

Non-Financial Performance Statement 2020



S A G E S S

Managing
strategic oil reserves

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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.
- In order to actively ensure the satisfaction of our commissioning organisation (the Comité professionnel des stocks stratégiques pétroliers, CPSSP), our shareholders, and our suppliers, we have chosen to integrate the economic, environmental, and social principles of corporate social responsibility into our strategic and operational goals. We apply these principles both internally and on external projects as required.

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 respect human rights by promoting ethical behaviour, equity, and social responsibility at SAGESS
- 4) To draft this Non-Financial Performance Statement, a strategic corporate social responsibility document that summarises our promises, and to distribute it widely, both internally and externally, using our public-facing website, www.sagess.fr, as the main vehicle for doing so
- 5) To create and oversee an action plan as part of our Non-Financial Performance Statement to track our progress and achievements

The SAGESS Management Team

2 > OUR APPROACH TO CSR

CSR: CENTRAL TO WHAT WE DO

We are 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. At SAGESS, we naturally spearheaded our CSR initiative by following in the footsteps of our main shareholders (Total Marketing France, Siplec, Esso SAF, SCA Pétrole et Dérivés, Carfuel, BP, etc.) and in a way that aligns with the goals of our socially focused activities.

After the United Nations General Assembly adopted its 17 Sustainable Development Goals (SDGs), SAGESS found ways to help achieve 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 tests 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 uphold 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 score. A passing score is required to become an approved SAGESS vendor.

2020 HIGHLIGHTS

- We **enhanced our responsible purchasing initiative**. We added an expiration date for responses to our responsible purchasing questionnaire to make the process more useful and easier to monitor. We also launched a new round of assessments this year by resending our questionnaire to all our suppliers and increased the passing score from 6.1 to 7 out of a possible 20.
- SAGESS management followed the government's **COVID-19 public health guidelines** and maintained close communication with employees throughout the year to discuss how the situation was affecting their work and their presence in the office. The entire team transitioned to remote work and SAGESS invested in VPNs, laptops, and mobile phones for all employees.
- We received **two new non-financial ratings** this year: Vigeo gave us a rating of 64% and ISS-oekom gave us a C+ rating. These ratings underscore how much our CSR initiative has matured and motivate us to maintain our momentum in this area.

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 early on to launch a CSR initiative. 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. 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.

We conferred with five main stakeholders as part of the materiality tests. Incorporating their expectations has been key to 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 and the Government | Shareholders | Employees | Suppliers/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 Materiality Testing | | | |
|--|--|----------------------------|--------------------|
| 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 | Addressing employees' expectations and developing their skills | Medium | Medium |

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

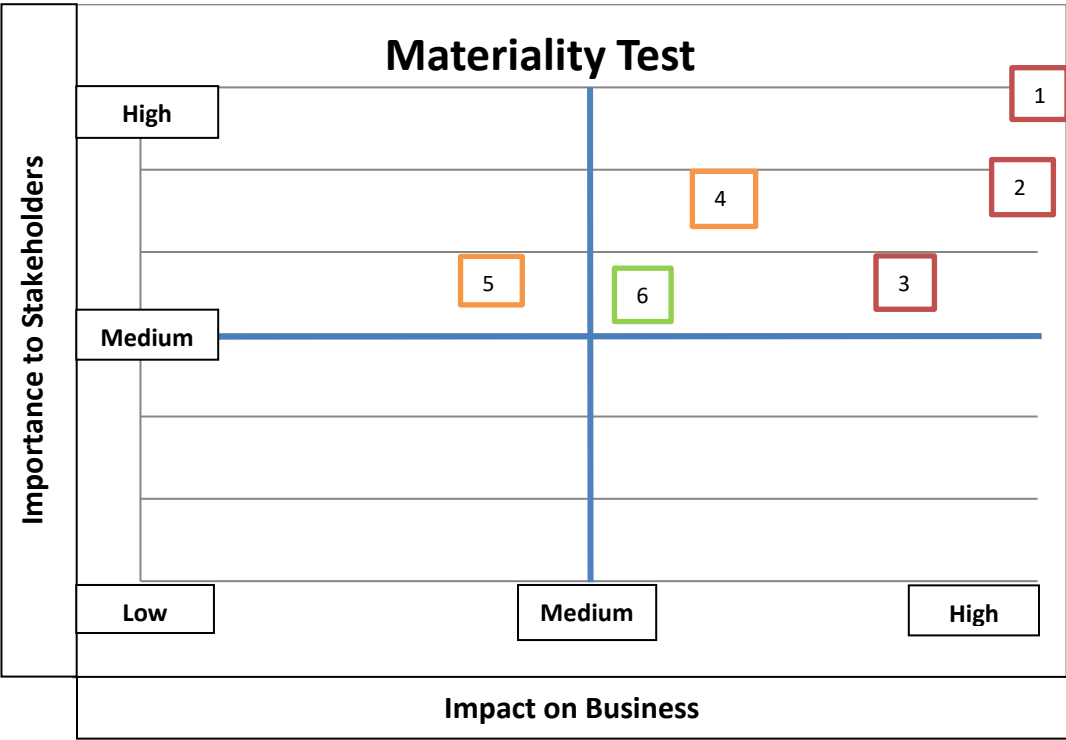
- SAGESS's own business is limited to our registered office just outside Paris, which the company leases (no separate utility bills).
- SAGESS does not engage in manufacturing or industrial activities: storage facilities are managed by storage companies, and we monitor their CSR performance (certifications,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

PRACTISING SOUND GOVERNANCE

SAGESS's Board of Directors decided to create a **Corporate Social Responsibility Committee** to monitor both the threats and opportunities related to our CSR strategy as well as track and update any action plans we had 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 our CSR initiative and ensures that SAGESS takes relevant, consistent action. In 2020, 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.

As at 31 December 2020, the committee members representing SAGESS's primary stakeholders were as follows:

- Pierre-Yves Loiseau (Chair of the SAGESS Corporate Social Responsibility Committee)
- Son Lengoc (Secretary of the SAGESS Corporate Social Responsibility Committee)
- Éléonore Joder (CIM)
- Solenn Riou (Shell France)
- Nathalie Dubois (Bolloré Energy)
- Abel-Koné Nandiolo (Total Marketing France)
- Dominique Lebtahi (Geostock)
- Frédéric Cheul (SAGESS staff representative)
- Benoît Dujardin (CPSSP)

SAGESS'S INTEGRATED CSR POLICY

Our CSR initiative revolves around a **series of commitments outlined in an annual plan** recommended 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 promises to our stakeholders

For each area of our CSR initiative, we **measure performance** according to defined objectives, which in turn are measured using one or more key performance indicators (KPIs).

We follow **specific reporting guidelines** to help standardise KPI reporting. 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 cover all SAGESS operations. The committee also monitors the annual action plans and ensures they are effective. These reviews are in turn used to regularly update the reporting guidelines.

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

| NO. | RISKS | OBJECTIVES | PERFORMANCE INDICATORS | 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 the government-approved reserve location map | 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 | 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 | Addressing employees' expectations 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 |
| | | Improve employee satisfaction and guarantee a safe workplace | Monitor absenteeism, accident rates, and 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 SAGESS's comprehensive physical inventory and quality control programme, **we are continuously working to ensure our reserves are 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, which all have 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 measures in place, changes in volume, and related facilities
- Keep SAGESS informed 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 inconsistencies or compliance issues are found during the physical inventory or 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 | 2019 | 2020 | 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* | 96% | 100% | < 90% |
| 1-C | Number of inconsistencies or compliance issues observed during the storage facility audits conducted over the past 12 months | 6 | 4 | < 10 |
| 1-D | Percentage of on-site compliance issues resolved after three calendar months | 83% | 100% | 100% |
| 1-E | Percentage of SAGESS reserves exchanged (at storage providers' request)** | 2% | 3% | < 2% |

* Change in scope in 2020 to exclude the Manosque facility, where 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 optimise and improve various storage facilities. This rate increased in 2020 as requested by the storage providers due to unexpected technical challenges.

SECURING FUNDING FOR SAGESS

At SAGESS, we are 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, we have 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 | 2019 | 2020 | Target |
|-----------------------------------|--|--|--|-----------------------|
| Risk 2: Securing financing | | | | |
| 2-A | External financing structure: - Bonds (%) - NEU CP (%) - CPSSP advances (%) | 77%* 22%* 1% | 77%* 22%* 1% | 80–90% 10–20% - |
| 2-B | Average maturity of bond debt | 5.4 years | 4.4 years | 6.0 years |
| 2-C | Amount of credit lines and coverage rate of the NEU CP programme | €1bn 71% | €1bn 71% | €1bn < 100% |
| 2-D | Amount and percentage of NEU CP programme used | €1.05bn* 73% | €980m 70% | €1.4bn < 100% |
| 2-E | Coverage of the NEU CP programme through an undrawn syndicated loan | 99%* | 102%* | > 100% |
| 2-F | SAGESS's short- and long-term S&P rating | AA (long term) and A-1+ (stable) | AA (long term) and A-1+ (stable) | Undefined |

* Atypical change noted at the end of December 2020 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 standing 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 standing committees are fully integrated into SAGESS's operations and handle matters before they reach the Board of Directors, which helps ensure all published information is reliable and transparent.

The SAGESS Board of Directors has 13 members representing major oil and gas distributors. To prevent potential dysfunction related to conflicting interests, standing committee members are selected based solely on their respective skills. Three government representatives (from the Ministries of Finance, Economics, and Ecological Transition) also attend Board of Directors meetings.

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 | 2019 | 2020 | 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 | 95% | 97% | > 90% |
| 3-C | Percentage of Board members reappointed during the year | 15% | 8% | 20% |
| 3-D | Percentage of women Board members | 31% | 31% | 20% |
| 3-E | Number of Board of Directors committee meetings | 7 | 7 | Undefined |
| | - Audit Committee | 2 | 2 | |
| | - Corporate Social Responsibility Committee | 2 | 2 | |
| | - Finance Committee | 3 | 3 | |
| | - (Operations Management Committee) | 0 | 0 | |

Anti-Corruption Initiatives

Anti-corruption is an important part of SAGESS's Code of Business Conduct, which has been in place since 2005 and is distributed to both internal and external stakeholders. **In 2018, we updated the Code and clarified our anti-corruption policies** by creating a register for gifts given or received and setting price ceilings. All SAGESS employees were formally notified that the Code of Business Conduct was updated. Starting in 2019, we have automatically included the code in all SAGESS requests for proposals (RFPs) 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 participating in the procurement process receive a copy of these internal powers. At SAGESS, we therefore make 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

We have had a **whistleblowing procedure** in place since 2017. It is included in our Code of Business Conduct. The procedure has been shown to the Audit Committee, Board of Directors, and all SAGESS employees. Employees (and third parties) can send the company alerts 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 whistleblower alerts were received in 2020.

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 decision by consensus.

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

Major storage agreements, which are specific, private law contracts governed by the French Commercial Code, are considered related-party agreements that require Board of Directors approval.

Per the Board of Directors' internal regulations, and as part of the procedures to close out the previous financial year, at the beginning of every year, all Board members sign a sworn statement aimed at preventing conflicts of interest.

CSR AS A DRIVER OF STRONG STAKEHOLDER RELATIONSHIPS

Creation of CSR Certification for SAGESS's Partners

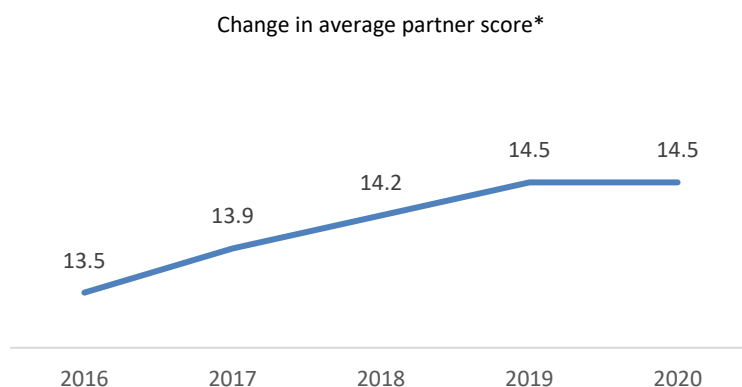
Our relationships with our partners are key to the success and sustainability of our CSR initiative.

We created a **responsible purchasing questionnaire** in 2013 that we now send 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 scored out of 20 possible points according to their CSR performance. A **passing score of 7 out of 20** was set to identify those with early-stage initiatives.

This past year, we reinforced this initiative by adding an expiration date for responses and resending the questionnaire to all our suppliers.

These questionnaires are for reporting purposes only, and the partners involved are responsible for their own responses. SAGESS does not conduct audits to verify their responses.

A total of approximately 90 active partners covering both partner categories currently receive the questionnaire at most once every three years. **In 2020, all our partners received a higher than passing score.** The number of suppliers scored is increasing year-over-year (we scored 54 partners in 2014, the year the process started).



*We have included banks in the average SAGESS partner score calculation since 2019.

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 score for a given year: score received that year or during the previous two years
- Higher than passing score (7/20)

Details about the scores are included in the KPI summary table below.

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

Part of our HSE policy at SAGESS 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 2020, 57% of storage facilities had ISO 14001 certification and 31% had OHSAS 18001 certification (or an equivalent). Please note that we are accounting for the ongoing migration from OHSAS 18001 to ISO 45001 when monitoring these certifications.

In 2015, we added terms and conditions specific to storage agreements requiring storage providers to confirm they adhere to the principles of the SAGESS Corporate Social Responsibility Charter and Code of Business Conduct. As at 31 December 2020, 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 at SAGESS, we promote sound and engaged environmental policies at the facilities where we store petroleum products. This is reflected in our **multi-year property and environmental damage risk assessment programme**. The previous programme, which we completed in 2016, involved more than 100 assessments at 89 facilities and allowed us to map storage facility risks in 2017.

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

In 2020, we were not ordered by any court to pay environmentally motivated compensation, nor was any significant environmental remediation necessary. SAGESS did not record any provisions or guarantees for environmental risks during the year.

| | CSR Indicator | Category | 2019 | 2020 | Target |
|--|--|--|------------|------------|-----------------------|
| Risk 4: Promoting the importance of HSE with our partners | | | | | |
| 4-A | Percentage of ISO 14001-certified facilities (or equivalent) | | 57% | 57% | > 50% |
| 4-B | Percentage of OHSAS 18001-certified facilities (or equivalent) | | 31%* | 31%* | Undefined |
| 4-C | Percentage of facilities that adhere to the SAGESS CSR Charter and Code of Business Conduct | | 100% | 100% | 100% |
| 4-D | Progress of the multi-year risk assessment programme: - Property damage risk - Environmental damage risk | | 29% 23% | 43% 43% | 100% at programme end |
| 4-E | Responsible purchasing: partner response rate | Banks | 100% | 100% | 100% |
| | | Storage facilities, petroleum product suppliers and buyers | 99% | 99% | 100% |
| 4-F | Responsible purchasing: average score | Banks | 15.5 | 15.5 | > 7 |
| | | Storage facilities, petroleum product suppliers and buyers | 14.4 | 14.4 | > 7 |
| 4-G | Responsible purchasing: number of partners with failing scores | Banks | 0 | 0 | 0 |
| | | Storage facilities, petroleum product suppliers and buyers | 0 | 0 | 0 |

* Please note that the ongoing migration from OHSAS 18001 to ISO 45001 may have a negative impact on this indicator. The 2019 figure has been updated since it was published in the 2019 Non-Financial Performance Statement.

Developing Low Environmental Impact Solutions

Increasing our storage volume in the natural caverns in Manosque has long been part of our environmental approach. Salt cavern storage helps reduce facility vulnerability and 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 our SAGESS registered office is located became HQE™ certified (*Haute Qualité Environnementale*, a French environmental quality certification) in 2020, and our 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 and international supply crises by being able to release products on short notice and in a coordinated manner when so ordered by the French Department of Climate and Energy (Direction générale de l'énergie et du climat, DGEC), which is part of the Ministry of Ecological Transition (Ministère de la Transition écologique).

| | CSR risks and KPIs | 2019 | 2020 | 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 | 1 | 0 | 0 |

ADDRESSING EMPLOYEES' EXPECTATIONS AND DEVELOPING THEIR SKILLS

Total Headcount and Breakdown by Gender, Age, and Location

As at 31 December 2020, 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 their average age is 53 years old.

Hiring and Dismissals

| | Key challenges and indicators | 2019 | 2020 |
|---|--|--|---|
| Risk 6: Addressing employees' expectations and developing their skills | | | |
| 6-A | Number of employees (including seconded employees) | 15 | 15 |
| 6-B | Number of hires, dismissals, and other changes* | Hires: 1 Dismissals: 1 Retirements: 0 Other changes: -1 | Hires: 0 Dismissals: 0 Retirements: 0 Other changes: 0 |

*Other changes include changes among seconded employees and resignations.

Compensation

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

In 2020, personnel expenses totalled €2,520,000, €1,522,000 of which went toward 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 2020, the overall salary budget increased by 2.38%. SAGESS allocated this increase as follows:

- Supervisory staff: across-the-board increase: 0.2%; individual increase: 1.61%; seniority bonus: 0.4%
- Managers: across-the-board increase: 0.0%; individual increase: 2.64%

As during previous financial years, Board of Directors members received no compensation.

Salaries and benefits for the SAGESS management team, comprising two seconded employees and one SAGESS employee, totalled €1,172,000 in 2020.

Working Hours

As at 31 December 2020, all SAGESS employees had open-ended employment contracts.

We comply with the legal limit on maximum working hours in accordance with French law. As at 31 December 2020, SAGESS had one part-time employee.

In 2016, we instituted a flexitime policy for employees. 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.

In response to the public health crisis in 2020, we instituted a remote work policy for all employees, especially when lockdowns and curfews had been imposed. When the first lockdown was ordered in March 2020, all employees received a laptop and a mobile work phone. Working from home is voluntary and determined according to relevant government guidelines. We do not mandate either remote or in-person work and give employees the latitude to plan and adapt as they see fit.

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 | 2019 | 2020 | Target |
|---|------------------|------|-------|--------|
| Risk 6: Addressing employees’ expectations and developing their skills | | | | |
| 6-E | Absenteeism rate | 0.5% | 1.3%* | < 2% |

*Indicator includes one person working part-time for medical reasons.

| Breakdown of absences by type | 2019 | 2020 |
|-------------------------------|------|------|
| Illness | 100% | 100% |
| Workplace accident | 0% | 0% |
| Parental/adoption | 0% | 0% |
| Other absences | 0% | 0% |

Employee 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 involves a certain number of risks and constraints, which is why we focus on fairness in the workplace by consulting and communicating with our employees in a variety of ways. SAGESS falls under the collective labour agreement for the French oil and gas industry and we apply all of its policies.

By recognising our employees’ rights and being willing to interface with them, we have been able to create constructive dialogue.

We also created a Social and Economic Committee (“CSE” in French) in 2019 after voting to that effect in December 2019. This CSE includes a member and an alternate who are elected to four-year terms. The committee met as scheduled in 2020 despite the pandemic.

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. We 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 (10 out of 15 employees)
- 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

In 2020, we implemented special crisis management measures at SAGESS due to the COVID-19 pandemic. These measures included:

- Holding information sessions at the beginning and end of every lockdown to keep employees informed
- Transitioning fully to remote work Providing all necessary equipment to employees: monitors, computers, mobile phones, etc.
- We have allowed each employee to decide when to return to in-person work according to their needs

Moreover, our workplace health and safety indicators are an integral part of our CSR KPIs. In 2020, no occupational illnesses were reported at SAGESS. Only occupational illnesses that are officially declared and recognised by social security are counted. No accidents, including fatal accidents, have been reported during the past two financial years.

Lastly, we started monitoring whistleblower alerts when this procedure was set up and added to the Code of Business Conduct in 2017. This procedure alerts SAGESS of any 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 | 2019 | 2020 | Target |
|---|---|------|------|--------|
| Risk 6: Addressing employees’ expectations 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.

We develop 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’ve identified and the training provided. In 2020, training primarily focused on improving skills to meet job-specific 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.

Thanks to the various measures in place, employees collectively completed 348 hours of training in 2020, or an average of 25.4 hours per employee (FTE) during the year, compared to a total of 60 hours and an average of 4.2 hours per employee in 2019. The significant increase in training hours per employee is due to improved tracking to make sure employees who had registered attended training sessions.

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 2020, 100% of employees who had been employed for at least one year participated in these formal conversations with their superiors.

We used the same training platform in 2020 to offer employees a course on IT security risks.

| | Key challenges and indicators | 2019 | 2020 | Target |
|---|--|------|--------|--------|
| Risk 6: Addressing employees' expectations and developing their skills | | | | |
| 6-C | Number of training hours per employee per year* | 4.2 | 25.4 | 8 |
| 6-D | Percentage of employees who participated in at least one training session during the year* | 80% | 81.82% | 100% |
| 6-F | Percentage of annual performance reviews (managers and non-managers) | 90% | 100% | 100% |

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

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

SAGESS 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 combating 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 SAGESS employees, we send our Code of Business 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 SAGESS: applicant screening, recruitment, work assignments, promotion, transfers, compensation, training, and supplier relations.

At the end of 2020, 47% of SAGESS employees were women (including seconded employees) and 30% of SAGESS 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 2020.

Applying and Promoting the Fundamental Conventions of the International Labour Organization

Through our Code of Business Conduct, SAGESS 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

SAGESS 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. We conduct 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, we implemented a series of procedures to comply with the European Union's General Data Protection Regulation (GDPR). After appointing a Data Privacy Officer and establishing records for processing activities, we 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 also updated to include GDPR information for site members
- 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.

SAGESS was not hit by any cyberattacks in 2020, despite the increased risk associated with the public health crisis and everyone working from home.



4 > SAGESS IN SOCIETY

RELATIONSHIPS WITH OUR KEY STAKEHOLDERS

Stakeholder Dialogue

At SAGESS, we have instituted a process for analysing the materiality of our social, environmental, and corporate challenges to identify what our stakeholders' 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 panel representing our stakeholders (shareholders, suppliers, employees, the CPSSP, insurance providers, 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, since our main stakeholders are members of our Corporate Social Responsibility Committee.

Partnerships and Sponsorships

At SAGESS, we convey our commitment to society through various volunteering initiatives and partnerships. Since signing an agreement with the Ministry of Defence four years ago, we have promoted and encouraged employee participation in the French National Guard. Employees who participate in reserve activities receive special professional support.

Due to the public health crisis in 2020, we were unable to continue certain initiatives this year. We are eager to renew our partnerships and sponsorships as soon as the pandemic allows.

5 > SAGESS 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.

Our CSR performance indicators at SAGESS relate to five of the seventeen SDGs:



SDG 4 – QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all → [SAGESS'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 → [SAGESS's policy to recruit more women Board members.](#)

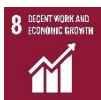
| | |
|-----|-----------------------------------|
| 3-D | Percentage of women Board members |
|-----|-----------------------------------|



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 score |
| 4-G | Responsible purchasing: number of partners with failing scores |

6 > SAGESS'S CSR RATINGS

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

ISS ESG (ISS-OEKOM)

In 2020, ISS ESG (ISS-oekom) gave us a C+ rating, 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 ESG (ISS-oekom).



VIGEO EIRIS

Vigeo Eiris has rated SAGESS since 2011. In 2020, it gave us a rating of 64%, corresponding to the “Advanced” level and placing our corporate social responsibility performance among the top 5 European companies in our sector.



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 suppliers.

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. We 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.

Since implementing our CSR initiative, we have opted to progressively broaden the scope of our social and environmental reporting, as stated in our policy. 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.



| NO. | CSR INDICATOR | SAGESSE SCOPE | STAKEHOLDER SCOPE | | |
|----------|--|---------------|--------------------|-------|-----------------------------|
| | | SAGESSE | 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 SAGESSE and the level achieved | X | | | |
| 1-B (*) | Percentage of storage facilities audited at least once during the year | | X | | |
| 1-C (*) | Number of inconsistencies or compliance issues observed during the storage facility audits conducted over the past 12 months | | X | | |
| 1-D (*) | Percentage of on-site compliance issues resolved after 3 calendar months | | X | | |
| 1-E (*) | Percentage of SAGESSE 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 | Coverage of the NEU CP programme through an undrawn syndicated loan | 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 ISO 14001-certified (or equivalent) storage facilities | | X | | |
| 4-B (*) | Percentage of OHSAS 18001-certified (or equivalent) storage facilities | | 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 score | | X | X | X |
| 4-G (*) | Responsible purchasing: number of partners with failing scores | | X | X | X |
| 5 | Helping manage supply crises | | | | |
| 5-A | Percentage of orders managed by SAGESSE by the deadlines defined under the strategic reserve release decree | X | | | |
| 5-B | Number of orders rejected by storage providers | X | X | | |
| 6 | Addressing employees' expectations and developing their skills | | | | |
| 6-A (*) | Number of employees (including seconded employees) | X | | | |
| 6-B (*) | Number of hires and dismissals | X | | | |
| 6-C (*) | Average number of training hours per employee per year | 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 employees who had 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 SAGESSE 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.