and evaluating their effectiveness	III – 1.5
Annual reporting	IV – 2.4
A mechanism for alerting and collecting reports	III – 1.7

4. Glossary

A

ACT: training program dedicated to the prevention of corruption

Act4nature: voluntary French scheme in which companies commit to protecting biodiversity. Saint-Gobain signed up to the scheme in 2018

Ademe: French Environment and Energy Management Agency

Afep: *Association française des entreprises privées* [French Association of Private Enterprises]

ADHERE: training program dedicated to the Principles of Conduct and Action, the Saint-Gobain Group's code of ethical conduct

Attitudes: five in number, they represent both a management approach and a state of mind that binds all Group employees

B

BIM: Building Information Modeling

Boost: online training platform

C

COMPLY: training program dedicated to antitrust law

CSR: Corporate Social Responsibility

Cullet: broken glass coming from manufacturing waste or the selective collection of waste and recycled content

E

Ebitda: Earnings before interest, taxes, depreciation and amortization

EHS: Environment, Health and Safety

EPD: Environmental Product Declaration

EpE: *Entreprises pour l'Environnement* [Enterprises for the Environment]

ETC: Energy Transition Commission

F

FCPE: *Fonds commun de placement d'entreprise* [Corporate mutual fund]

G

GBC: Green Building Councils

GDPR: General Data Protection Regulation

GHG: Greenhouse gas

H

HPS: High Performance Solutions

HQE: French HQE™ certification (High Environmental Quality), created in 2005 in France

HR: Human Resources

I

IFRS: International Financial Reporting Standards

L

LEED: Leadership in Energy and Environmental Design, American certification program created in 1998

M

Medef: *Mouvement des entreprises de France* [largest employer federation in France]

O

OPEN: Our People in an Empowering Network, the Group's Human Resources program

P

PEE: *Plan d'épargne entreprise* [Company Savings Plan]

PEG: *Plan d'épargne Groupe* [Group Savings Plan]

Principles of Conduct and Action (PCA): the Saint-Gobain Group's code of ethical conduct

R

R&D: research and development

S

SA: Statutory Auditors

SCORE: tool developed by Saint-Gobain in 2017 to assess the sustainable performance of construction products

SMAT: Safety Management Tool

T

TCFD: Task Force on Financial Disclosure

Transform & Grow (T&G): the Saint-Gobain Group's transformation plan, launched in January 2019

U

UN's SDGs: the Sustainable Development Goals of the United Nations

UNEP: United Nations Environment Programme

W

WCM: World Class Manufacturing, industrial excellence program

WCP: World Class Purchasing. Excellence program in the field of purchasing and responsible purchasing in particular

WBCSD: World Business Council for Sustainable Development

WGBC: World Green Building Council

NOTES

Paper

The Universal Registration Document is printed on Condat Silk paper, 100% PEFC® certified:

- *PCF: Process Chlorine Free - fibers bleached without chlorine. No substance classified as carcinogenic, mutagenic or reprotoxic (CMR) is contained in the raw materials used.*

This paper copy of the Universal Registration Document required the use of:

- *0 kg of material sent to landfill;*
- *9.14 m^3/t of water;*
- *1.79 MWh/t of energy;*
- *0.39 dry tons per dry ton of cellulose fiber paper consumed.*

The manufacturer of the paper, Lecta, complies with the new European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation, which was created to provide better protection for human health and the environment against the risk of chemical products, but also to promote new testing methods, the unrestricted circulation of substances and to boost competitiveness and innovation.

The manufacturer of this paper, Lecta, holds the most stringent environmental management certifications (ISO 140001 and EMAS), PEFC™ and FSC® chains of custody, and ISO 50001 energy performance, ISO 9001 quality management, and ISO 45001 occupational health and safety certifications.

Printing

This document was printed on the presses of Imprimerie La Galiote Prenant, 70 to 82 rue Auber, 94400 Vitry sur Seine - France. The company uses vegetable- based ink and solvent-free glue. It has the following certifications:

- *FSC® (Forest Stewardship Council);*
- *PEFC® (Program for the Endorsement of Forest Certification Schemes chain-of-custody certified);*
- *Global Compact® The Galiote Prenant is committed to ten values fundamental principles relating to human rights, labor law, the environment & the fight against corruption. Each year, we continue our commitment via specific initiatives within our workshops our workshops.*

These initiatives are described in our annual Sustainable Development report.

- *IMPRIM'VERT®. If you have finished reading this copy and do not wish to keep it, please give it to someone else to read or dispose of it in a paper recycling bin. Thank you!*

PHOTO CREDITS: ©SUN GOD/SHUTTERSTOCK, ©CAPAPICTURES_C.ABAD, ©JEAN CHISCANO, ©UTKU PEKLI/SHUTTERSTOCK, ©JENJ PAYLESS2/SHUTTERSTOCK, ©LOVE YOU STOCK/SHUTTERSTOCK, ©VLAD PATRU, ©IVAN NAKONECHNYY/SHUTTERSTOK, ©SERGIO GRAZIA/VALODE&PISTRE, ©LAURENT KRONENTAL, ©SUCCESSFULALEXEY78/SHUTTERSTOCK, ©ERIC GARAULT.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

This document is available online at

www.saint-gobain.com

SAINT-GOBAIN

Communications Department
12, Place de l'Iris
92400 Courbevoie - France
www.saint-gobain.com

www.linkedin.com/company/saint-gobain/

twitter.com/saintgobain

www.facebook.com/saintgobaingroup

www.instagram.com/saintgobaingroup/

www.youtube.com/user/SaintGobainTV