

Non-Financial Performance Statement 2019



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NON-FINANCIAL PERFORMANCE STATEMENT

1 > SAGESS CORPORATE SOCIAL RESPONSIBILITY CHARTER

PRINCIPLES

- Sustainable development is our future: *“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”* (Brundtland Report, 1987).
- At SAGESS, we fulfil a socially focused mission of stockpiling and managing the majority of France’s strategic oil reserves. Our work is fully embedded in France’s energy policy and the current challenges related to the energy transition and energy access.
- We’re working hard to deliver what the market, our shareholders and our partners need. That’s why SAGESS has chosen to incorporate the economic, environmental, and social principles of corporate social responsibility into our strategic and operational goals, which we apply both internally and on the projects that need them.

OUR PROMISES

- 1) To think strategically about corporate social responsibility to identify challenges, share them with our stakeholders (the French government, petroleum operators, and our shareholders), and define shared goals.
- 2) To reflect this thinking in our vision, our projects, and our management by involving our employees and the various stakeholders and parties concerned.
- 3) To promote ethical behaviour, equity, and social responsibility at our company.
- 4) To prepare a Non-Financial Performance Statement, a strategic corporate social responsibility document that summarises our commitments, and distribute it widely – both internally and externally.
- 5) To create and oversee an action plan as part of our Non-Financial Performance Statement that tracks our progress and achievements.

The SAGESS Management Team

2 > OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR: CENTRAL TO WHAT WE DO

SAGESS is publishing this Non-Financial Performance Statement entirely voluntarily to provide transparency into how we approach CSR. We have compiled this report in accordance with existing French and European regulations on non-financial reporting.

Our commitment to CSR is based on our Corporate Social Responsibility Charter, which the management team signed in 2012. This charter is firmly rooted in our values as a company, and we share it with all of our stakeholders. SAGESS naturally spearheaded our CSR initiative following in the footsteps of our main shareholders (Total, Siplec, SCA Pétrole et Dérivés, Esso SAF, Carfuel, etc.) and in a way that is consistent with the goal of our socially focused activities.

After the United Nations General Assembly adopted its 17 Sustainable Development Goals (SDGs), SAGESS found a way to contribute to five of them: twelve of our CSR KPIs are now related to these five SDGs.

HOW WE APPROACH CSR

At SAGESS, our CSR initiative is structured around a Corporate Social Responsibility Committee, which reviews our current action plan, the results we've achieved, and our performance indicators at least annually. The Board of Directors is fully involved in the committee's work and supports and approves its policies.

The initiative is based on four key elements that we discuss with our stakeholders on a regular basis:

- The first element is the **Corporate Social Responsibility Charter**, which we signed when we launched our initiative in 2012. This charter lists the founding principles we have built this initiative on year after year. We regularly share it with our stakeholders, who were involved in the materiality test we conducted while setting up this initiative.
- The second element is a **Code of Business Conduct**, which has historically been a part of SAGESS's initiatives to promote ethics and control. Our Code of Business Conduct is widely distributed among our employees and partners, which include banks, storage providers, and petroleum product suppliers. We provide this code with all requests for proposals to help make sure our stakeholders also adhere to our values.
- The third is a four-year programme to **assess the risk of property and environmental damage** that we launched at all the storage facilities where we store petroleum products and that has helped us map the risk of such damage.
- The fourth is a **responsible purchasing initiative** we have implemented with all our partners (banks, insurance companies, storage providers, and petroleum product suppliers) that we use to give each of them a responsible purchasing rating. A minimum rating is required to become an approved SAGESS vendor.

2019 HIGHLIGHTS

- We launched a new four-year plan for 2019 to 2022 to assess the risk of property and environmental damage.
- The SAGESS Code of Business Conduct and Corporate Social Responsibility Charter are now automatically included in contracts with our partners.
- In October 2019, Vigeo Eiris updated SAGESS's CSR rating. It is now at the "Advanced" level, as it was in 2017. Our excellent rating underscores how our CSR initiative has matured and motivates us to keep up our momentum.
- In December 2019, we created a Social and Economic Committee ("CSE" in French) in accordance with the 2019 French labour law (known in France as the "Loi Travail") and the orders published on 23 September 2017.

3 > SAGESS AND CSR

RISKS

At SAGESS, we are keenly aware of the impact our business has on the environment. That's why we decided to launch a CSR initiative in 2012. We laid the foundation for this initiative, which was supported by the Board of Directors and the Audit Committee, by drafting a Corporate Social Responsibility Charter, and we solidified it by conducting materiality tests of our corporate, environmental, and social challenges with our various stakeholders. We conducted the tests through questionnaires and individual interviews, which made it possible for us to incorporate our stakeholders' CSR expectations into the initiative. These tests allowed us to identify the major risks related to our business and change the way we manage the initiative internally by establishing performance indicators that meet both our stakeholders' expectations and regulatory requirements as well.

We conferred with five main stakeholders as part of the materiality tests. Incorporating their expectations has been a key factor in creating a lasting CSR initiative. We have in turn opened up regular dialogue with them so we can continue to better understand the challenges facing our business.

Below is a summary of our commitments:

Investors	CPSSP/ Government	Shareholders	Employees	Partners/ Community
Analyse risks fully and transparently	Offer safe and reliable solutions	Show consideration and respect	Create a safe, productive, and mutually respectful work environment	Rally them around our CSR initiative, especially on the topics of health, safety, and the environment
Ensure published financial information is accurate	Establish a dialogue of trust	Listen to them and keep them informed		Contribute to local development
Treat economic, environmental, and social performance as one and the same				Promote dialogue

We have identified six strategic CSR risks:

Risks Identified through the Materiality Test			
No.	CSR Risk	Importance to Stakeholders	Impact on Business
1	Managing SAGESS's strategic reserves in a secure manner	High	High
2	Securing funding for SAGESS	High	High
3	Practising sound governance	High	High
4	Promoting the importance of HSE with our partners	High	Medium
5	Helping manage supply crises	Medium	Medium
6	Taking employees' expectations into account and developing their skills	Medium	Medium

To grasp the scope of our CSR risks, it's important to understand what we do:

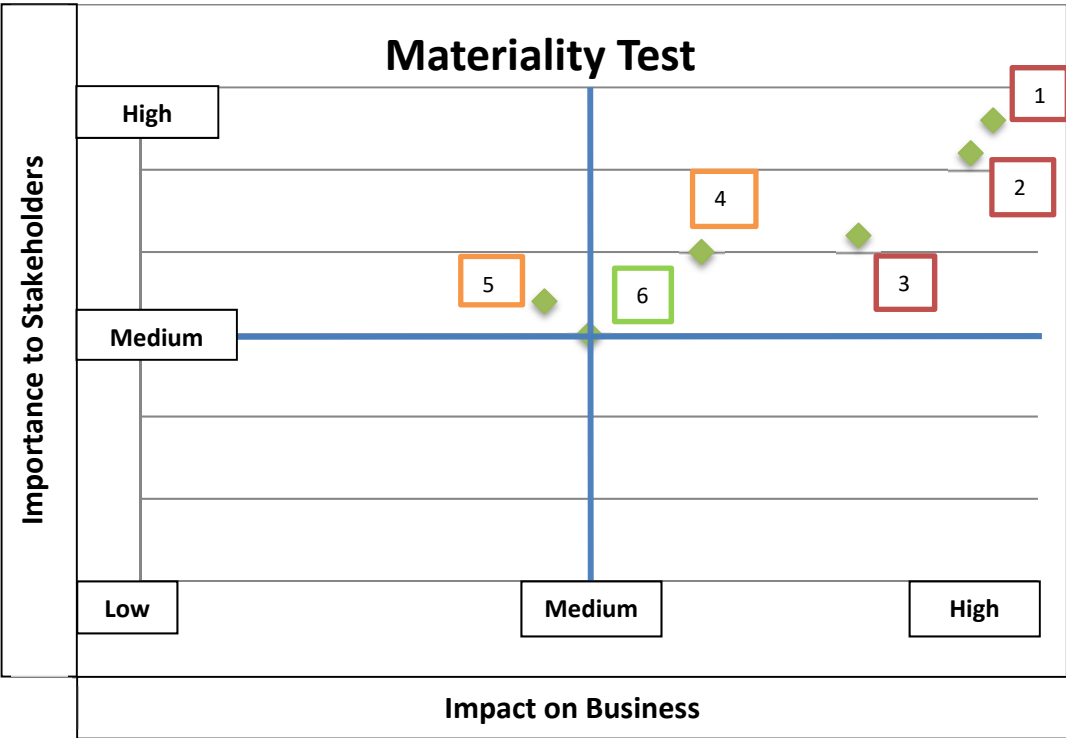
- SAGESS's own business is limited to our registered office just outside Paris, which the company leases (no separate utility bills).
- SAGESS does not engage in manufacturing or industrial activity: storage facilities are managed by storage companies, and we monitor their CSR performance (certifications, charters, etc.).

Consequently, due to the small number of employees at SAGESS, some of the traditional risks monitored as part of corporate non-financial performance are irrelevant, such as:

- Waste prevention and management
- Sustainable use of resources
- Circular economy
- Measures to reduce food waste
- Effects of climate change
- Noise pollution
- Greenhouse gas emissions caused by the company's business, especially from using the goods and services we provide
- Measures to promote consumer health and safety
- Water supply and use according to local conditions
- Use of raw materials and measures taken to optimise their use
- Energy consumption and measures taken to improve energy performance and the use of renewable energy
- Land use



The scope of this CSR report includes SAGESS itself and, for several of the areas assessed, our stakeholders (storage facilities, banks, partners).



- CSR risks identified through materiality testing:**
- 1- Managing SAGESS’s strategic reserves in a secure manner
 - 2- Securing funding for SAGESS
 - 3- Practising sound governance
 - 4- Promoting the importance of HSE with our partners
 - 5- Helping manage supply crises
 - 6- Taking employees’ expectations into account and developing their skills

PRACTISING SOUND GOVERNANCE

SAGESS's Board of Directors decided to create a Corporate Social Responsibility Committee in 2012 to monitor both the threats and opportunities related to our CSR strategy as well as track and update any action plans that had been implemented. The committee originally comprised seven members representing SAGESS's expert stakeholders. The Board of Directors then decided to expand the committee to include a SAGESS staff representative and a CPSSP representative.

The Corporate Social Responsibility Committee meets twice per year. It oversees the management of the CSR initiative and ensures that SAGESS takes consistent action. In 2019, the committee met first in February to review the CSR chapter of the Management Report and the CSR objectives for the upcoming year, and again in July to review the half-year results and updates to the CSR performance indicators.

The committee consists of members representing SAGESS's primary stakeholders:

- SAGESS management
- A SAGESS employee representative
- A CPSSP representative
- Shareholder representatives (Total, Shell, Bolloré)
- Partner representatives (CIM, Géostock)

SAGESS'S INTEGRATED CSR POLICY

Our CSR initiative revolves around several commitments outlined in an annual report presented by the Corporate Social Responsibility Committee and approved by the Board of Directors. This process provides a consistent framework that structures all our employees' day-to-day work. The key components of the initiative are:

- The Code of Business Conduct
- The Corporate Social Responsibility Charter
- Our CSR commitments to our stakeholders

For each area of our CSR initiative, we assess performance based on defined objectives, which in turn are measured using one or more key performance indicators (KPIs).

We follow reporting guidelines to ensure KPI reporting is standardised. These guidelines outline the reporting methodologies for everyone involved in CSR reporting at SAGESS (KPI owners and approvers, statutory auditors).

The Corporate Social Responsibility Committee reviews these KPIs annually and makes sure they fully cover SAGESS's operations. The committee also ensures that annual action plans are monitored and effective. These reviews in turn are used to regularly update the reporting guidelines.

The table on the following page outlines our various key challenges and the objectives and KPIs associated with each one.

RISKS	RISKS	OBJECTIVES	PERFORMANCE INDICATOR AREAS	KPI REFERENCE
1	Managing reserves in a secure manner	Have a process to monitor the difference between the reserve level accepted by SAGESS and the level achieved	Monitor SAGESS reserves	1-A
		Audit how well third parties are managing inventory (quantity and quality)	Monitor audits conducted at storage facilities and any areas of non-compliance	1-B, 1-C, 1-D
		Monitor where reserves are located	Monitor exchanged reserve volumes (at storage providers' request)	1-E
2	Securing financing	Use financing consistent with the financial policy approved by the Board of Directors	Monitor our financing structure and average debt maturity	2-A, 2-B
		Manage liquidity risk through the NEU CP programme	Use the NEU CP programme and secure said programme through a syndicated loan	2-C, 2-D, 2-E
		Secure SAGESS funding through access to bond markets	SAGESS's short- and long-term Standard & Poor's ratings	2-F
3	Practising sound governance	Prevent conflicts of interest within SAGESS's management team in general and with storage agreements in particular	Create indicators demonstrating governance best practices	3-A, 3-B, 3-C, 3-D
		Ensure proper governance through active specialised committees	Display number of committee and Board of Directors meetings	3-E
4	Promoting the importance of HSE with our partners	Share the principles of the Code of Business Conduct and Corporate Social Responsibility Charter with storage providers	Seek certification (safety and environmental) and comply with the principles of the Corporate Social Responsibility Charter and Code of Business Conduct	4-A, 4-B, 4-C
		Map risks at the facilities where SAGESS stores petroleum products	Make progress on the multi-year risk assessment programme	4-D
		Implement a responsible purchasing policy for SAGESS's partners (storage providers, petroleum product suppliers, and banks)	Monitor ratings by category	4-E, 4-F, 4-G
5	Helping manage supply crises	Manage supply crises in accordance with SAGESS's mission	Monitor KPIs related to how efficiently SAGESS handles orders received	5-A, 5-B
6	Taking employees' expectations into account and developing their skills	Create a workplace where all employees can advance through training	Monitor headcount and employee training	6-A, 6-B, 6-C, 6-D
		Increase employee satisfaction and guarantee a safe workplace	Monitor absenteeism, the number of accidents, and number of alerts received	6-E, 6-G, 6-H
		Have regular, structured conversations with employees about their performance	Percentage of annual performance reviews (managers and non-managers)	6-F
		Assure employees that we listen if there is a problem	Number of times the whistleblowing procedure has been activated	6-I

MANAGING STRATEGIC RESERVES IN A SECURE MANNER

Thanks to a comprehensive physical inventory and quality control programme, SAGESS continuously strives to make our reserves available to the government in the event of a supply crisis. SAGESS can:

- Make our reserves available quickly in the event of a crisis
- Ensure products that pass quality controls and meet current specifications are available nationwide
- Fulfil our role in managing supply crises

This programme is based on physical inventory and quality control audits conducted at all facilities with ongoing storage agreements. The purpose of these audits is to:

- Compare physical inventories to the volumes on SAGESS's books on the day of the visit
- Verify through sampling that the reserves are unchanged
- Ensure declarations have been made to local customs authorities
- Audit quality control and/or take samples for analysis by an independent laboratory
- Enquire about the measures in place, changes in volume, and related facilities
- Keep SAGESS informed about employee morale

Regarding the specific case of storage in Manosque, where physical inventories cannot be taken, Géosel checks reserves on a monthly basis based on accounting entries.

If any non-compliance issues are found during the physical inventory and quality control audits, SAGESS gives the facility three months to correct them. After three months, new audits are conducted to ensure compliance.

	CSR risks and KPIs	2018	2019	Target
Risk 1: Managing reserves in a secure manner				
1-A	Have a process to monitor the difference between the reserve level accepted by SAGESS and the level achieved	Yes	Yes	Yes
1-B	Percentage of storage facilities audited at least once during the year	99%	96%*	> 90%
1-C	Number of non-compliance issues observed during the storage facility audits conducted over the past 12 months	7	6	< 10
1-D	Percentage of on-site non-compliance issues resolved after three calendar months	100%	83%	100%
1-E	Percentage of SAGESS reserves exchanged (at storage providers' request)**	2%	2%	Less than 2%

* Change in scope in 2019 to include monitoring of the Manosque site, whose reserves cannot be physically measured due to the site's layout. Géosel conducts these audits.

** The inventory exchange rate is the result of exchanges requested by storage providers to complete maintenance tasks.

SECURING FUNDING FOR SAGESS

SAGESS is committed to managing our finances diligently to ensure we have optimal and secure funding for our reserves. Since the financial crisis that rattled Europe in the summer of 2011, SAGESS has increased our share of long-term financing through bonds. All of our short-term financing (through NEU CP) is part of a scaled programme that would allow us to cope with a similar crisis. The use of the NEU CP programme is mainly covered by undrawn lines of credit.

	CSR risks and KPIs	2018	2019	Target
Risk 2: Securing financing				
2-A	External financing structure: - Bonds (%) - NEU CP (%) - CPSSP advances (%)	92% 7% 1%	77%* 22%* 1%	80–90% 10–20% -
2-B	Average maturity of bond debt	5.4 years	5.4 years	6.0 years
2-C	Amount of credit lines and coverage rate of the NEU CP programme	€1bn 71%	€1bn 71%	€1bn Less than 100%
2-D	Amount and percentage of NEU CP programme used	€1.4bn 21%	€1.4bn* 73%	€1.4bn Less than 100%
2-E	Coverage of the NEU CP programme through an undrawn syndicated loan	341%	99%*	Greater than 100%
2-F	SAGESS's short- and long-term S&P rating	AA and A-1+ (stable)	AA and A-1+ (stable)	Undefined

* Atypical change noted at the end of December 2019 due to SAGESS's temporary inability to take out new bond financing. We will go back to using long-term loans as soon as possible to meet our targets.

GOVERNANCE AND ETHICS

Continuously Improving Governance: A Cornerstone of Responsible Management

The trust and satisfaction of SAGESS's stakeholders rest in large part on our governance, which plays a major role in generating value. SAGESS has always encouraged collaboration as a way to find common ground between the different visions of what we do. Our corporate governance framework includes a Board of Directors and three permanent committees that handle finance (Finance Committee), control and risk management (Audit Committee), and CSR (Corporate Social Responsibility Committee). The Operations Management Committee may be convened as needed to make decisions about operations and logistics.

The permanent committees are fully integrated into SAGESS's operations and handle matters before they reach the Board of Directors, thereby helping to ensure that all published information is reliable and transparent.

The SAGESS Board of Directors has 13 members representing major oil and gas distributors. To prevent the possibility of issues related to conflicts of interests, permanent committee members are selected based solely on their respective skills. Three government representatives (from the Ministries of Finance, Economy, and Ecological and Inclusive Transition) also attend Board of Directors meetings as observers.

Since 2014, the Board of Directors has had internal regulations describing its procedures and those of the aforementioned committees, as well as a Directors Charter. Since 2015, it has conducted self-assessments to identify areas of improvement.

	CSR risks and KPIs	2018	2019	Target
Risk 3: Practising sound governance				
3-A	Percentage of shareholders represented on the Board of Directors	79%	79%	Undefined
3-B	Attendance rate at Board meetings	88%	95%	Greater than 90%
3-C	Percentage of Board members reappointed during the year	15%	15%	Undefined
3-D	Percentage of women Board members	13%	31%	20%
3-F	Number of Board of Directors committee meetings	10	7	Undefined
	- Audit Committee	4	2	
	- Corporate Social Responsibility Committee	2	2	
	- Finance Committee	3	3	
	- Operations Management Committee (as necessary)	1	0	

Anti-Corruption Initiatives

Anti-corruption is an important part of SAGESS's Code of Business Conduct, which we put in place in 2005 and distribute to both internal and external stakeholders. We updated the code in 2019 to add a paragraph about combatting money laundering. All SAGESS employees have been formally notified that the Code of Business Conduct has been updated. Starting in 2019, we have automatically included the code in all SAGESS requests for proposals and calls for tenders with partners (storage, petroleum products, banking services, etc.).

This has in turn helped us add important safeguards to our procurement process. SAGESS's internal powers provide for various threshold-dependent approvals. All parties taking part in the procurement process receive a copy of these internal powers. SAGESS therefore makes all purchases through highly regulated requests for proposals. Independent observers assist with conducting RFPs and all partners are guaranteed to receive the same information.

Consequently, the risk of procurement-related corruption is considered very low.

Implementation of a Whistleblowing Procedure

SAGESS has had a whistleblowing procedure in place since 2017. It is included in our Code of Business Conduct.

The procedure was presented to the Audit Committee, Board of Directors, and all SAGESS employees. It allows employees (and third parties) to alert the company using a confidential email address or through the Vice Chairman of the Board of Directors (an independent member of the SAGESS Executive Committee). The Audit Committee reports on the use of the procedure on a quarterly basis, and we have added a relevant performance indicator to our CSR report (indicator 6-I). No alerts were received through the whistleblowing procedure in 2019.

Measures to Prevent Conflicts of Interest

As defined by law, SAGESS shareholders are approved storage facility operators that release petroleum products for consumption. As with all other companies, the SAGESS management team and Board of Directors are extensions of our shareholders. All shareholders are potential product suppliers, while some also provide storage agreements.

We have progressively put a strict governance framework in place over the years to ensure that the principles of fairness, transparency, and traceability are followed. This framework includes an Audit Committee, Storage Committee, requests for proposals, the recusal of certain employees, and consensus.

DGEC, DGDDI, and DGCCRF representatives also attend Board of Directors meetings.

SAGESSE's contracts with our shareholders are considered related-party agreements, which require Board of Directors approval. Certain other agreements that SAGESSE management deems significant are also submitted to the Board of Directors for approval.

Per the Board of Directors' internal regulations, at the beginning of every year, all Board members formally sign a sworn statement aimed at preventing conflicts of interest.

CSR AS A DRIVER OF STRONG STAKEHOLDER RELATIONSHIPS

Creation of CSR Certification for SAGESSE's Partners

SAGESSE's relationship with our partners is a key factor in the success and sustainability of our CSR initiative.

We created a responsible purchasing questionnaire in 2013 that we have sent to all our partners (storage facilities, petroleum product suppliers and buyers, and banks) for them to report their information. The questionnaire has a general section and a section specific to each partner category. Each partner is graded out of 20 possible points according to their CSR performance. A passing grade of 6.1/20 was set to identify those with early-stage initiatives.

These questionnaires are for reporting purposes only and the partners involved are responsible for their own responses. SAGESSE does not conduct an audit to verify their responses.

A total of approximately 70 active partners covering both partner categories receive the questionnaire at most once every three years. In 2019, all of our partners received a grade higher than the passing grade (unchanged compared to 2018). The number of graded suppliers is increasing year-over-year (we graded 54 partners in 2014, the year the process started). As the process is no longer new, we have seen yet another increase in the average grade:

- 2016: 13.5/20
- 2017: 13.9/20
- 2018: 14.2/20
- 2019: 14.7/20

As presented to the Corporate Social Responsibility Committee, this process has resulted in a three-point partner certification system:

- Adherence to the principles of our Code of Business Conduct and Corporate Social Responsibility Charter
- Responsible purchasing grade for a given year: grade received that year or during the previous two years
- Higher than passing grade (6.1/20)

Tackling Environmental Issues through Corporate Structure and Procedures for Environmental Assessment and Certification

Part of our HSE policy at SAGESSE involves encouraging the various facilities where we store petroleum products to obtain OHSAS 18001 (workplace health and safety) and ISO 14001 (environmental management) certification. As at 31 December 2019, 57% of major storage facilities had ISO 14001 certification, and 30% had OHSAS 18001 certification (or an equivalent certification).

In 2015, we added terms and conditions specific to storage agreements requiring storage providers to confirm they adhere to the principles of SAGESSE's Corporate Social Responsibility Charter and Code of Business Conduct. As at 31 December 2019, 100% of storage facilities had adopted the principles in these two documents.

Resources for Preventing Environmental Risks and Pollution

To effectively manage our long-term risk, SAGESS promotes sound and engaged environmental policies at the facilities where we store petroleum products. This was reflected in our multi-year property and environmental damage risk assessment programme. The previous programme, which we completed in 2016, was conducted through more than 100 assessments at 89 facilities and allowed us to map storage facility risks in 2017.

In 2019, SAGESS launched a new risk assessment programme for 2019–2022 that incorporates a property and environmental damage risk assessment component. We will be gradually including it in our multi-point site-selection criteria. These criteria include a range of elements addressing a potential partner’s logistical advantages as well as their credit risk and environmental risk. Before this programme wraps up in 2022, we will visit all of the facilities where SAGESS has petroleum products stored.

In 2019, SAGESS was not ordered to pay compensation to comply with any environmentally motivated court orders. No measures to remediate environmental damage were necessary. SAGESS did not record any provisions or guarantees for environmental risks during the year.

	CSR Indicator	Category	2018	2019	Target
Risk 4: Promoting the importance of HSE with our partners					
4-A	Percentage of facilities with ISO 14001 or equivalent certification		74%	57%*	> 50%
4-B	Percentage of facilities with OHSAS 18001 or equivalent certification		58%	30%**	Undefined
4-C	Percentage of facilities that adhere to SAGESS’s CSR Charter and Code of Business Conduct		100%	100%	100%
4-D	Progress of the multi-year risk assessment programme:		N/A		
	- Property damage risk			29%	100%
	- Environmental damage risk			23%	
4-E	Responsible purchasing: partner response rate	Banks	100%	100%	100%
		Storage facilities, petroleum product suppliers and buyers	100%	99%	100%
4-F	Responsible purchasing: average grade received	Banks	12.9	15.5	> 6.1
		Storage facilities, petroleum product suppliers and buyers	Undefined	14.7	> 6.1
4-G	Responsible purchasing: number of partners with failing grade	Banks	0	0	0
		Storage facilities, petroleum product suppliers and buyers	0	0	0

* Variation related to a change in methodology in 2019: all facilities are now included in the calculation, regardless of size (not just major facilities, as in previous years)

** Variation related to the upcoming elimination of the standard

Developing Solutions with a Low Environmental Impact

Increasing the volume stored in the natural caverns in Manosque has long been part of our environmental approach. Salt cavern storage helps make facilities less vulnerable and reduces the aboveground footprint of storage space. It also reduces the risk of fire, explosions, and terrorism.

Measures to Prevent, Reduce, and Remediate Air, Water, and Soil Pollution with a Major Environmental Impact

Our internal operations naturally have a low impact in terms of air and water pollution, so inherent environmental risk is quite low. As a result, we do not have any specific monitoring set up for these issues. However, the building where SAGESS's registered office is located became HQE™ certified (*Haute Qualité Environnementale*, a French high environmental quality certification) in 2019, and SAGESS's landlord provides paper recycling services.

Lastly, operators at major storage facilities have set up continuous monitoring to prevent and manage potential pollution and keep pollutants from contaminating the ground or water.

Measures to Preserve and Increase Biodiversity

At SAGESS, we work hard to limit the impact our business has on the environment, the balance of nature, and protected species.

Increasing storage in natural caverns like those in Manosque is a good example of how industrial activities and nature can successfully coexist, since the facility is located within the Lubéron regional nature park. We've also significantly limited the risk of accidental spills by leveraging the technology and inspections we currently have in place.

HELPING MANAGE SUPPLY CRISES

If there is a petroleum product shortage, consumers will primarily be worried about whether they will be able to continue buying the products they need. SAGESS plays an instrumental role in managing national or international supply crises by being able to release products on short notice and in a coordinated manner by order of the French Department of Climate and Energy (Direction générale de l'énergie et du climat, DGEC) within the Ministry of Ecological and Inclusive Transition (Ministère de la Transition écologique et solidaire).

	CSR risks and KPIs	2018	2019	Target
Risk 5: Helping manage supply crises				
5-A	Percentage of orders managed by SAGESS by the deadlines defined by the strategic reserve release decree	100%	100%	100%
5-B	Number of orders rejected by storage providers*	Undefined	1	0

* New indicator in 2019, no values calculated for 2018.

Total Headcount and Breakdown by Gender, Age, and Location

As at 31 December 2019, SAGESS had 15 employees, including three positions filled by seconded employees. Since 2017, SAGESS has assigned one employee to the French Democratic Confederation of Labour (Confédération française démocratique du travail, CFDT).

All employees are based in Île-de-France. There are seven women and eight men on staff, and the average employee age is 52 years old.

Hiring and Dismissals

SAGESS hired one employee during the past year. One employee (a trainee with a fixed-term employment contract) was dismissed in 2019.

	Key challenges and indicators	2018	2019
Risk 6: Taking employees' expectations into account and developing their skills			
6-A	Number of employees (including seconded employees)	16	15
6-B	Number of hires, dismissals, and other changes*	Hires: 3 Dismissals: 0 Retirements: 1 Other changes: -1	Hires: 1 Dismissals: 1 Retirements: 0 Other changes: -1

* Other changes include changes among seconded employees and resignations.

Compensation

SAGESS's compensation system accounts for three factors: the calibre of the employee's work, skill development, and target achievement.

In 2019, personnel expenses totalled €2,518,000, €1,385,000 of which was used for SAGESS employee compensation. Personnel expenses include the billing of seconded employees' salaries and related expenses but exclude those for interim staff. They also include the rebilling of seconded worker expenses to pension organisations.

In 2019, SAGESS allocated the total salary budget increase as follows:

- Supervisory staff: across-the-board increase: 1.5%; individual increase: 1.4%; seniority bonus: 0.5%
- Managers: across-the-board increase: 1.0%; individual increase: 2.3%

As during previous financial years, no compensation was paid to members of the Board of Directors.

Salaries and benefits for SAGESS's management team, composed of two seconded employees and one SAGESS employee, totalled €1,133,000 in 2019.

Working Hours

As at 31 December 2019, all SAGESS employees had open-ended employment contracts.

SAGESS complies with the legal limit on maximum working hours in accordance with French law. As at 31 December, SAGESS had one part-time employee.

SAGESS has had a flexitime policy for employees since 2016. This policy defines a window for all employees to be in the office with flexible times at the beginning and the end of the day.

Absenteeism

The data in this section only covers SAGESS employees and does not include seconded employees working outside the organisation. The absenteeism rate is defined as the total number of calendar days absent, excluding paid days off, lay-offs, and unpaid long-term absences (e.g., parental leave or leaves of absence), divided by the total number of workdays.

	Absenteeism	2018	2019	Target
Risk 6: Taking employees' expectations into account and developing their skills				
6-E	Absenteeism rate	0.25%	0.5%	Less than 2%

Breakdown of absences by type	2018	2019
Illness	100%	100%
Workplace accident	0%	0%
Parental/adoption	0%	0%
Other absences	0%	0%

Organisation of Labour Relations: Communications Procedures, Staff Consultation Procedures, and Negotiation Procedures – Overview of Collective Labour Agreements

At SAGESS, our employee relationships are based on respect and communication. We recognise that our business entails a certain number of risks and constraints. We therefore pay special attention to fairness in the workplace by consulting and communicating with our employees in a variety of ways. SAGESS uses the collective labour agreement for the French oil and gas industry and applies all of its policies.

By recognising our employees' rights and by being willing to interface with them, we have been able to create constructive dialogue. In 2019, we conducted an information session with our employees to brief them on and discuss the future of the organisation.

We also voted to create a Social and Economic Committee ("CSE" in French) during our December 2019 elections. This CSE includes a permanent representative and an alternate who are elected to four-year terms.

Workplace Health and Safety

At SAGESS, we care a great deal about workplace health and safety and continuously improving employee working conditions. Each and every one of us is accountable in this effort. SAGESS took several measures throughout the year to change how employees act when it comes to risk in the workplace. These measures included:

- Comprehensive medical evaluations for employees enrolled in our business continuity plan (BCP)
- Installation of ergonomic equipment at workstations (monitor arms, headsets, etc.) and collaboration to provide ongoing employee support
- First aid and automated external defibrillator (AED) training
- Evacuation drills

To help improve employee well-being, SAGESS has put plants in the office and provides organic fruit every week in the break room.

Our workplace health and safety indicators are an integral part of our CSR KPIs.

In 2019, no occupational illnesses were reported at SAGESS. Only occupational illnesses that are officially declared and recognised by social security are counted. No occupational illnesses have been reported in the past two financial years.

Lastly, we started monitoring the whistleblowing procedure when it was set up and added to the Code of Business Conduct in 2017. Now, SAGESS is alerted of any employee workplace health and safety issues (sexism, etc.), among other things. The Audit Committee regularly receives reports on the use of this procedure.

	Key challenges and indicators	2018	2019	Target
Risk 6: Taking employees' expectations into account and developing their skills				
6-G	Number of public health and environmental alerts received	0	0	0
6-H	Number of lost-time accidents for SAGESS employees and direct contractors	0	0	0
6-I	Use of the whistleblowing procedure	0	0	0

Training Policies and Total Training Hours

For many years, SAGESS has demonstrated our commitment to labour issues by making them a key part of our human resource management process. We have continued our training efforts every year to provide all our employees with the training resources they need to reach their goals.

SAGESS develops a training plan every year based on the needs expressed by employees during their annual reviews and our own professional needs. We monitor this plan according to the needs we identified, and the training provided. In 2019, training primarily focused on improving skills to meet business needs.

We have made a range of courses available through the organisation DEFI that cover the technical and functional aspects of our employees' jobs as well as managerial and teaching skills so our employees can maximise their potential.

In 2019, 60 total hours of training were provided, or an average of 4.2 hours per employee (FTE), compared to 214 total hours and 16.8 hours per employee in 2018.

Annual performance reviews are a well-established practice at SAGESS. These reviews are designed to promote employee development and discussions about their professional growth. In 2019, 90% of employees (who had been employed for at least one year) participated in these formal conversations with their superiors.

We have also suggested that our entire staff participate in Projet Voltaire, an online spelling and email etiquette programme. The same platform was used in 2019 to offer employee training on IT security risks.

	Key challenges and indicators	2018	2019	Target
Risk 6: Taking employees' expectations into account and developing their skills				
6-C	Number of training hours per year and per employee*	16.8	4.2	8
6-D	Percentage of employees who participated in at least one training session during the year*	87%	80%	100%
6-F	Percentage of annual performance reviews (managers and non-managers)	92%	90%	100%

* These indicators do not include data about seconded SAGESSE employees working at other organisations or seconded employees working at SAGESSE

Initiatives to Promote Gender Equality and the Employment and Inclusion of People with Disabilities, and SAGESSE's Anti-Discrimination Policy

SAGESSE has voluntarily instituted a policy to promote diversity and equal opportunity and eliminate all types of workplace discrimination, as reflected in our Code of Business Conduct, which includes a section specifically on combatting sexism. Our policy is to offer equal employment opportunity to anyone who has the necessary qualifications, regardless of ethnicity, national origin, religion, political affiliation, union membership, nationality, age, or disability, in accordance with applicable laws and regulations.

In addition to being distributed to all SAGESSE employees, we send our Code of Conduct to all the operators of the facilities where we store products whenever we sign new storage agreements. We also automatically send this code to all stakeholders involved in requests for proposals.

Our desire to provide equal opportunity to all is reflected in every aspect of our professional relations at SAGESSE: applicant screening, recruitment, work assignments, promotion, transfers, compensation, training, and supplier relations.

At the end of 2019, 47% of SAGESSE employees were women (including seconded employees) and 30% of SAGESSE managers were women. Women are also represented on the Board of Directors. Thirty-one percent of Board members are women, based on average representation on the Board in 2019.

Applying and Promoting the Fundamental Conventions of the International Labour Organization

Through our Code of Business Conduct, SAGESSE promotes the respect of human rights and non-discrimination in all our business relations, as expressed in the paragraph about respecting the provisions of the fundamental conventions of the International Labour Organization:

- Freedom of association and the right to collective bargaining
- Elimination of discrimination in respect of employment and occupation
- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour

SAGESSE adheres to all ten principles of the UN Global Compact, which are included in our Code of Conduct and Corporate Social Responsibility Charter.

Secure IT Systems Management and GDPR Compliance

At SAGESS, the security of our IT systems and the information they contain is one of our highest priorities. We review the checks we have in place every year to ensure they are still adequate. Both our internal audit team (shareholder audit) and external audit team review these checks in detail. SAGESS conducts regular tests to guarantee business continuity in the event of a crisis (business continuity plan) and restore our IT systems (disaster recovery plan). We also regularly conduct penetration tests.

In 2019, we reviewed our cybersecurity policy at length and updated it thoroughly. The results of the review and the corresponding updates were presented in detail to the Audit Committee. SAGESS employees also received training on IT security and cybercrime risks in 2019.

In May 2018, SAGESS created a series of procedures to comply with the European Union's General Data Protection Regulation (GDPR). After appointing a Data Privacy Officer (DPO) and establishing records for processing activities, SAGESS gradually put various essential procedures in place to comply with the regulation, including:

- In June 2018, we drafted a Personal Data Protection Charter and shared it with all our employees
- Our professional and public-facing websites were updated to include information about the GDPR
- We established a procedure for personal data breaches as well as a means for recording such breaches

GDPR compliance ensures that we are following personal data protection best practices.



4 > SAGESS IN SOCIETY

RELATIONSHIPS WITH OUR KEY STAKEHOLDERS

Stakeholder Dialogue

SAGESS has instituted a process to analyse the materiality of our social, environmental, and corporate challenges to identify what our stakeholder expectations are and how we can better meet them.

This process, which is based on a detailed analysis of various internal and external information sources (non-financial ratings, press reviews, etc.), has also allowed us to consult with a representative panel of our stakeholders (shareholders, partners, employees, the CPSSP, management, peer organisations, etc.) and learn about their CSR expectations. These consultations have helped us rank our key challenges in order of importance and modify how we manage our CSR initiative internally as a result.

These discussions are ongoing thanks to the presence of our main stakeholders on our Corporate Social Responsibility Committee.

Partnerships and Sponsorships

At SAGESS, we convey our commitment to society through various voluntary measures and partnerships:

- Since 2010, SAGESS has been involved every year in helping integrate people with disabilities into the workforce by participating in the *Course Relais Interentreprises de La Défense*. Thanks to the SAGESS employees who participate in this event (four employees participated in 2019), we have been able to show our support for Special Olympics France and help them do even more.
- Since signing an agreement with the Ministry of Defence in 2016, SAGESS has promoted and encouraged employee participation in the army reserve. We currently have one employee who participates in reserve activities and receives special professional support.
- In 2019, SAGESS signed an agreement with Planète Urgence to give employees the opportunity to participate in a two-week humanitarian mission in Guadeloupe. This partnership has helped create a working framework between Planète Urgence, which organises the mission, the employees, who participate in the mission, part of which takes place during their time off, and SAGESS, which funds the mission.



5 > SAGESSE AND SUSTAINABLE DEVELOPMENT GOALS



The United Nations General Assembly adopted 17 Sustainable Development Goals (SDGs) in 2015. These universal goals, which are set for 2030, cover the three dimensions of CSR: society, the economy, and the environment.

SAGESSE’s CSR performance indicators relate to five of the seventeen SDGs:



SDG 4 – QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all → [SAGESSE’s training and annual review policy](#).

6-C	Average number of training hours
6-D	Percentage of employees who participated in at least one training session during the year



SDG 5 – GENDER EQUALITY

Achieve gender equality and empower all women and girls → [SAGESSE’s policy to recruit more women Board members](#).

3-D	Percentage of women Board members
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SDG 7 – AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all → **SAGESS’s contribution to managing supply crises, ensuring French consumers have continuous supply.**

5-A	Percentage of orders managed by SAGESS by the deadlines defined by the strategic reserve release decree
5-B	Number of orders rejected by storage providers



SDG 8 – DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all → **SAGESS’s policy to monitor employee well-being and working conditions.**

6-E	Absenteeism rate
6-G	Number of public health and environmental alerts received
6-H	Number of lost-time accidents for SAGESS employees and direct contractors
6-I	Use of the whistleblowing procedure



SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns → **SAGESS’s responsible purchasing policy.**

4-E	Responsible purchasing: partner response rate to the questionnaire
4-F	Responsible purchasing: average grade received
4-G	Responsible purchasing: number of partners with failing grade

6 > SAGESS'S CSR RATINGS

Two European rating agencies – acting on behalf of French and European investors – have given SAGESS unsolicited CSR ratings.

ISS-OEKOM

In 2017, SAGESS received a C+ rating from ISS-oekom, positioning us in the best category in our sector. We were also ranked in the “prime” category, which corresponds to bond issuers ranked in the top 5% of their categories by ISS-oekom.



VIGEO EIRIS

Vigeo Eiris has rated SAGESS since 2011. In 2017, SAGESS's rating was 67%, which is in the highest “Advanced” level. In 2019, SAGESS received another score in the “Advanced” level.

7 > REPORTING METHODOLOGIES

All procedures and definitions for each performance indicator are provided in the SAGESS Reporting Protocol.

The protocol defines the scope for each indicator, the reporting unit, how the indicator is calculated, where the data comes from, who is responsible for generating it, and what controls have to be set up. Indicators are reported in the annual reporting tables compiled by each of the assigned owners. Data is provided by our accounting and logistics systems or our various partners.

In order to ensure that our non-financial indicators are accurate, we have established dual internal–external controls with the help of a specialised firm. SAGESS also voluntarily decided to appoint a statutory auditor as an independent third party to conduct an external review of our most important corporate, environmental, and social information with a reasonable level of assurance.

As stated in our CSR policy, we have opted to progressively broaden the scope of our social and environmental reporting. Reporting now includes some of our partners' CSR results – especially the indicators we added related to the responsible purchasing initiative.

The current scope varies by indicator to provide the most relevant information possible. The scope of each indicator is presented in the table on the next page.



INDICATOR NO.	CSR INDICATORS	SAGESS SCOPE	STAKEHOLDER SCOPE		
		SAGESS	Storage facilities	Banks	Petroleum product suppliers
1	Managing reserves in a secure manner				
1-A (*)	Have a process to monitor the difference between the reserve level accepted by SAGESS and the level achieved	X			
1-B (*)	Percentage of storage facilities audited at least once during the year		X		
1-C (*)	Number of non-compliance issues observed during the storage facility audits conducted over the past 12 months		X		
1-D	Percentage of on-site non-compliance issues resolved after 3 calendar months		X		
1-E	Percentage of SAGESS reserves exchanged (at storage providers' request)	X			
2	Securing financing				
2-A	External financing structure	X			
2-B	Average maturity of bond debt	X			
2-C	Amount of credit lines and coverage rate of the NEU CP programme	X			
2-D	Use of the NEU CP programme	X			
2-E	Coverage of the use of the NEU CP programme through an undrawn syndicated loan	X			
2-F	Short- and long-term Standard & Poor's ratings	X			
3	Practising sound governance to prevent conflicts of interest				
3-A (*)	Percentage of shareholders represented on the Board of Directors	X			
3-B (*)	Attendance rate at Board meetings	X			
3-C (*)	Percentage of Board members reappointed during the year	X			
3-D (*)	Percentage of women Board members	X			
3-E (*)	Number of BoD committee meetings	X			
4	Promoting the importance of HSE with our partners				
4-A (*)	Percentage of storage facilities with ISO 14001 certification (or equivalent)		X		
4-B (*)	Percentage of storage facilities with OHSAS 18001 certification (or equivalent)		X		
4-C (*)	Percentage of storage facilities that have adopted the principles of the CSR Charter and Code of Business Conduct		X		
4-D	Progress of the multi-year risk assessment programme		X		
4-E (*)	Responsible purchasing: partner response rate		X	X	X
4-F (*)	Responsible purchasing: average grade received		X	X	X
4-G (*)	Responsible purchasing: number of partners with failing grade		X	X	X
5	Helping manage supply crises				
5-A	Percentage of orders managed by SAGESS by the deadlines defined by the strategic reserve release decree	X			
5-B	Number of orders rejected by storage providers	X	X		
6	Taking employees' expectations into account and developing their skills				
6-A (*)	Number of employees (including seconded employees)	X			
6-B (*)	Number of hires, dismissals, and other changes	X			
6-C (*)	Number of training hours per year per employee	X			
6-D (*)	Percentage of employees who participated in at least one training session during the year	X			
6-E	Absenteeism rate	X			
6-F	Percentage of annual performance reviews (managers and non-managers)	X			
6-G	Number of public health and environmental alerts received	X			
6-H	Number of lost-time accidents for SAGESS employees and direct contractors	X			
6-I	Use of the whistleblowing procedure	X			

(*) Indicators audited by an independent third party with a reasonable level of assurance.