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CSR Report 2016

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2016 report on social, environmental and corporate information

Serge Ferrari

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Contents


Serge Ferrari


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Serge Ferrari
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N° Interne
Date de vérification
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RD 18
23/08/16
23/02/17
DJC
CODE No 215-150
SERIAL No 5111008
Mitutoyo Mexicana S.A. de C.V.
MADE IN MEXICO

Foreword

Doing something or doing nothing

The relationship between CSR and corporate performance has generated a considerable amount of academic literature. Nonetheless, many aspects still need proof. And in the end, everyone believes what they choose to believe.

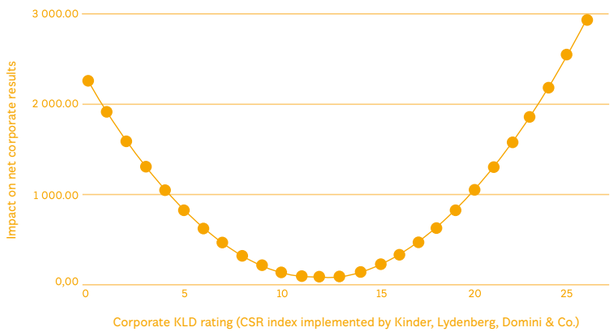
Without a doubt, one of the most interesting studies is that by Barnett and Salomon. This study shows that the most profitable companies are those that either take Corporate Social Responsibility topics seriously, or those who ignore them entirely.
The study also shows that companies with a weak commitment, or who simply pretend to adhere, are actually the least profitable. Companies therefore need to decide whether they intend to lead the fight or, conversely, just ignore it.

If the two options produce nearly identical results, one might wonder why anyone would ever want to take on such a significant challenge! It is also worth recognising that CSR initiatives do not really grab the full attention of financial analysts, even though some of them are beginning to be experts in the field.

To justify the effort, we could mention the stimulating motivation of the corporate project, along with change management, increasing demands by young generations, and even the simple notion of ethics (and why not altruism while we're at it!).
These considerations are very present at Serge Ferrari but they are not, by themselves, enough to justify the massive investment that we have voluntarily dedicated to CSR for the past nearly 20 years.
It may be necessary to dig a bit deeper to truly understand our choices, within the DNA and values on which our model is based: generosity, loyalty and determination.
Serge Ferrari, who founded this company at the outbreak of the first oil crisis, always considered that a company must base its success on a global, innovative project over the long-term, covering every aspect of the company: technique, research and development, social factors and widespread commercial relations.
In many ways, CSR ahead of its time.

Romain Ferrari
Chief Executive Officer

The corporate relationship between social and financial performance



Excerpt of 2012 study by Michael L. Barnett and Robert M. Salomon. See the article. "Does It Pay to Be Really Good? Addressing the Shape of the Relationship between Social and Financial Performance", in Strategic Management Journal 33, pp. 1304–1320.

Who are we?

Our history

1973
Company founded by Serge Ferrari

1974
First development of the Précontraint® process

1985
Approval of the diversified niche business model

1997
Acquisition of the Batyline® business (Taraflex)

1998
Vinyloop® basic process with Solvay

2000
Acquisition of Swiss-based Tersuisse (Lucerne) (j-v with Rhodia Group)

2001
Acquisition of Swiss-based Forbo-Stamoid (Zurich)

2002
Foundation of Serge Ferrari North America (Florida)

2004
Development of Serge Ferrari Japan (Tokyo)

2005
Acquisition of a 100% interest in Tersuisse

2007
Development of Serge Ferrari Asia Pacific (Hong Kong)

2008-2012
New Group ERP (SAP)

2011
Launch of the Serge Ferrari umbrella brand

2012
→ Creation of Serge Ferrari Brazil
→ Action on product-mix
→ New sales organisation

2013
→ Re-engineering of formulations
→ Industrial efficiency plan

2014
→ Company becomes a French limited company (S.A.) with a Board of Directors
→ Initial public offering

2015
Development of international sales teams and major customer alliances

Our activities, our products

Serge Ferrari has been designing, manufacturing and distributing innovative flexible composite materials, delivered on reels, since 1973. Starting with a single application, the company has expanded its offering, which now covers three sectors:

A Innovative composite materials for architecture
Précontraint® composite tensile roofs, solar protection and bioclimatic façades, acoustic solutions and waterproof breathable membranes.

B Advanced composite materials for professionals
Lightweight, scalable structures for industry, environmental protection, bio-energy, safety and visual communications.

C Composite membranes for consumer markets
Indoor and outdoor furniture, yachting and solar protection.

The durability, strength, lightness and recyclability of materials used by Serge Ferrari meet the requirements of sustainable construction:
→ Lower material density
→ Energy savings
→ Functional strategy
→ Circular economy

"Serge Ferrari takes its thinking even further, leveraging its ability to reconcile a theoretical vision with the more pragmatic perspective of an industrial company that must continue to develop its offering and adapt its work tools."

PERSPECTIVE

Cédric Borel,
Director of the French Institute for Building Efficiency

Founded in 2007 in the wake of the Grenelle Environmental Initiative, the French Institute for Building Efficiency has undertaken a mission to leverage a highly operational approach to improve energy and environmental performance in building and construction sectors. Focusing on energy, the circular economy, Socially Responsible Investment (SRI), and even regulations, its work helps validate the technical options implemented by member companies, while harmonising practices and exploring topics of study such as eco-design. Cédric Borel explains that, for all these issues, "*Serge Ferrari takes its thinking even further, leveraging its global understanding of market stakes and its ability to reconcile a theoretical vision with the more pragmatic perspective of an industrial company that must continue to develop its offering and adapt its work tools.*" Serge Ferrari takes these factors fully into account for its products by integrating design considerations with specific functional and environmental qualities. For example, for light architecture applications, micro-climatic façades make it possible to insulate and protect buildings while enhancing their appearance. Cédric Borel adds: "*These are high-end, aesthetic and efficient products whose utility is perceived during use.*"

Our model

"Serge Ferrari has made CSR a strategic axis and a factor for commercial differentiation."

1. For more details about the process, please see the "Our technology" article on page 20.

2. Texyloop is a patented industrial process for recycling used composite materials. For more details, see page 30: "Our waste is an issue".

In 1973, Serge Ferrari invented Précontraint®, a patented material that combines light weight, strength and durability, while offering a weight-performance ratio that meets the requirements of the most demanding projects[1]. Thanks to this technological advance, the Group continues to expand in numerous markets, notably internationally.

A Lightening construction systems
Using Précontraint® composite materials helps reduce the material intensity of structures while increasing the functional intensity of resources. These materials are:
→ Intrinsically economical in their use of raw materials
→ Light, extremely strong and exceptionally durable
→ Quick to implement (prefabrication prior to deployment)
→ Easily scalable, dismantlable and reusable
→ 100% recyclable via the Texyloop process[2]

B Reducing energy consumption
Précontraint® composite membranes designed and manufactured by Serge Ferrari help improve the energy footprint of buildings by achieving efficient solar gains. They contribute effectively to reducing the use of air conditioning.

C → Optimising visual and acoustic comfort
Thanks to their different texture and transparency options, Serge Ferrari Précontraint® composite materials provide the right amount of natural or artificial light without sacrificing user comfort. They offer high intrinsic acoustic absorption performance while eliminating the need to use bulky absorbent materials.

PERSPECTIVE

Christophe Graffin, President, CEO of smartINST and Serge Ferrari administrator for Bpifrance.

"I have been the Serge Ferrari administrator for Bpifrance, one of the group's shareholders, over the past year and a half.
CSR is an essential factor for Bpifrance, a public investment bank whose role is notably to assist mid-sized companies with their growth and international efforts. Non-financial criteria (environmental, social, and governance) count significantly in its investment choices. This consideration meets a growing demand by institutional investors. For example, it has led to training Bpifrance administrators on CSR issues. Not only that, but this year, I asked Romain Ferrari to present Serge Ferrari's strategy to all our administrators, as the company is very advanced on the topic. The interesting thing with Serge Ferrari is that they have made CSR a strategic axis and a factor for commercial differentiation. CSR is part of their DNA.
When companies today are faced with taking on responsible initiatives, the human resources department is often placed on the front line. This is because HR is generally the most developed department on these issues, such as training, gender equality, versatility, and more. Reducing pollution is the aspect that usually arrives in second position. At Serge Ferrari, these elements are not only considered in their entirety, but particular attention is paid to eco-design for their products, along with the notion of the circular economy. They have also succeeded in integrating these points in their commercial approach, as recycling Serge Ferrari products via Texyloop is a benefit that they offer their clients. In the end, CSR enables the company to move forward in its markets faster."

FOCUS

CSR data

Under the direction of Romain Ferrari, the QSE (Quality - Security - Environment) department is in charge of coordinating data collection using a software application called Toovalu. This new tool was implemented in 2016 and has been configured to help operators enter data relating to each scope and for each department.
17 people participate in data recording in France and Switzerland.

Ethical and IT charters

In 2016, we published our "business ethics charter," a reference document designed to detail the principles and rules regarding good conduct for our employees around the world. Many topics were reviewed, including conflicts of interest, business gifts, confidentiality, relations with the competition, and more. For each topic, clear reference points are provided to guide decision-making. This ethics charter also serves as an IT charter whose goal is to set the rules regarding the use of equipment, securing data, using social networks, and more.

Our technology

Watch the video for more details:
www.sergeferrari.com/architecture-legere/stade-olympique-lyonnais/

1. Chain threads shortened during weaving.

One of Serge Ferrari's major competitive advantages is based on its differentiating Précontraint® technology, which gives materials unique qualities in terms of strength, stable dimensions, and lightness. This technological innovation enabled the company to establish itself solidly in the field of composite materials.

A The manufacturing process

Précontraint® technology involves performing the coating operation under bi-axial tension (both in the warp and weft directions) throughout the manufacturing cycle.
The flexible, high-strength PET micro-cable woven base cloth is coated with several layers of polymers while remaining under bi-axial tension: this provides a dual benefit, namely eliminating distortions under load and avoiding the need to periodically adjust material tension after final assembly.

B Mechanical and aesthetic durability

The applied tension results in a flatter membrane. It is better protected by a very thick, uniform layer of coating on top of the threads.
Conversely, materials produced using conventional industrial technologies demonstrate significant shrinkage[1] and are therefore less protected by coating, which leads to faster deterioration.

C Stable dimensions

Tensioning membranes throughout the coating process also makes them highly resistant to stretching over the long term. Précontraint® materials offer strong resistance to extension, particularly in the warp direction, as compared to conventional materials.

PERSPECTIVE

The benefits for Précontraint® TX30 according to Garry Reeves, architect at Populous

Designed by the architecture firm Populous, the new Olympique Lyonnais stadium was inaugurated in late January 2016 in Décines-Charpieu, in the outskirts of Lyon, France. With a seating capacity of 59,186, this modular facility is covered by a velum measuring over 30,000 sq. meters made with Précontraint® TX30, the latest generation in flexible composites by Serge Ferrari. This material is light, stable, uniform, easy to implement, and strong over the long-term, notably enabling the design to "*meet the technical challenge of creating faceted roofing, which is very demanding in terms of controlling tension*," highlights Garry Reeves. Guaranteed for twenty-five years, instead of the usual twenty years, this massive translucent canopy requires very little maintenance, and can be adorned with bright colours during games. "*We paid very close attention to lighting, which contributes to the site's ambiance and also makes reference to the city of Lyon, which is famous for its Festival of Lights*," adds Garry Reeves. At the same time, Serge Ferrari products were also chosen for the façade blinds (Soltis 92), banners (Soltis FT 381) and interior amenities (Stamskin) for the "Stadium of Lights" thanks to their unique technical and aesthetic qualities.

Key figures for 2016

REVENUE

158.5 M€

REVENUE BREAKDOWN BY GEOGRAPHICAL ZONE

37%
Southern Europe

36.5%
Rest of Europe

26.5%
Rest of world

REVENUE BREAKDOWN BY MARKET

40%

37%

23%

- Innovative materials for architecture
- Advanced materials for professionals
- Composite membranes for consumer markets

NETWORK

100
distributors

1,500
customers in France and abroad

INTERNATIONAL

Production and recycling sites
La Tour du Pin (France), Eglisau (Switzerland), Emmenbrücke (Switzerland), Ferrara (Italy)

Subsidiaries
United States, Japan, Hong Kong, Brazil, Turkey, Shanghai, India

Offices
Spain, Dubai

HUMAN RESOURCES

730
employees, including
426 people in production logistics

213 sales representatives

91 support functions

37
nationalities represented

44%
international staff

INNOVATION

31
people in the R&D department

3
Laboratories
Emmenbrücke, Eglisau, La Tour du Pin

33
active patents, including
18 patents being used today

7.3
M€ annual budget, representing 4.6% of revenue

Our impacts
Identifying and reducing them

Romain Ferrari, Green Leader Trophy laureate in 2016
Romain Ferrari, who was awarded the Responsible Leader Trophy in the “Green” category by Les Échos, talks briefly about the origins and foundations for the environmental initiatives undertaken at Serge Ferrari, notably: measuring the impact related to the company’s activities, and identifying vectors for reducing that impact.
https://www.youtube.com/watch?v=wZWSni_zcV0

→ Impact

Our components are based on synthetic chemistry

+
The raw materials we use in our manufacturing processes include a large number of synthetic chemical products, such as: PET, PVC resins, solvents, silicones, plasticizers and compounds obtained via oxidation.

→ Initiatives

We are committed to reducing the health and environmental footprint of our products through various methods.

LCA FOR OUR PRODUCTS

We have Life Cycle Assessments (LCAs) for 61% of our products. These LCAs are ISO 14040-44 certified and performed by internationally recognized, independent consultants such as EVEA Conseil and CIRAIG. This figure decreased from the previous year's 66%, as four product lines for which LCAs had been performed were discontinued in 2016.

IMPACT STUDY ON OUR SUPPLY CHAIN

Our Vigi-Alerte committee[1] and our purchasing managers chose BASIC (Bureau for the Appraisal of Social Impacts for Citizen Information) to perform a study and global evaluation regarding health, societal, and environmental impact of our supply chains for antimony trioxide, which we use as a flame retardant in our products (see "The big picture" on the following pages).
Over the coming years, results of the study will lead us to source a significant part of our antimony trioxide from European recycling chains. Our goal for 2017 is to increase the portion of recycled elements in our supply chain to over 50%, while maintaining complete control over the quality required in our formulations.

1. Founded in 2015, under the responsibility of the group's CEO, this committee unites internal experts from R&D, the QSE department, purchasing and, depending on the topic, outside experts.
The goal of this committee is to foresee regulatory changes and recommend alternatives.

Portrait

Gabriel Faysse

Gabriel Faysse joined Serge Ferrari in September 2016 as Energy-Environment Market Manager. Prior to this position, he was president of his own bee protection company, and had previously acquired extensive experience in the field of biogas. Within the Industry Business Group, he is in charge of *"everything related to environmental protection"* – a scope of activity that not only covers the implementation of anti-pollution measures, but also the promotion of technical solutions for producing and storing renewable energies. *"Thanks to this experience, Serge Ferrari is now notably involved with the French biogas sector, as well as the protection of water treatment systems and even the creation of artificial dams in the mountains,"* explains Gabriel Faysse.
"These are all green markets, for which I oversee the design of certified eco-responsible materials, that will be recycled via the Texyloop process at their end-of-life."

Introducing higher levels of secondary raw materials in our formulations will also enable us to increase the level of recycled materials in our products. In parallel, the Vigi-Alerte Committee works with our R&D teams to identify substitute materials with equivalent properties that are able to ensure the same level of quality and safety in our products.

ENVIRONMENTAL COMMUNICATION

The R+ mechanism, which establishes the health and environmental profile of our products, is now integrated into our new technical and commercial documentation.
This data guides our partners and customers in their recommendations and final decisions. Internally, it helps arbitrate priorities regarding health, the environment and usage between R&D and Product Marketing.
The R+ communication mechanism complies with the ISO 14021 standard: accurate, substantiated, verified and not misleading.

KEY FIGURES

100%
of our products offer an R+ profile

61%
of our products have undergone LCA

The big picture
Antimony trioxide sourcing

We chose to work with BASIC, the Bureau for the Appraisal of Social Impacts for Citizen Information, to evaluate the health, societal, and environmental impact of the production chain for antimony trioxide, a component we use as a flame retardant in our products. The goal was to identify supply alternatives to reduce our impact.

Life Cycle Analyses performed on our products show that 70% to 80% of the environmental impact from the end-products that we commercialize are due to activities located upstream in our value chain. These activities include the extraction and production of raw materials required to manufacture our products. The societal aspects of these activities must be watched carefully, as they are not covered by the LCA approach!

A strategic component

We use antimony trioxide in our formulations for its flame retardant properties. This is a strategic component for our products. Though it represents a significant purchase volume, this substance does not exist in a natural state. Antimony trioxide is obtained by an ore-to-metal transformation, which then undergoes a triple-oxidation process. In its solid state, it has the form of a white powder comprised of tinted granules of various sizes.

We buy this powder mainly from major European distributors in the sector. They perform the oxidation process on metallic antimony. This latter product is mostly imported from China, which alone accounts for 76% of worldwide production. China is also a major producer of trioxide. The ore used to manufacture the metal is extracted from open-air mines located around the world, notably in China, Bolivia and Russia, under conditions that are difficult and sometimes even opaque, depending on the country (i.e. smuggling issues in China and Vietnam).

A complex market

The complexity of the market for antimony and its derivatives involves many intermediaries, such as mine operators, smelters, traders and antimony trioxide producers. This led us to call upon BASIC, the Bureau for the Appraisal of Social Impacts for Citizen Information[1], to obtain a global vision and more accurate understanding of the Chinese production chain, as well as to analyse its main environmental, social and societal impacts in order to identify alternative supply options likely to reduce these impacts. Field studies were coordinated by our purchasing director, Mathilde Joubert, who explains the action:
"Our goal was to obtain a detailed snapshot integrating various approaches – economic, technical, geological – to go beyond antimony trioxide and actually focus on the metal and the ore from which it is extracted, and to work our way as far up the value chain as possible. Downstream analysis concentrated on Europe, for manufacturing antimony trioxide from metal and obtaining antimonial products generated in recycling channels."

Significant impacts

Observations made during this in-depth study show that significant pressure is placed on antimony.
If consumption continues at its current pace, resource depletion will occur within 10 years. Rising operating costs caused by diminishing deposits and access difficulties are intensifying the activity's environmental, social and health impacts. Extraction conditions are risky and represent a danger for human health. The emanation of sulphuric acid during mine drainage generates pollution that contaminates both underground and surface water. Another link in the chain occurs when foundries transform the ore into metal, releasing sulphur dioxide, which causes acid rain when released into the atmosphere. Storing waste generated by producing antimonial metal is not always well-controlled, representing an additional factor that causes ground pollution. The populations living near these operations and foundries are therefore also exposed to risks.

The recycling chain

Initiatives to recover antimony exist, such as through life-cycle management and recycling, but they are limited. However, life cycle analyses (LCAs) considering antimony extracted from mines, and that generated through recycling, within the same cradle-to-grave scope[2] show that the production of secondary antimony would enable reducing greenhouse gas emissions by a factor of 1,000, while also slowing resource depletion significantly (without necessarily stopping it), and reducing the overall pollution phenomenon by performing recycling in Western Europe, where efforts are strictly regulated. Ensuring the origin of recycled antimony ultimately bypasses any links with Chinese cycles.

New directions for Purchasing

These results confirm one of our strategic orientations regarding Purchasing, that is, significantly increasing the portion of trioxide derived from recycled antimony. Discussions on this topic are in progress and are expected to be concluded in 2017. We must also ensure that our future supplies from this chain continue to comply with our requirements for quality. We are also examining other alternatives capable of limiting impact in the chain over the long-run, notably other antimony recycling sources and identifying substitute resources exhibiting all the properties required to maintain the quality of our products.

"The goal was to establish a detailed snapshot combining different approaches, namely: economic, technical and geological..."

1. As an "certified social enterprise", BASIC evaluates and analyses the societal impacts and costs generated by economic activities to reinforce the expertise of stakeholders in civil society working towards a social and ecological transition.
2. This expression refers to a form of life cycle analysis that evaluates environmental impact associated with each phase in a product's life, from its initial state to its final state.

→ Impact

Our plants consume and discharge

+
Our production sites and offices consume resources, such as materials, water, air, electricity and gas. Our plants also emit pollutants, such as wastewater and VOCs[1]

→ Initiatives

Serge Ferrari has implemented various preventive and corrective actions to reduce our energy consumption, as part of a global energy management system (ISO 500001 certified).

ISO 14001 AND ISO 50001 CERTIFICATIONS

The number of ISO 14001 certified sites rose in 2016 following the certification of our recycling plant. Now concerned are the production sites in France and Switzerland (Serge Ferrari AG) and the Vinyloop Ferrara Spa recycling plant, that is, 80% of the group's sites.
The number of ISO 50001 certified sites remained the same, namely 6 of our sites in La Tour du Pin.

ENERGY SAVINGS

Last year, we set a goal of reducing our global energy performance ratio by 2%. This goal was fully achieved in 2016 (scope: France[2]), as the ratio showed over 8% improvement in comparison to the reference period. The indicator we used to calculate this global performance is based on the volume of energy consumed per square meter sold.

MAINTAINING "ENERGY-INTENSIVE" TOOLS

We focused our attention on implementing preventive action plans to optimise the consumption of energy-intensive tools.

1. Volatile Organic Compounds. For example, VOCs may be generated by the heavy use of solvents during the varnishing process.
2. See report scope details on page 48.

Focus

Summary report on greenhouse gas emissions

Since 2011, companies with more than five hundred employees are required to produce a summary report on their greenhouse gas emissions, as defined by Article 75 of French law no. 2010-788 of July 12, 2010, and decree no. 2011-829 of July 11, 2011. Serge Ferrari uses the Toovalu application for this purpose. Our energy consumption for gas and electricity was higher in 2016 than the previous year (63.6 GWh in 2015 compared to 67.5 GWh in 2016). This increase is proportional to the increase in our business production.

	Consumption in tonnes of CO_2 (eq)	Variation compared to 2015	
Scope 1	11,041	+ 2.96%	+ 317 tonnes
Scope 2	13,143	+ 3.80%	+ 481 tonnes

Scope 1 concerns the company's direct emissions (gas and fuel, non-energy processes, furtive emissions of refrigerant gas).
Scope 2 adds indirect emissions, notably those related to electricity consumption.
The scope concerned by this audit is France and Switzerland.

NEW ORGANISATION

We changed our energy management system in 2016.
The points-of-contact for energy issues, coordinated by the QSE Department, had previously been appointed by site managers. They have now been replaced by the site managers themselves. This organisation improves efficiency, as the managers hold authority for their sites. They can thus can act faster and more directly to implement corrective actions if necessary.

BETTER MEASUREMENT TO REDUCE OUR ENERGY CONSUMPTION

We consulted with several service providers to modernise the system used to measure and manage energy at the La Tour du Pin sites. The contract will be awarded in 2017. The goal is to set up a counting and analysis system that yields reliable data on our consumption in real-time (electricity, gas, water...) in order to manage energy utilities remotely.
Thanks to this investment, our energy consumption will be adjusted to meet real needs at our facilities, notably workshops and offices, based on weather conditions. The system can be extended to Switzerland in a second phase.

KEY FIGURES

8.7%

energy savings as compared to 2015

0 hours

downtime for our VOC mitigation system (RTOs)

→ Impact

Our waste is an issue

+
Our LCAs have shown us that 80% of the impact of our products occurs in the upstream sector of our industry, during raw material extraction and production processes.

→ Initiatives

We invest in the re-integration and recycling of our materials to limit impact, as part of our participation in the circular economy[1].

TEXYLOOP RECYCLING PROCESS

We continue to optimise our patented Texyloop industrial recycling process, which recycles used composite materials. We collect these materials via a network that now comprises 142 industrial companies, all signatories of the Texyloop charter. Collected materials are sent to our plant located in Ferrara, Italy, where they undergo a closed-loop treatment. We obtain two new raw materials during this process: PVC granules and uniform polyester fibres of very high quality that can be used to manufacture new products.
This completes the circle. We have dedicated over 17 M€ to developing the process since it was launched in 1998.

TREATING END-OF-LIFE WASTE

The industrial Texyloop process handles end-of-life waste in the same manner as installation and production waste. Its capacity to treat end-of-life waste effectively constitutes a unique advantage that is offered by very few composite material chains today.
While this capacity to recycle end-of-life waste represents a real technical challenge, it also enables us to proclaim our commitment to recycling with credibility.

1. The goal of the circular economy is to produce goods and services while significantly limiting the consumption and waste of raw materials as well as non-renewable energy sources. It emphasizes extending the useful lifetime of products, and re-using and recycling components.

2. Founded in 2012, the association unites major sector stakeholders and works to develop and promote the use of natural materials in buildings.

Focus

Verkor, an eco-responsible brand of shoes

After a successful crowd-funding campaign in 2015, Fabien Ternay launched his production of eco-responsible skate shoes, made in France, under the Verkor brand name. Manufactured locally in a small workshop in Romans sur Isère, France, Verkor shoes are almost entirely made of recycled materials. For example, the Ecocert-certified exterior fabric is made of recycled fibres provided by Serge Ferrari via its Texyloop chain, mixed with plastic bottles and end-of-life jeans.
With sales growing strongly in 2016, Fabien Ternay is preparing to launch a summer skate shoe in 2017, along with flip-flops cut and assembled in France's Vercors region using secondary raw materials. The future is now!

COMMERCIAL APPLICATIONS FOR SECONDARY MATERIALS

We have identified a particularly interesting market among the commercial applications that we are developing for "secondary" polyester fibres produced via recycling: materials for making green roofs. In 2016, Serge Ferrari joined ADIVET, an association comprising major industry leaders in the green roof[2] sector, as a composite supplier.
For example, Ecocert-certified Texyloop felt was chosen by the SOPREMA group as a water-retaining material for its SOPRANATURE® Toundra' Box product, a modular, all-in-one and ready-to-use planter box. With 30% less environmental impact than virgin polyester felt, Texyloop felt is used both as a filtering layer between the substrate and draining layer, and as a growing mat in which plants can take root.

UPSTREAM RECYCLING

We also work on the upstream phase for recycling our composite materials to further support opportunities for re-integration and re-use.

KEY FIGURES

776 tonnes

of composite materials recycled via Texyloop in 2016

17.2 M€

invested by Serge Ferrari in Texyloop activity since 1998.

→ Impact

Our operators may work under difficult conditions

Teams working at our production sites are exposed to noise, temperature and electromagnetic fields, and may be in contact with potentially toxic substances.

→ Initiatives

To limit exposure for our production teams, we are reinforcing our risk prevention and management program.

STUDIES ON EXPOSURE TO NANOPARTICLES

Our operators are sometimes exposed to nanoparticle emissions at our production sites[1]. After the first studies carried out in 2015 and 2016 revealed the challenges of measuring exposure to nanoparticles, we called on specialized teams at CEA-Tech in Grenoble to perform an audit campaign and measure our operators' exposure to nanoparticles.

Applied to various possible exposure scenarios (such as laboratory testing, production and future uses of composite materials, etc.), their measurement and analysis protocol will be deployed during the first half of 2017. This will enable us to identify and implement improvements at our current and future workstations. Led by the Vigi-Alerte committee, this action seeks to anticipate potential regulatory changes, as nanoparticles are not governed by current legislation.

1. Nanoparticles enable major innovations in many fields, including health, energy, information, transport and safety. However, their rapid progression, absence of a specific regulatory framework and unknowns regarding their toxicity for people represent grounds for adopting procedures for preventing exposure risks.

HEALTH AND SAFETY AT WORK

All material safety data sheets (MSDs) regarding chemical risks have been imported into software for managing Health and Safety at Work acquired in 2015. We are continuing to migrate data related to other scopes. This effort will enable us, in the long-run, to establish a direct links between safety, the jobs in question, and potentially exposed operators (exposure sheets) in order to adapt their respective personal protective equipment (PPE). We implemented specific functions in partnership with the software developer, notably to ensure greater clarity for MSDs – now shared across our different production sites – for our employees. Everyone can use their computer to access the software to check the data that concerns them directly.

OPTIMISING REGULATORY MONITORING

We acquired software from Red-on-Line dedicated to Health & Safety and Environmental (HSE) regulatory compliance. This solution enables us to monitor applicable regulations in real-time (notably current laws, ordinances, decrees) and their evolution. Any change in regulations generates an alert that leads our QSE teams, with respect to their reference area and activity within the group, to evaluate compliance, non-compliance, relevance, and the impact of achieving compliance induced by the change. The teams are supported by legal assistance, which helps clarify the legal requirements and provides advice for implementing site audits. Status is provided for all alerts (compliance, implementation of partial or full compliance, non-compliance) and any related action plans. Operational only for France at this time, the program will enable our QSE teams to increase their legal knowledge, become more efficient and offer faster response time for steering and implementing shared action plans.

→ Impact

We are not immune to the risk of accidents

+
Our activities at our industrial facilities may represent risks for our employees.

→ Initiatives

We are deploying a global mechanism on a group-wide scale to favour the integration of good safety practices.

HEALTH-SAFETY TRAINING

We continued our training actions related to preventing risks and controlling safety rules. €91,133 was dedicated to health-safety training in France and Switzerland.

INDICATORS

The absenteeism rate (in France and Switzerland declined with respect to last year, dropping from 4.18% to 2.85%.
The number of work-related accidents, as well as their frequency and severity (for France and Switzerland) is also down in comparison to last year – after rising for two consecutive years. For example, the number of work-related accidents that resulted in medical leave fell from 15 to 10 (for France and Switzerland).
This is the result of efforts we have undertaken for the past several years. We intend to continue working to ensure that this trend continues in 2017.

KEY FIGURE

€91,133

invested in health-safety training for our employees (France and Switzerland)

Perspective

Implementation of Specific Safety Rules (SSRs) within the Shipping department

"We set up work groups with three or four people, and we got together to think about ways in which we could organize ourselves in terms of safety. The Shipping department has very specific constraints. Above all, there is a lot of traffic, with forklifts, aisles, pedestrian walkways and parking places – it's like a small city.
We therefore established a preliminary list of rules that seemed important for the department, then we added to that list and selected the most important items. The SSRs are now displayed next to the coffee machine where everyone can see them.
Everyone knows what to do. Above all, things are smoother. For example, people no longer carry cell phones in their pockets.
We have now entered an evaluation phase. We have tracking tables in which we indicate which rules were not respected, why, and what happened. This system enables everyone to be involved."

Pascal Drevet
Team leader, Shipping department, La Tour du Pin logistics site

"The SSRs are now displayed next to the coffee machine where everyone can see them."

DEPLOYING THE SAFETY CHARTER

Implemented in 2015, our Safety Charter is comprised of horizontal instructions (Universal Safety Rules, USR) and job-related instructions (Specific Safety Rules, SSR). Sent out to the entire group, USRs are based on the charter's four sovereign commitments, stated as follows:
→ Safety is a strategic priority for the Group.
→ The only good work is safe work.
→ Our instructions were elaborated to be respected at all times.
→ Everyone must participate in their own safety and that of all other people in their environment.

Formalized by and for our employees, Specific Safety Rules (SSRs) continue to be deployed at the various La Tour du Pin sites. SSRs have already been implemented at Logistics and Texyloop sites, and are now being evaluated based on feedback. The SSRs may be revised or extended, depending on people's comments. This analysis process will be deployed for Coating and Extrusion sites at La Tour du Pin in 2017. The entire action will then be replicated for production sites located in Switzerland.

KEY FIGURES

2.85%

absenteeism rate for France and Switzerland

3,639

days absent (illnesses and industrial accidents)

→ Impact

Our human capital is to be preserved and developed

An increase in the average age of a large portion of our employees, and the arrival of numerous new employees in 2016, represent potential issues and risks for the company, whether with respect to training, adapting skills, taking arduous working conditions into account and remaining true to our values.

→ Initiatives

We are paying careful attention to implement initiatives to highlight and protect our “human capital,” with our employees’ seniority representing a strong sign of their commitment and expertise, and also because integrating and training new employees is necessary for their involvement.

RECRUITMENT AND TEAM RENEWAL

In 2016, Serge Ferrari took on no fewer than 166 new people (international for the most part), setting a new Group record! These new positions, mainly in Sales and Marketing, enable the Group to implement its development project and accelerate momentum in its various markets, notably internationally.
In parallel, we also saw a higher number of departures than usual. This high turnover rate (11.6% in 2016, compared to 6.12% in 2015, group-wide) is hardly surprising during this period of growth for Serge Ferrari accompanied by many changes.

SALARIES

We implement a compensation policy that is higher than the national average, notably on the production side (France). Additionally, all Group employees benefit from complementary and indirect income:

KEY FIGURES

166
people hired

11.6 %
outgoing turnover

€596,003
invested in training in 2016

Focus

Progress on internal communication.

Several actions were implemented in 2016 to improve internal communication. Bulletin boards were updated.
A user-friendly organisation chart was created to provided everyone with a clear view of corporate structure. Our internal newsletter, “Le Zébu”, was reissued in paper format following numerous complaints by employees about its switch to electronic format. Now redesigned, the printed newsletter is produced in French, English, and German.
It is mailed to each employee’s home address. Lastly, a bi-monthly bulletin called “En mouvement” (*In motion*) was launched to summarize actions implemented as part of our continuous improvement effort.

A SHARP RISE IN TRAINING

Numerous training sessions were provided in 2016, with 349 people attending training.
In addition to “classic” training in regulated areas (authorization to drive equipment, etc.) and ergonomics, several new types of training were added. For example, all team leaders and first-level managers (in France) were trained in “leadership and performance management” as part of our effort for continuous improvement (see The big picture on page 38). Many training sessions were also led by Philippe Burnat and provided as part of the “Serge Ferrari Academy”, our internal training school whose goal is to train new hires, employees and even clients on all the Group’s products.

WELL-BEING IN THE WORKPLACE

A position for an occupational health nurse was created in 2015. In coordination with this person, the Group implement preventive actions regarding noise and the use of defibrillators in production facilities. Other actions will be implemented in 2017 relating to topics being defined at this time (notably chemical risks).
Various actions were also initiated to give employees an opportunity to discover, or resume their practice of selected sports activities, such as zumba, pilates, sophrology, yoga, and more. Furthermore, our physical hardship agreement was renewed.

https://www.youtube.com/watch?v=VECF7qHLkbM
“Our teams are the real shining stars of our company!”, said Sébastien Ferrari, at the ceremony for the BFM Business Grands Prix de l’Export 2016, after winning the prize in the export category.

The big picture
Continuous improvement

In July 2016, Serge Ferrari launched a major horizontal project designed to reach all the Group's sites and entities progressively: continuous improvement (*lean management*). Olivier Mazoyer, the project leader, describes the action as follows: *"Setting up a state of mind and culture based on progress, in which all employees are stakeholders."*

Planned to extend over several years, this massive undertaking began in July 2016. The initiative was based on an observation that the group's progression, notably its international development, requires us to revisit operating modes and methods in order to remain in-phase with customer expectations. Following an audit focusing on the Group's performance, a significant action plan based on several axes for improvement was implemented.

Management training

The first axis is performance management. Concretely, this axis is designed to help team managers apply the continuous improvement approach on a daily basis. With this goal in mind, all first-level managers in Manufacturing received training to help them unite and lead their teams forward, provide feedback on actions taken and hold effective and constructive meetings.

All of these management actions and behaviours must be adopted in order for continuous improvement to be propagated through all levels of the company. Training was concentrated over a three-month period, from September to November 2016, representing a total budget of 150,000 euros. In 2017, training will focus on first-level managers on the Office side, such as HR, R&D and Purchasing, as well as "managers of managers" and COMEX members.
The plan's second axis involves improving process and organisational efficiency by examining the flow of information and products, as well as how the Group is organised across facilities and departments.
For example, a multi-disciplinary team was designated to improve the new production creation process, to make it more efficient and maximise added value.

Concrete initiatives to apply every day

Another axis in the plan is to motivate performance on a daily basis by implementing concrete initiatives, such as setting up flash-meetings, creating performance indicators, improving visual communication inside facilities, designating "team leaders" and more. Together, all of these small actions will bring about a new, more effective everyday
operating mode.
The idea is for team leaders, who each supervise a team of 5 to 8 people, to hold "flash meetings" (meetings lasting about 5 to 10 minutes) at the beginning of each shift, near the bulletin boards installed in workshop facilities.
"This communication method is a way to get operators to participate, understand their feelings about the problems they are facing and move forward together to resolve them", explains Frédéric Gumbo, production manager for the coating workshop at the Tour du Pin site. *"In the end, it strengthens team cohesion",* he adds.
Bulletin boards strongly support discussion. They make it possible for people to quickly see indicators, counter-measures and "red arrows" used to detect and report problems. *"The boards are a way for us to further structure communication,"* says Mickaël Tournier, production manager for the extrusion workshop at the Tour du Pin site. *"I can write down what was said and what was done, as a tracking method."* A system using forms to make suggestions for improvement was also implemented. Ideas are written down and then shared during flash meetings.

Establishing indicators

For Olivier Mazoyer, most of the field work involved establishing indicators. Discussed in groups, indicators are specific for each team, but they must also be consistent with global organisation. Each indicator feeds higher-level indicators in a *"down to top"* pyramid system. They may just as easily concern respecting deadlines as managing and ensuring stock quality, safety and even equipment efficiency. Even though the indicators were only implemented recently, they have already met with approval by Manufacturing teams:

"Indicators have helped us improve response time. We can now more easily isolate problems that could lead to deviations, whether regarding delivery deadlines or product quality. We are now starting to see the first effects in terms of quality", indicates Laurent Desabres, production manager for the weaving workshop at the Tour du Pin site. *"People feel that their voices are heard, that their opinions count and that they are participating in project development,"* he adds. *"All suggestions are examined. If they are rejected, we always explain why,"* adds Frédéric Gumbo. *"During flash meetings, everyone can speak freely about problems without any hierarchical distinctions,"* observes Marcel Brugger, production manager at the Eglisau site.

Continuous improvement efforts next year will concern all "Office" aspects, after an initial launch that focused mainly on Manufacturing. *"We are leveraging this action to try and build a corporate culture. The goal is to be more consistent and communicate better and in an "aligned" manner. If we see this culture existing in one year, we will consider that we have met a large part of our objective,"* concludes Olivier Mazoyer.

"Setting up flash-meetings, creating performance indicators, improving visual communication inside facilities, designating "team leaders" and more... together, all of these small actions will bring about a new, more effective everyday operating mode."

→ Impact

Our customers must be informed and assisted

+
Our customers want to better promote the health, environmental and societal performance of our products in their markets.

→ Initiatives

We help our customers better measure the environmental footprint of their products and services integrating our solutions.

ENVIRONMENTAL DECLARATIONS LCAS FOR OUR CUSTOMERS

We manage LCAs for some of our customers' applications to help them measure the environmental impact of their solutions. These LCAs are performed by a specialised, independent auditor. 7 LCAs have been implemented for our customers since 2011, each one covering a specific area.

ENVIRONMENTAL DECLARATIONS FOR PRODUCTS

We give our customers access to the official EPD (Environmental Product Declaration) reports for our solar protection screens: Soltis 86, Soltis 92 and Soltis 99. EPDs make it possible to check whether a product's environmental data corresponds to the recommended usage and to measure the benefits induced by the application context.

BETTER TARGETING END CONSUMERS

We manage alter-consumption studies for customers with products designed for the consumer market. This enables them to understand a new user target that is highly sensitive to recycling, seeking products whose environmental footprint is measurable. With end consumers also being increasingly sensitive to technical product aspects, we launched the Serge Ferrari Premium Partner network in November 2016 (see opposite page). This network comprises specialised resellers (screens, upholstery, furniture) with whom we will work over the long-term to recommend our products used in applications developed for the general public.

Focus

Serge Ferrari Premium Partner

Two main factors led the Group to launch the Serge Ferrari Premium Partner programme: increasing demand by consumers regarding the technical quality of products, and incoming calls by individuals wanting to acquire Serge Ferrari products. The Group created a network of certified installers and specialised resellers who integrate our products in their offerings for applications in three market segments: solar protection, furniture (including outdoor) and marine (yachting). We contacted screen professionals, furniture resellers and upholsterers to initiate a new approach for end customers. First evaluated for their professional skills and their ability to meet the demands of the general public, all members of the network will benefit from global assistance that includes complete and specific training on our activities that interest end consumers, including advice regarding sales techniques, the use of dedicated communication tools (sales events, visibility on our public web site, action plans for national communication, press coverage, and more). Partners will also benefit from priority access to our Texyloop recycling chain. In exchange, they all must agree to respect a foundation of shared values on which the Premium Partner label is based: loyalty, professionalism, service, proximity, excellence and proactivity. These values guarantee high-quality services for end customers.

"All members of the network must agree to respect a foundation of shared values on which the Premium Partner label is based: loyalty, professionalism, service, proximity, excellence and proactivity."

→ Impact

We co-innovate alongside our customers and our partners

→ Initiatives

INDUSTRIAL SECTOR

We are continuing our commitment to the industrial sector, notably through a network of makers-installers, “Serge Ferrari Experts,” which today comprises nearly 76 members across 8 European countries.

PARTNERSHIPS WITH STAKEHOLDERS IN CONSTRUCTION

We are consolidating our partnerships with stakeholders in construction to improve the energy performance of tertiary activity in France (see Focus on opposite page).

AQUACULTURE: CONTINUING TO EXPERIMENT

In a global context where access to proteinaceous resources is tight, aquaculture represents a major issue for the future. Serge Ferrari is already taking action on this preoccupation, as demonstrated by experiments conducted in 2015 at the Sulefisk As Solund sea farm in Norway. With its flexible membrane, EcoCage revolutionises the concept of salmon farming, protecting smolts (young salmon) from the risks of pollution and disease during their growth, while favouring thermal exchange with the natural environment. These combined benefits reduced salmon mortality by a factor of ten, optimised overall yield, and, ultimately improved food safety for consumers. Building on this success, a second cycle began in the North Sea in 2016, whereas a new membrane formulation using natural pigments is currently under development. Just as resistant as its predecessor, the second-generation cage will be equipped with a module for collecting and treating waste water for other chains. International deployment is planned for 2017, and not only for salmon!

Focus

Project ONIX: alongside construction stakeholders

Working with Philips and Somfy, we focused on renovating energy aspects of the ONIX building, the headquarters for the Rabot-Dutilleul development-construction group in Lille, France, since 2011. In 2016, results of this life-size experiment carried out from 2014 to 2015 on one pilot area in the building, showed that the combined management of solar protection, natural light, and lighting systems both improved visual and thermal comfort for users, and reduced annual energy consumption significantly. Notably, 97% of direct sunlight was filtered using a system of automated internal blinds equipped with Soltis 99 LowE low emissivity screens. Screen angle adapts according to the sun’s presence, its position and projected shade, to optimise temperature management in offices so that people do not need to resort to using air-conditioning and heating systems. The study was written up as a White Paper, downloadable from the web sites of the three manufacturers involved, highlighting the efficiency of a lightweight, recyclable, low-cost and easy-to-implement solution for existing buildings. It also shows that the solution helps reduce energy consumption while preserving exterior aesthetics.

The big picture
Higher education

“The University of Shanghai recently contacted University of Lyon III to create an academic partnership with the Master’s in Philosophy program, Ethics, Ecology, and Sustainable Development. Serge Ferrari accepted to welcome some of the managers-students in this new Master’s program so that they can benefit from the company’s experience.”

For the past several years, we have shared our experience with future sustainable development managers by getting involved with dedicated training programs (Ethics, Ecology and Development at University of Lyon III; Global Management of CSR and Sustainable Development at Isige Paris-Tech, and more). Here are some comments by two professors with whom we work regularly, describing these actions.

“The University of Shanghai recently contacted University of Lyon III to create an academic partnership with the Master’s in Philosophy program, “Ethics, Ecology, and Sustainable Development”. For the past thirteen years, this multi-disciplinary program, which is also open to non-philosophers, combines philosophical and managerial elements while covering project management in professional environments. The University of Shanghai wanted to offer a nearly identical program in China starting in 2017. Thirty managers taking vocational training will be able to participate.
This request coincides with China’s strongly increasing awareness of sustainable development for its economy. The country is implementing a national policy for encouraging sustainable development in many activities, notably within its central administration.
Through its Shanghai subsidiary, Serge Ferrari accepted to welcome some of the managers-students in this new Master’s program so that they can benefit from the company’s experience.
In exchange, these participants will offer a critical, outside opinion about the Group’s choices and operating methods. Serge Ferrari is one of the five French and Chinese partners that will assign teaching-oriented projects to the mangers-students, enabling them to integrate – depending on the company’s profile and activity – the specifics of their sustainable development strategy, implemented actions and their covered scopes, and metrics for measuring the effectiveness of their CSR approach. The ultimate objective is to obtain global and operational understanding of the approach (strategic vision), enabling managers to transpose and adapt what they learn to their own activity.
We chose to contact Serge Ferrari for this, as we feel that the company is one of the industry stakeholders for which taking into account sustainable development issues is a preoccupation that has a meaning for their activity, in both economic and ethical terms. Serge Ferrari’s development is not simply based on a desire for growth – where generating additional profit mechanically increases external negatives – but rather on seeking a balance that focuses on reducing the pressure exercised on available resources. Environmental constraints are internalised because they are converted into opportunities efficiently. The Serge Ferrari Group has integrated its entire chain within its environmental management system.
But the question to ask now is whether or not this professional network, which associates suppliers in cooperative synergy, can be transposed identically in China, in particular with sustainable synergy.
Only time will tell.”

Cyrille Harpet
Research professor in Health and Work Environment Risk Analysis, EHESP-Rennes (France)
Scientific advisor and co-manager of the “Project management, team management” course in the Ethics, Ecology and Development program at University Jean Moulin - Lyon III

“The approach developed by the Serge Ferrari Group as part of its business activity is both ambitious and innovative. Its holistic acceptance also makes it unique, enabling students in our Master’s program to be exposed to many concepts and their implementation in a concrete and consistent action. When I say holistic or systemic, I'm referring to the fact that the actions carried out by Serge Ferrari are not isolated, but rather are integrated within a global approach that not only takes into account product design, applications and end-of-life, but also the ecosystem that exists around the products (suppliers and clients) and the associated value chain. All these factors are considered by generating deliberate reflection about the business models in-play. This goes far beyond the circular economy, which focuses essentially on resource and material flows, while remaining an important input for reasoning.
Romain Ferrari’s involvement with the program is always very inspiring. Above all, it shows that this type of approach is indeed possible if you ask the right questions and place yourself at the right level.
Our students, who are generally employed managers with about fifteen years professional experience, are building their CSR knowledge and skills in order to better meet new requirements with their jobs. It is a way to share dreams and goals while offering a lesson in hope.”

Jasha Oosterbaan
PhD in Quantitative Hydrology and Hydrogeology
Director, ISIGE - MINES Paris Tech
In charge of the Specialised Master’s degree, Global Management of CSR and Sustainable Development

Appendices

Report scope

Serge Ferrari Group

Serge Ferrari SAS
(La Tour du Pin – France)

Serge Ferrari North America
(United States)

Serge Ferrari Asia Pacific
(Hong Kong – China)

Serge Ferrari Shanghai
(China)

Serge Ferrari India
(Dehli – India)

Serge Ferrari Tekstil Sanayi
(Istanbul – Turkey)

Serge Ferrari Brazil
(Sao Paolo – Brazil)

Serge Ferrari Japan
(Kamakura – Japan)

Giofex Group Srl
(Milan – Italy)

Terfil Multifils SA
(Switzerland)

Serge Ferrari Tersuisse SA
(Emmenbrücke – Switzerland)

Serge Ferrari AG
(Eglisau – Switzerland)

Texyloop SAS
(La Tour du Pin – France)

Vinyloop Ferrara Spa
(Italy)

CI2M
(La Tour du Pin – France)

Ferramat Tekstil Sanayi
(Istanbul – Turkey)

Scope: France and Switzerland

Serge Ferrari SAS
(La Tour du Pin – France)

Terfil Multifils SA
(Switzerland)

Serge Ferrari Tersuisse SA
(Emmenbrücke – Switzerland)

Serge Ferrari AG
(Eglisau – Switzerland)

Texyloop SAS
(La Tour du Pin – France)

CI2M SASU
(La Tour du Pin – France)

Scope: France

Serge Ferrari SAS
(La Tour du Pin – France)

Texyloop SAS
(La Tour du Pin – France)

CI2M SASU
(La Tour du Pin – France)

Notes about methodology

1. ORGANISATION AND METHOD OF REPORTING

Quantitative data was collected from the various departments (Human Resources, Quality, Safety & Environment, Accounts) at each facility (France and Switzerland unless stated otherwise). The data provided by the various contributors was then consolidated on a Group level (unless stated otherwise in the cross-reference table or text body). The quantitative social and environmental data included in this report was collected and aggregated on a Group level using our consolidation software. The qualitative data was collected via targeted interviews with Group and external personnel and controlled in-house by Executive Management, Human Resources and Safety departments. The Senior Vice President was given responsibility for Group-wide CSR reporting. Data consistency is checked by a CSR report drafting committee, comprising representatives of Executive Management and the HR and Safety departments at each stage of the report preparation process.

2. REPORTING SCOPE AND PERIOD

The staff, social and environmental reporting covers the fiscal year ended December 31, 2016 and the following companies: Serge Ferrari Group, Serge Ferrari SAS, Serge Ferrari Asia Pacific, Serge Ferrari Shanghai, Serge Ferrari India, Serge Ferrari Tekstil Sanayi, Serge Ferrari Brazil, Serge Ferrari Japan, Serge Ferrari North America, Terfil Multifils SA, Serge Ferrari Tersuisse SA, Serge Ferrari AG, CI2M, Texyloop SAS, Ferramat Tekstil Sanayi, Giofex Group Srl. These companies are all fully integrated within the scope of CSR reporting. On the other hand, the Vinyloop Ferrara SpA. joint venture, with 40% held by Texyloop, is excluded from the scope of CSR reporting. Some indicators are excluded from the aforementioned scope, owing to a lack of information regarding Group facilities located outside France. These exceptional exclusions are clearly specified on a case-by-case basis in the cross-reference table. They do not involve significant issues. The collected data covers the period from January 1, 2016 to December 31, 2016 (included).

3. RELEVANCE OF SELECTED INDICATORS

The choice of relevant indicators was made by the report project team, comprising:
Executive Management and the HR and QSE departments. The relevance of the chosen indicators was assessed with regard to the social and environmental impacts of Group company operations and the occupational risks associated with the professions exercised. Given Serge Ferrari Group operations, the following information was deemed irrelevant and was not included in the report: “Other initiatives implemented to promote human rights” and “Fighting food waste.”

4. DETAILS ON METHODOLOGY

Energy consumption includes the energy used to heat buildings and for production processes in France (La Tour du Pin) and Switzerland (Eglisau and Emmenbrücke). The published data corresponds to the invoiced totals for the period in question.
Water consumption includes general usage and cooling systems. Consumption is calculated according to the criteria recommended by ISO 14040-44 for life cycle assessments. Under these criteria, water used in cooling systems is considered to be “consumed”.
All energy and water measurements for France and Switzerland are made using the same method, that is, from actual meter readings or invoices defining the consumption period. Among commercial subsidiaries, the energy and fluid usage of companies with very low consumption was not included. As most facilities have an ISO 14001-certified management system, these readings are audited on an annual basis.
CO_2 emissions consist of fossil fuel emissions generated by our processes and emissions caused by the oxidization of solvents used to process flexible composite materials at the La Tour du Pin and Eglisau production plants. This information is taken from a greenhouse gas assessment. Therefore, CO_2 emissions from goods transportation and, in particular, employee business trips are not included.
Hazardous and non-hazardous waste corresponds to the volumes of waste collected at the production plants in France (La Tour du Pin) and Switzerland (Eglisau and Emmenbrücke). These volumes are monitored in accordance with classification established by EU law.
Regarding staff, French employees are governed by French employment law and foreign employees by the laws of their respective countries. Headcount is calculated as of December 31, 2016. This includes employees on permanent and fixed-term contracts and professional qualification, apprenticeship, “wage portage” and expatriate employees (expatriates and Volunteers for International Experience).
Payroll includes salaries, employer’s social security contributions and profit-sharing.
Absenteeism: absence due to illness including occupational illness and industrial accidents. Furthermore, long-term illnesses (longer than one year) are not taken into account.
Calculation is based on working days.
Industrial accidents consist of work accidents occurring in 2016, excluding relapses.
The frequency rates are calculated as follows:
TF1 = Number of reported accidents with lost time
x 1,000,000 / hours worked.
TF2 = Number of reported accidents
x 1,000,000 / hours worked.
TS = Number of lost work-days for AT
x 1,000 / hours worked
Training hours include e-learning provided by external providers, the personal training allowance (CPF), face-to-face training, training eligible or not for funding under the company training plan, and both in-house and external training.
The disabled employee ratio is based on the number of persons employed as of December 31, 2016.

** We do not include consideration for long-term absences and relapses when calculating rates.*

5. EXTERNAL AUDITING

This corporate, social and environmental information is audited by an independent third-party organisation, Mazars SAS, a member of the Mazars SA network, your Company’s statutory auditors, accredited by COFRAC (French accreditation commission) under number 3-1058. The scope of accreditation may be found on www.cofrac.fr.
The auditors’ findings are presented at the end of the report on page 64.

Indicators and cross-reference table

The data and figures set out in this section cover the overall Group unless otherwise specified.

	Indicators	2015 data	2016 data	Qualitative items	More details
ENVIRONMENTAL INFORMATION					
A. General environmental policy					
Manner in which the company is organized to take environmental issues into account and, where applicable, environmental assessment or certification initiatives.	Percentage of facilities concerned by environmental certification	72.7%	80%	Our production facilities in France and Switzerland (Serge Ferrari AG), and the Vinyloop Ferrara S.p.A. recycling plant were certified ISO 14001 in 2015. 5 of our facilities at La Tour du Pin were certified ISO 50001 in 2015.	p. 28
	Percentage of articles with LCA	66%	61%	The percentage declined because 4 product lines with LCAs were discontinued in 2016.	p. 24
	Number of customers who benefited from environmental assessment support	7	7	7 LCAs have been implemented for our customers since 2011. For the following companies: Locabri, Lafuma-Botanic, Mediamax, Roeder, Buisson Effilochage, Filature du Parc, and SOCCA.	
	Product ranges concerned by FDES environmental and health declarations and EPDs	3	3	We updated the ACV, EPD and FDES files for Soltis 92, 86 and 99 solar protection screens in compliance with the EN 15804 construction standard.	p. 40
Initiatives implemented to train and inform employees about protecting the environment	Number of training sessions provided on environmental protection	96	36	Carried out over longer periods of time, these training sessions involved fewer employees.	p. 34
	Expenses incurred for health & safety training → Scope: France → Scope: France and Switzerland	 €88,980 €97,794	 €71,670 €91,133		
Resources dedicated to preventing environmental risks and pollution	Initiatives taken to prevent environmental and health risks	—	—	Created in 2015, our Vigi-Alerte committee is tasked with detecting early signs of health and environmental risks related to substances or technologies. In partnership with CEA Tech in Grenoble, a specialised laboratory with appropriate tools and protocols, we are going to perform a study in the Q1 2017 to measure our operators' exposure to nanoparticles.	p. 32
	Percentage of products concerned by a health and environmental measure indicator	100%	100%	The R+ program we created applies to 100% of our finished goods.	p. 24
Provisions and guarantees for environmental risks		€486,152	€486,152	Financial guarantee to be established with respect to depollution requirements (Metaleurop judgement, Bachelot Law). Serge Ferrari chose to implement this cost progressively starting July 1, 2014.	
B. Pollution and waste management					
Measures to prevent, reduce and remedy discharges into the air, water or soil that have severe impact on the environment	Initiatives launched	—	—	Organisation of collection and DEEE products and mixed batteries.	
	Hazardous waste (tonnes)	455	560	The volume of dangerous waste is distributed as follows: LTDP: 418.76 tonnes - CI2M: 1.87 tonnes Eglisau: 89.51 tonnes - Emmenbrücke: 50 tonnes	
	Non-hazardous waste (tonnes)	1,899	2,392	The volume of non-dangerous waste represents the total of wood, palettes, cardboard, chucks , ordinary industrial waste (OIW), iron, plastic, polyester This waste is distributed as follows: La Tour du Pin: 1,779.63 tonnes - CI2M: 95.13 tonnes Eglisau: 374.77 tonnes - Emmenbrücke: 142.63 tonnes Oversetting gain taking into account Texyloop recycling: -8.74%	
	Wastewater (tonnes, VOC) → Scope: France → Scope: France and Switzerland	 38 40	 41 42		

Indicators and cross-reference table

The data and figures set out in this section cover the Group overall unless otherwise specified.

	Indicators	2015 data	2016 data	Qualitative items	More details
ENVIRONMENTAL INFORMATION					
B. Pollution and waste management					
Measures for preventing, recycling and eliminating waste	Investment dedicated to Texyloop (M€)	15.5	17.2	Amount invested since 1998.	p. 30
	Number of tonnes of materials collected per year	428	529	As collection began in 2004 (and recycling in 2008), we have inventory to recycle, which explains why we have focused more on recycling than collection.	
	Number of tonnes of composite materials recycled per year	768	776		
	Number of Texyloop Charter signatories	136	142	Texyloop has united and continues to build a European-wide network that collects its own end-of-life composite materials, and/or those of third-party companies, including workshop scraps and used materials.	
Measures regarding noise nuisance and any other form of pollution specific to a business activity	Number of people trained	125	71	Awareness campaigns regarding workshop noise (wearing appropriate personal protective equipment) were carried out in coordination with the QSE department and occupational health nurse over the course of 2016.	p. 32
C. Sustainable use of resources					
Water consumption, water supply with respect to local constraints **Scope: France & Switzerland**	Water (m^3 x 1,000)	846.1	941.8	Water consumption is related to equipment cooling. Water is discharged as-is into the natural environment, with an increase in temperature limited to 3°C.	
Consumption of raw materials and measures taken to improve the efficiency of their use **Scope: France and Switzerland**	PET, resins and other polymers (tonnes)	12,031	12,020		
	Fillers & additives (tonnes)	2,180	2,324	Fillers and additives include adhesives, fillers, pigments, and stabilisers.	
	Plasticizers (tonnes)	3,240	3,440		
	Solvents (tonnes)	1,332	1,530	This category includes solvent and varnish.	
	Product weight containing bio-sourced materials (tonnes)	38.08	24.46	Launching eco-designed products on the market requires thorough control over their ageing so that technical properties are not altered.	
Energy consumption, measures taken to improve energy efficiency and the use of renewable energies **Scope: France and Switzerland**	Energy (GWh)	63.6	67.5	Group-wide energy consumption is distributed as follows: LTDP: 39.08 GWh - CI2M: 0.32 GWh Eglisau: 13.97 GWh - Emmenbrücke: 14.15 GWh To reduce electricity consumption for production facility lighting neon bulbs are progressively being replaced by LEDs, which will equip 100% of our workshops by 2017.	p. 28
Land use		—	—	The Group's production facilities are not located on sensitive sites.	
D. Climate change					
Adaptation to the consequences of climate change	Actions taken - Processes only	—	—	Our applications (bioclimatic facades, urban shade screens and green roofing) provide technical solutions in a context of rising temperatures.	p. 18
Greenhouse gas emissions **Scope: France & Switzerland**	Summary report on greenhouse gas emissions (t eq. CO_2 - Scope 1	10,724	11,041	We have performed a greenhouse gas assessment on a Group-wide level since 2015. Data is collected and managed using dedicated Toovalu software. Our goal is still to achieve a comprehensive report so that we can better control our environmental impact. The greenhouse gas assessment covers scopes 1 and 2 of our production tool, given its intensive use having the foremost impact on our carbon footprint.	p. 28
	Summary report on greenhouse gas emissions (t eq. CO^2 - Scope 2	12,662	13,143		
E. Protecting biodiversity					
Measures taken to develop biodiversity		—	—	We are contributing to the development of pisciculture with low environmental impact, via the EcoCage application.	p. 42

Indicators and cross-reference table

The data and figures set out in this section cover the overall Group unless otherwise specified.

	Indicators	2015 data	2016 data	Qualitative items	More details
STAFF INFORMATION					
A. Employment					
Total headcount, breakdown of employees by age, gender and geographic region **Scope: Group**	Total headcount	638	730	Total headcount is broken down as follows: 407 people in France, 159 people in Switzerland, 164 people in subsidiaries.	p. 22
	Number of women	140	175		
	Number of men	498	555		
	Number of people assigned to commercial functions	139	213		
	Number of people assigned to production/ logistics functions	388	426		
	Number of people assigned to support functions	111	91		
Scope: France and Switzerland	Breakdown by age group → < 30 yrs → 30 to 39 yrs → 40 to 49 yrs → > 49 yrs	 75 135 164 149	 89 145 177 155		
	Average length of service	11.70	11.73		
	Number of employees working in France	370	407		
Remuneration and evolution thereof **Scope: Group**	Overall payroll (in K€)	40,246	44,468	The Serge Ferrari Group ranks above the average for its professional sector in terms of the salaries paid for blue and white collar positions (excluding profit-sharing/incentive plan).	p. 36
Scope: France	Percentage of employees who benefit from an incentive plan	100%	94.59%	All French employees are covered by an incentive plan, but only staff belonging to the so-called “Available Labour” category and production management staff are covered by a system of variable incentive bonuses based on performance measured in terms of productivity and quality.	
	Percentage of employees who are shareholders in the Company	47.3%	41.5%	A Serge Ferrari collective employee shareholder fund (FCPE) was set up on April 28, 2014. 41.5% of the employees have subscribed to the fund at this time.	
	Percentage of employees subscribing to a retirement savings plan	58.9%	50.1%	A retirement savings scheme (PERCO) was set up on December 6, 2011 via an amendment to the profit-sharing agreement. Today, 50.1% of the employees are enrolled in the PERCO.	
	Percentage of employees covered by a mutual health insurance company	100%	100%	All French employees are covered by family mutual insurance and personal insurance. The company also finances healthcare insurance for all of its foreign employees.	
Hires and departures **Scope: France and Switzerland**	Hires	59	90	For 2016, the scope includes France and Switzerland; figures for N-1 are recalculated.	p. 22 and 36
	Dismissals	17	9	For 2016, the scope includes France and Switzerland; figures for N-1 are recalculated.	
	Other departures	20	37	For 2016, the scope includes France and Switzerland; figures for N-1 are recalculated.	

Indicators and cross-reference table

The data and figures set out in this section cover the Group overall unless otherwise specified.

	Indicators	2015 data	2016 data
STAFF INFORMATION			
B. Work organisation			
Employment contracts 2015 and 2016 data concerns France and Switzerland, including specific contracts for foreign employees in Switzerland	Percentage of permanent contracts	91.95	92.4
	Percentage of fixed-term contracts	4.53	5.83
	Percentage of work-study contracts	2.7	1.77
	Number of part-time employees working in France	18	28
Absenteeism **Scope: France and Switzerland**	Absenteeism rate (illnesses and work-related accidents)	4.18%	2.85%
	Number of days absent (illnesses and work-related accidents)	5,011	3,639
C. Employee relations			
Organisation of employee relations, notably information processes and processes for consulting and negotiating with employees	Participation rate in trade union elections	—	—
	Works Council	—	—
	Health, Safety and Working Conditions Committee (CHSCT)	—	—
Summary of collective agreements	Number of agreements signed	2	3
D. Health and safety			
Health and safety conditions at the workplace	Initiatives implemented to improve health and safety conditions at the workplace	—	—
Summary of agreements on health and safety at work signed with trade union organisations or employee representatives	Safety Charter	—	—
Workplace accidents (frequency, severity, occupational illnesses) **Scope: France and Switzerland**	Accident frequency rate (TF1)	17.7	10.9
	Accident frequency rate (TF2)	20	16.4
	Accident severity rate	0.42	0.27
	Number of occupational illnesses	0	0
	Number of work-related accidents with medical leave	15	10

Qualitative items	More details
STAFF INFORMATION	
B. Work organisation	
Serge Ferrari aims to increase its teams' loyalty in order to retain its know-how. This explains the high number of permanent employees.	
	p. 34 and 35
C. Employee relations	
The last elections were held on November 13, 2014 (participation rate: 72%). The next elections will be in 2018.	
The Works Council comprises 16 people, divided into three groups: Workers and Employees, Supervisors, Engineers and Executives The Works Council meets once a month.	
The Works Council and Personnel Representatives elected 6 members for a Health, Safety and Working Conditions Committee On December 3, 2015. This committee meets once per quarter.	
PERCO and NAO agreements were signed in 2016.	
D. Health and safety	
Specific Safety Rules (SSRs), whose effectiveness is under evaluation, continue to be deployed at the La Tour du Pin site (Extrusion, Coating). We are also continuing to migrate data from various scopes within the SST software to establish exhaustive safety datasheets.	p. 32 and 34
Universal Safety Rules (USRs) are distributed throughout the Group. Formalisation, evaluation and extension of Specific Safety Rules (SSR) are continuing, with the goal to finalise them in 2017.	p. 34
Calculation obtained according to standards recognized by CARSAT. The declining rate is the result of effort carried out within the Group over the past several years.	p. 34

Indicators and cross-reference table

The data and figures set out in this section cover the Group overall unless otherwise specified.

	Indicators	2015 data	2016 data
STAFF INFORMATION			
E. Training			
Policies implemented for training **Scope: France & Switzerland**	Overall budget dedicated to training	€579,697	€596,003
	Total number of women trained	82	62
	Total number of men trained	340	287
	Number of internal trainers	18	13
Total number of training hours **Scope: France and Switzerland**	Total number of training hours	9,366	8,406
	Percentage of employees who benefited from at least one hour of training during the year	80.5 %	61.7 %
F. Diversity, equal opportunity, equal treatment			
Measures taken to promote gender equality	Number of women hired on permanent contracts **Scope: France**	6	16
Measures taken to promote the employment and inclusion of disabled persons	Employment rate of disable persons (% of total headcount) **Scope: France and Switzerland**	2.86	2.65
	Number of jobs concerned **Scope: France and Switzerland**	15	15
Measures taken to prevent discrimination	Number of young people (under 26) hired **Scope: France and Switzerland**	15	26
	Number of nationalities within the Group	40	37
G. Promotion and compliance with the recommendations of the ILO Fundamental Conventions			
Freedom of association and the right to collective bargaining		—	—
Eliminating discrimination in employment and occupation		—	—
Eliminating forced or mandatory labour		—	—
Effectively abolishing child labour		—	—

Qualitative items	More details
STAFF INFORMATION	
E. Training	
Continuous improvement is one of the main themes of the training actions we undertook in 2016. Regulations, professional techniques and language training are part of the training actions implemented to maintain skills.	p. 38
	p. 36
F. Diversity, equal opportunity, equal treatment	
Our actions to promote gender equality enabled us to increase the proportion of women hired from 10% in 2015 to 18% in 2016.	
26 young hires in 2016, out of a total of 90 new hires, representing an improvement of 3.5% compared to 2015.	
G. Promotion and compliance with the recommendations of the ILO Fundamental Conventions	
Serge Ferrari takes care to establish transparent, sincere and respectful social dialogue with employee representative bodies, in accordance with the principle of respecting employees' rights.	
The Serge Ferrari Group is committed to banning any form of discrimination at recruitment and hiring stages, as well as during the performance or at the end of the employment contract.	
The Serge Ferrari Group is committed to banning any forced or mandatory labour, notably through dialogue with the employee representative bodies. In addition, with the majority of our suppliers being European, the risk of exposure to forced or mandatory labour is negligible.	
The Serge Ferrari Group complies with international conventions regarding the protection of children's rights. Furthermore, the Group's suppliers and sub-contractors are not manufacturing companies (they belong to the chemical and synthetic chemical sectors). As such, any exposure to the risk of child labour is negligible. Furthermore, most of our suppliers are European.	

Indicators and cross-reference table

The data and figures set out in this section cover the Group overall unless otherwise specified.

	Indicators	2014 data	2015 data
SOCIAL INFORMATION			
A. Regional, economic and social impact of the company's activities			
In terms of regional employment and development	Partnerships with regional bodies working to promote employment	—	—
On neighbouring and local communities	Discussions with local associations regarding the implementation of the Damselfly Biodiversity Plan	—	—
B. Relations with persons and organisations having an interest in the Company's business activities			
Conditions for dialogue with these persons and organisations	Relations with partners, distributors, specifiers, suppliers, subcontractors, customers, shareholders, public authorities, associations and other stakeholders.	—	—
Partnership or sponsorship initiatives	Amount invested in sponsorship initiatives	€200,000	€216,700
C. Sub-contracting and suppliers			
Inclusion of social and environmental issues in the company's procurement policy		—	—
Extent of sub-contracting, inclusion of suppliers' and sub-contractors' social and environmental responsibility in relations with them	Use of sub-contracting	—	—
D. Fair practices			
Anti-corruption measures	Ethical business charter	—	—
Measures taken to promote consumer health and safety		—	—

Qualitative items	More details
SOCIAL INFORMATION	
A. Regional, economic and social impact of the company's activities	
We have set up a number of partnerships with regional bodies working in the areas of employment and training (on a permanent and work-study basis): Chamber of Commerce and Industry, La Tour du Pin Sub-Prefectural Territorial Coordination Projects, Communauté des communes, local (regional) middle schools and high schools, Apprentice Training Centre, Rhône-Alpes DIRECCTE (Regional Department for Companies, Competition, Consumption, Labour and Employment), CEPITRA (Rhône-Alpes Textile Industry Development Centre) – regional professional training body, OPCALIA (training fund-collection body).	
We are in contact with three local associations regarding implementation of the Damselfly Biodiversity Plan: SMABB (Public-Private Development Association for the Bourbre Basin) – http://www.smabb.fr; Les Vallons de La Tour (district grouping) – http://www.lesvallonsdelatour.fr; Action Bourbre Responsable – http://www.action-bourbre-responsable.org The Steering Committee meets once a year. Operating meetings are organized at least once a quarter.	
B. Relations with persons and organisations having an interest in the Company's business activities	
Serge Ferrari organises dialogue with each stakeholder depending on the issues, identifying the relevant information channels and setting up appropriate locations and frameworks for dialogue, as necessary. Serge Ferrari is also a member of several organisations and institutes working to promote sustainable development, CSR and the circular economy: The Orée association, French Circular Economy Institute, Greenfacts, French Institute for Building Performance, Entrepreneurs d'Avenir	
We renewed our support for the Tara expedition to study and understand the impact of climate change.	
C. Sub-contracting and suppliers	
Our procurement policy is based on long-term partnerships. As such, 2/3 of our purchases are made from reliable suppliers with which we have long-standing relations (over 20 years). These partnership relations enable us both to maintain the competitiveness of our long-term purchases (TCO assessment: Total Cost of Ownership), and jointly develop new products and new concepts in a collaboration-oriented manner (e.g. Texyloop, with Solvay).	
The Group is highly vertically integrated and only leverages sub-contracting on a very occasional basis. This integration covers production, as well as production equipment manufacturing and maintenance.	
D. Fair practices	
The risk of corruption is managed globally by separating consumption and execution tasks carried out by the Procurement Department. In 2016, the Group formalised and published its ethical business charter, detailing the principles and rules for proper conduct, to the attention of all employees around the world.	p. 19
In 2009, the Group launched a campaign to achieve compliance with EU regulations on REACH-classified chemical substances. Replacements were found for 32 products used in the manufacturing process, including 5 materials substituted in 2015 and 7 in 2016	

Independent Third-Party Organisation's report

Report by the Independent Third-Party Organisation on the consolidated corporate, social and environmental information provided in the management report

To the Shareholders,
In our capacity as an independent third-party organisation, and member of the Mazars network, statutory auditors for the Serge Ferrari Group, accredited by the French accreditation commission (COFRAC Inspection) under number 3-1058[1], we hereby present our report on the corporate, social and environmental information for the fiscal year ended December 31, 2016 presented in the Management Report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

THE COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for establishing a Management Report including the CSR Information provided for in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the procedures and definitions applied by the Company (hereinafter the "Standards"), a summary of which is provided in the Management Report, available upon request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is determined by regulations, our professional code of ethics, and the provisions set out in Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system that includes documented policies and procedures aimed at ensuring compliance with business ethics rules, the professional guidelines of the Compagnie Nationale des Commissaires aux Comptes [French National Institute of Auditors] relating to professional practice standards and applicable legislation and regulations.

THE INDEPENDENT THIRD-PARTY ORGANISATION'S RESPONSIBILITY

It is our responsibility, on the basis of our work:
→ To certify that the required CSR Information is included in the Management Report, or that any omission is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certificate of inclusion of CSR Information);
→ To draw a conclusion expressing reasonable assurance regarding the fact that all the significant aspects of the CSR Information, taken as a whole, are presented in a fair manner, in accordance with the Standards (Reasoned opinion on the fairness of the CSR Information).
Our work was performed by a team of five people over a period of about two weeks between January 18, 2017 and February 22, 2017.
We performed the work described below in accordance with professional standards of the Compagnie Nationale des Commissaires aux Comptes [French National Institute of Auditors] relating to this intervention, and the decree of May 13, 2013 setting out the conditions under which the independent third-party organisation performs its assignment, and with the ISAE 3000[2] international standard with respect to the reasoned opinion on fairness.

I - CERTIFICATE OF INCLUSION OF CSR INFORMATION

We familiarized ourselves, through interviews with the managers of the concerned departments, with the presentation of the sustainable development objectives, in accordance with the social and environmental consequences linked to the Company's activities and its social commitments, and, where applicable, to the resulting initiatives or programs.
We compared the CSR Information set out in the Management Report with the list provided for by Article R. 225-105-1 of the French Commercial Code.
In the event that some consolidated information was missing, we checked that explanations had been provided in accordance with the provisions of the third paragraph of Article R. 225-105 of the French Commercial Code.
We ascertained that the CSR Information covered the consolidation scope, that is, the Company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code, and the companies that it controls within the meaning of Article L. 233-3 of that Code, within the limits specified in the methodology note set out in the Appendices of the Management Report.
Based on this work, and given the limits set out above, we hereby certify that the required CSR Information is included in the Management Report.

REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of the work
We held around ten meetings with the individuals responsible for preparing the CSR Information at the departments in charge of collecting the information and, where applicable, with the individuals responsible for internal control and risk management procedures, in order to:
→ Assess the appropriate nature of the Standards in terms of their relevance, completeness, reliability, objectivity, and comprehensibility, taking industry best practices into consideration, where applicable;
→ Verify that an information collection, compilation, processing and control process had been implemented, with a view to the completeness and consistency of the Information, and familiarise ourselves with the internal control and risk management procedures relating to the preparation of the CSR Information.
We determined the nature and extent of our checks and controls in accordance with the nature and significance of the CSR Information, in view of the Company's specific features, the social and environmental challenges posed by its business activities, its sustainable development strategy and industry best practices.

In the case of the CSR Information that we considered to be most relevant[3]:
→ At the level of the consolidating entity and concerned departments, we consulted the documentary sources, and held meetings in order to corroborate the qualitative information (organisation, policies and initiatives). We then carried out analytical procedures on the quantitative information, checked the calculation and consolidation of the data on the basis of spot checks, and ascertained that it was coherent and consistent with the other information provided in the Management Report;
→ At the level of a representative sample of entities or operations that we selected on the basis of their activities, their contribution to the consolidated indicators, their operating location and a risk assessment, we held meetings in order to ascertain the correct application of the procedures, and performed detailed tests on the basis of samples, which consisted in checking the calculations performed and cross-checking the data with the supporting documents.
The sample selected in this manner represented an average of 53% of the staff, and between 58% and 75% of the quantitative environmental information.
Regarding the other consolidated CSR Information, we assessed its consistency based on our knowledge of the Company.
Lastly, we assessed the appropriateness of the explanations, as necessary, relating to the fact that some information was wholly or partly missing.
We believe that the sampling methods and the size of the samples that we selected by exercising our professional judgement enable us to draw a conclusion expressing moderate assurance.
A higher level of assurance would have required more extensive auditing work.
Given the use of sampling techniques, and the other limits inherent to the operation of any information and internal control system, the risk of a material misstatement not being identified in the CSR Information cannot be completely eliminated.

CONCLUSION

Based on our work, we did not identify any significant misstatements likely to call into question the fact that the CSR Information, taken as a whole, is presented in a fair manner, in accordance with the Standards.

Paris La Défense, March 14, 2017

The Independent Third-Party Organisation
Mazars SAS

Edwige REY
CSR and Sustainable Development Partner

1. The scope of which may be accessed on www.cofrac.fr.
2. ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.
3. Social information: total headcount present at the end of the period, staff breakdown by age group, absenteeism, work time organisation: number of people employed on a part-time basis, number of training hours.
Environmental information: water consumption (in m^3), gas consumption (in gigawatt hours), electricity consumption (in gigawatt hours), amount (in tonnes) of hazardous and non-hazardous waste collected.

This report was designed and executed following a collaboration-oriented approach between Serge Ferrari and Histoire de Comprendre.
We would like to thank all the people who helped elaborate this report by providing their expertise, insights, and testimonials.

The photos used to illustrate this report are extracted from articles created within the Group. We sincerely thank all those employees who agreed to participate.

Artistic direction: Atelier Marge Design.

Photos:
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→ Castro Rojas e Ingenieros /
Architect: Cadavid Arquitectos
→ Xavier MOUTON /
Architect Dominique Perrault Architecture
→ Paul Thouvenin

Published in March 2017.

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