

SUSTAINABLE DEVELOPMENT REPORT

2017/2018



4 values

THE STRENGTH OF OUR MODEL IS FOUNDED ON 4 VALUES THAT GUIDE OUR DAY-TO-DAY ACTIONS.



LONG-TERM COMMITMENT

We operate in businesses that require substantial investments, both on industrial and agricultural levels. Only a long-term vision is capable of securing the company's production, markets and businesses.



ENTREPRENEURIAL SPIRIT

Even if we plan for the long term, we are capable of taking risks in the present, daring and conquering new frontiers. This entrepreneurial, creative and collaborative spirit has always maintained our dynamic of sustainable growth.



OPENNESS

We firmly believe that our growth and our capacity to meet the challenges of tomorrow can only be achieved by constructing with our stakeholders. Openness is a mindset that guides our employees every day as they develop and innovate.



PROXIMITY

Wherever we operate, we maintain a close relationship with the world of agriculture and with all our stakeholders – employees, customers, partners – taking account of our local environment to help advance the entire industry.

Our mission

“Tereos’ mission is to meet food and energy needs through the transformation of agricultural raw materials. By operating throughout the entire value chain, from the field to the consumer, Tereos is developing a virtuous economic and human model offering positive solutions with a long-term vision.”

EDITORIAL

BY ALEXIS DUVAL,
CHIEF EXECUTIVE
OFFICER



Committed to a strategy of sustainable growth, we firmly believe that our business model, which is based on strong strategic choices, gives us a competitive advantage in a deregulated sector.

Tereos sources almost exclusively from direct channels in sugar beet, sugar cane, cassava, alfalfa, cereals and potatoes. The traceability of agricultural raw materials meets the expectations of end consumers, who want to know the origin of the products they consume.

We practise responsible energy management. Approximately half of the energy consumed in our facilities comes from renewable sources. In Brazil, five Tereos facilities have once again been awarded the “Green Energy” label by UNICA (the Brazilian Sugarcane Industry Association), which certifies installations that produce electricity from bagasse.

We transform roughly 99% of the raw materials that enter our plants. The transformation of waste into a new resource contributes to our performance and makes part of the virtuous model of the circular economy.

The naturalness of ingredients which characterises our whole product portfolio enables us to meet the strong expectations of consumers and gives us prospects of development in growth markets.

In 2017, the Group’s commitment in favour of a more responsible economy saw it sign up to the United Nations Global Compact, an international initiative that encourages businesses to promote human rights, uphold international labour standards, protect the environment and fight against corruption.

We are delighted to present the results for 2017/18 and our forecasts for the future in this report.

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TEREOS in figures

A player in the global agri-food and a leader in sugar, starch and alcohol, Tereos makes a sustainable contribution to food and energy supply and to the transformation of agricultural production.

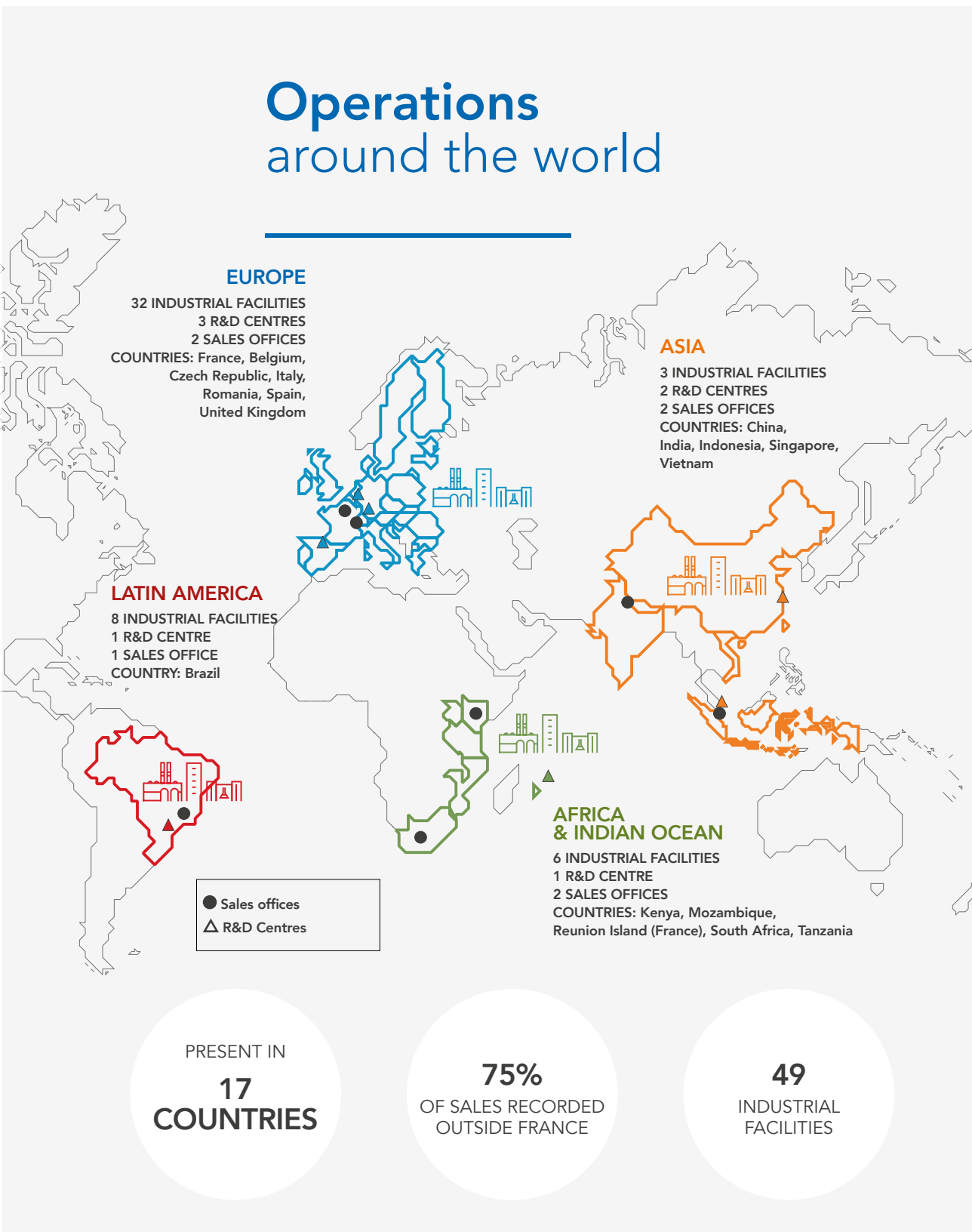

25,000
EMPLOYEES

18,000
AGRICULTURAL PARTNERS

INCLUDING
12,000
COOPERATIVE GROWERS

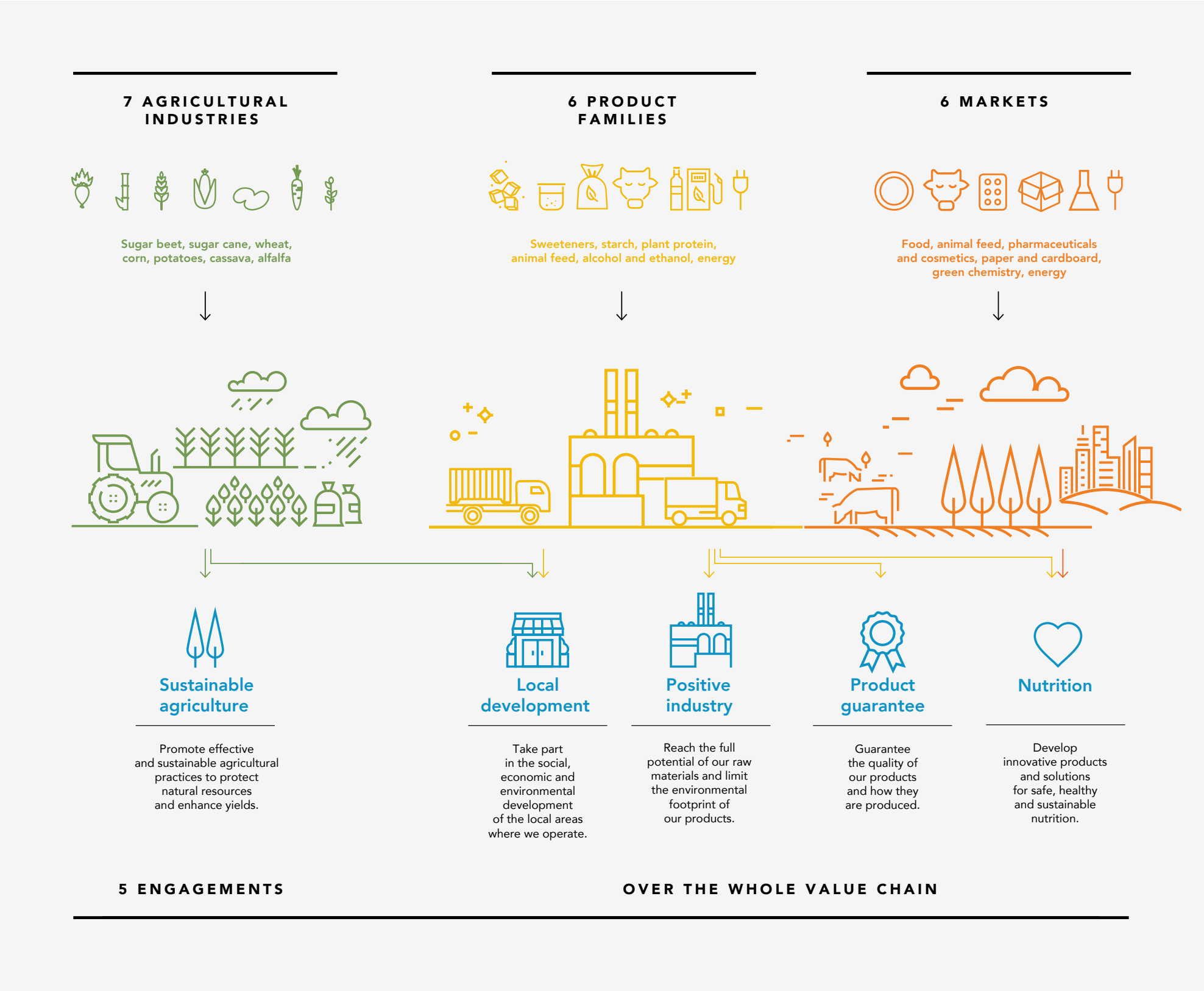


Operations around the world



Our value chain from the field to the consumer

Tereos responds to growing food and energy needs by acting with a vision of the whole industry. Through its presence throughout the entire value chain, from field to consumer, Tereos has developed a sustainable economic and human model that generates positive solutions, guaranteeing product quality, traceability and sustainability to its customers and ensuring that maximum value is made from agricultural production.



A committed Group

OUR CHALLENGES

FEED 10 BILLION PEOPLE IN 2050

To feed both the current and the future world population, production of the current agricultural model must grow by 70% by 2050.⁽¹⁾

OUR RESPONSE

- Help growers to produce more and better thanks to our agronomic know-how and control of our supply chain.
- Derive full value from agricultural raw materials.
- Finance agronomy research.

DIGITALISE THE SECTOR TO GAIN IN ECO-EFFICIENCY

Agriculture is no exception to the changes brought about by the digital revolution.

OUR RESPONSE

- Capitalise on new technologies to combine higher yields with lower environmental impact.
- Use agronomy data analysis to develop precision farming.

MEET THE NUTRITIONAL NEEDS OF TOMORROW

Consumers are sensitive to the origin, quality and naturalness of products.

OUR RESPONSE

- Commit to the traceability of food from the field to the plate.
- Propose new solutions to prepare for new consumer habits.
- Explore food of the future, such as plant proteins.

CONTRIBUTE TO THE FIGHT AGAINST CLIMATE CHANGE

Agriculture accounts for 24% of CO₂ emissions.⁽²⁾

OUR RESPONSE

- Ensure that the circular economy is at the heart of our actions
- Respect the earth and biodiversity through integrated agriculture and the reduction of inputs.



Gérard Benedetti,
Director of
Communications
and CSR



Xavier Huchet,
Group CSR
Manager

How does sustainable development form part of the Group's strategy?

Gérard Benedetti: Sustainable development runs through our entire value chain. It acts as strong performance driver for our business and we have incorporated it across the board in our strategic plan, One Tereos, which is based on four themes: One/Team, which consists in initiating a joint vision and be efficient collectively; One/Customers, or creating value for our customers through a wide portfolio of products and services; One/Cost, or keeping our production costs under control and offering additional services in order to stay competitive; and One/Piloting, or implementing reliable procedures in order to minimise risks.

The Group operates in 17 countries. How can you involve all 25,000 employees in this approach on a day-to-day level?

Xavier Huchet: We work with ten sustainable development correspondents spread across all our subsidiaries. Their role is to run local initiatives and to report back on good practices. Several events organised during the year helped us keep up the impetus, including Sustainable Development Week. In 2018, we have emphasised the Group's contribution to the UN Sustainable Development Goals in order to raise the awareness of all our employees.

What were the challenges and highlights of the year?

X.H.: We placed health and safety at the centre of our priorities. To improve our results, we are establishing a genuine safety culture. We want to profoundly transform behaviour so that we can aim for zero accidents. I would also mention the circular economy, which is rooted in our DNA. The processing of our resources is generating new partnerships in our production chain, which presents a tangible advantage for our customers.

OUR CSR POLICY

5 pillars

1 SUSTAINABLE AGRICULTURE

2 NUTRITION

3 POSITIVE INDUSTRY

4 LOCAL DEVELOPMENT

5 PRODUCT GUARANTEE

Our ecosystem

Our ability to meet the challenges of tomorrow is based on collaboration with our stakeholders as we strive to contribute to excellence in our industry.



Laurent Perrette,
Public Affairs
Manager

“Tereos is a local industrial player. Our facilities are located in the heart of the countryside, and have very strong local roots. We are one of the leading employers in certain regions, such as the northern France region of Hauts-de-France. It's my job to maintain permanent dialogue with elected officials, local residents and the authorities, not only on economic matters but also social issues. To reduce odours resulting from sugar beet processing at our Artenay plant in central France, we have set up an "odour observatory" in partnership with Odométrie consultants, site teams and local residents. The aim of this platform is to measure the frequency and intensity of odours and to find solutions. The same approach is now being employed at both the Bucy and Chevrières sites”.

(1) Source: FAO
(2) <http://agriculture.gouv.fr/lagriculture-une-partie-de-la-solution-au-rechauffement-climatique>

Our contribution to the United Nations Sustainable Development Goals

Through its CSR policy, Tereos contributes to the Sustainable Development Goals (SDGs), established by the United Nations in 2015. The Group has selected seven of the SDGs on the basis of its business, its impacts and geographical profile. They are presented opposite.



GOALS	DESCRIPTION	TEREOS CSR PILLARS	OUR ACTIONS
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Sustainable agriculture <ul style="list-style-type: none"> – Promote precision farming – Implement sustainable farming practices in line with recognised standards 	<ul style="list-style-type: none"> – SAI and Bonsucro certifications – Integrated agriculture – Agronomy advice to 18,000 farmers
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Nutrition <ul style="list-style-type: none"> – Develop innovative products to meet future nutrition needs – Provide advice for our customers to help them improve the nutritional profile of their products 	<ul style="list-style-type: none"> – Development of plant proteins – Sweet & You solutions containing less sugar – Half of the R&D budget devoted to nutrition and health
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Positive industry <ul style="list-style-type: none"> – Measure and improve water recycling 	<ul style="list-style-type: none"> – Fertigation – Less than 5% of our sugar beets have been subject to irrigation – Reuse of water extracted from sugar beets (circular economy)
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Positive industry <ul style="list-style-type: none"> – Reduce the energy consumption needed to process raw materials – Use non-food waste as renewable energy 	<ul style="list-style-type: none"> – 46.4% of renewable energy in our energy mix – Cogeneration – Digesters for producing biogas
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Product guarantee <ul style="list-style-type: none"> – Raising employee and stakeholder awareness about responsible behaviour Local development <ul style="list-style-type: none"> – Implementing development programmes with communities where we operate 	<ul style="list-style-type: none"> – Code of ethics – Responsible supplier charter + EcoVadis assessment – Support for health and education in rural areas (Mozambique) – Integration of young people through training (Brazil)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Positive industry <ul style="list-style-type: none"> – Reduce the energy consumption needed to process raw materials – Use non-food waste as renewable energy – Measure and improve water recycling 	<ul style="list-style-type: none"> – Circular economy – Cogeneration – Anaerobic digestion – Recovery of waste
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Local development <ul style="list-style-type: none"> – Implementing development programmes with communities where we operate Nutrition <ul style="list-style-type: none"> – Develop innovative products to meet future nutrition needs 	<ul style="list-style-type: none"> – Local sourcing – Strong links with suppliers of raw materials – Half of the R&D budget devoted to nutrition and health

1 Sustainable agriculture

The Tereos model is based on solid and enduring local relationships with the agricultural world: cooperative growers or suppliers of raw materials. Thanks to our control of the value chain, backed up by our international presence, we are able to guarantee supply to our customers sourced from direct and secure channels. To meet the challenges of climate change, it is also our responsibility to help farmers reduce the environmental impact of their agricultural activity.

OUR COMMITMENTS

- Calling upon our agronomy know-how to achieve high yields while respecting the environment.
- Guaranteeing long-term contracts in agricultural production.
- Evaluating our practices using external standards.

TARGET 2020



75%

of our raw materials are evaluated/certified as sustainable.

PROGRESS
2017/2018

58,6%

of our raw materials are evaluated/certified as sustainable.

KEY FIGURES



90%

of raw materials processed are bought direct from farmers.



< 5%

of sugar beet fields are irrigated.



100%

of cooperative growers are Gold or Silver rated by the Sustainable Agriculture Initiative (SAI) for sugar beet.



49%

of volumes of sugar cane in our plantations in Brazil are certified by Bonsucro.

DEVELOP SUSTAINABLE FARMING PRACTICES WITH SAI BENCHMARKING

Tereos is committed to farming that combines agronomic performance with respect for the environment. In this context, the Group applies demanding benchmarking procedures, including the SAI Platform.

Going beyond the regulatory framework



The SAI (Sustainable Agriculture Initiative) Platform was created by Nestlé, Unilever and Danone to promote a common set of competitive and sustainable farming practices both upstream and downstream of the sector. Tereos was the first sugar cooperative to sign up to this benchmarking initiative in 2015, implementing the tool for its 12,000 sugar beet cooperative growers in France. In 2017, the Group extended the procedure to the Czech Republic. Self-assessment questionnaires were sent to

sugar beet farmers selected on the basis of a representative panel. “The legislative framework applicable to farming activities is quite strict and our farmers have to comply with many rules and laws,” explains Jakub Hradiský, CSR Manager of Tereos TTD in the Czech Republic. “Even so, one of the biggest challenges was convincing the farmers of the benefits of this benchmarking. We organised workshops, training sessions and individual meetings to explain the initiative. And then our agronomists provided them with assistance and guidance during the self-assessment process.”



Raul Guaragna
Director of Agro-Industrial Operations
Tereos Sugar & Energy Brazil



BONSUCRO: BENCHMARK CERTIFICATION FOR SUGAR CANE IN BRAZIL

“ *Bonsucro is a sustainability label applicable throughout the entire sugar cane supply chain, from cultivation to the end product (ethanol and sugar). It's a demanding standard which covers more than 200 parameters to be filled in, covering agricultural and industrial production, training, research and development expenditure, consumption of fuel, water, energy, and so on. These parameters are reflected by 53 indicators. The certification process also complies with 700 regulatory requirements in force in Brazil. Bonsucro has become an essential part of our strategy, not only to position ourselves as a reliable supplier for our customers, but also to improve our agricultural and industrial practices.* ”

NOTES ON SAI

Three pillars, eight areas for compliance:

- **Environment:** management of energy, waste and greenhouse gas emissions; biodiversity; air and water management, etc.
- **Economy:** farm management; access to markets; economic viability
- **Social:** local community; working conditions and health & safety

- A self-assessment questionnaire
- 112 questions
- Third party audits (verification of document, site visits)
- Assessment renewed every three years as part of a continuous improvement process

INNOVATION TO PROMOTE
PRECISION FARMING

Producing more and better is based on three key requirements: agronomic expertise, digital solutions and human know-how.

The aim of the Group’s 3rd innovation forum was to help farmers improve the performance and profitability of their farms through technological and sustainable solutions. It was in this context that 500 cooperative growers came together in spring 2017 to attend the event. The day’s activities include talks, debates and agronomy workshops covering the themes of robotics, connected objects and mechanisation.

An ecological weeding robot

In three French departments, Tereos is trialling a weeding robot that operates on solar energy, in collaboration with Ecorobotix. A camera detects the presence of weeds and applies a small dose of herbicide. Early results suggest it will be possible to substantially reduce doses of herbicide.

Drones offer a boost to precision farming

Another promising technology is the use of drones to map the presence of unwanted plants (weeds) in the plots. Thanks to new solutions allowing very accurate spraying, this mapping means that inputs can be significantly reduced.

A smartphone app for real-time decision-making

The “Tereos Cooperative Growers” mobile app provides cooperative growers with an array of decision-making tools, including access to local cooperative and agronomic news, weather information, technical details about diseases and pests, schedules for harvesting, etc. The app also features a tool for monitoring and tracking their activity, such as schedules, reception and delivery dockets and accounting documents.

A tedder to fight against weeds in Reunion Island

The use of a tedder to aerate the sugar cane mulch in the crop interrows fights mechanically against weeds, resulting in lower doses of herbicide. This weeding technique was presented by the team from the Tamarins Sugar Cane unit as part of a day devoted to sharing good practices with partners in the sector and the St Leu Farmers Association.

FOCUS



SATELLITES TO DETECT FIRES IN SUGAR CANE FIELDS

Tereos has invested over €200,000 in developing a pilot project for preventing fire risks in Brazil. The Orion project uses satellite surveillance tools developed by a company called GMG Ambiental. Fires cause substantial losses for our entire production chain and have a major impact on the environment and on the safety of local communities. This very accurate remote surveillance system transmits alerts automatically to the Cruz Alta sugar factory control centre, and reduces firefighters’ response time by 50%.



THE TEREOS MULTI-CROP FARM:
AN OPEN-AIR LABORATORY

Alongside 8,000 experimental micro-plots spread across 17 volunteer cooperative growers, Tereos uses a full-scale open-air “laboratory” to test out its latest innovations: 171 hectares, split between the Boiry and Chevières sites in France.

This vast experimental field operates just like a traditional farm. Well, almost. It is here that are tested new varieties of plants that are more productive and more resistant to insects, new farming techniques and alternative methods for preserving biodiversity, with the aim of helping cooperative growers practise sustainably high-performance agriculture. Agronomist Francis Bazelaire, who is in charge of this rather unusual farmland, runs a crop

rotation consisting of sugar beet, wheat, spring barley, winter barley, corn and alfalfa. “In 2017, we focused particularly on trialling staggered sowing. The idea is to plant seeds diagonally to ensure better distribution and to allow the plants more space and light. In the long run, this type of alignment could also facilitate the work of robots and reduce the use of agrochemical products.” Bazelaire doesn’t operate alone: the specialist is backed up by a

team of ten agronomists who advise cooperative growers about integrated farming and reducing inputs. This ongoing dialogue takes the form of the organisation of agronomy workshops, meetings “in the field” with growers to discuss good practice, decision-making tools and communications tools via a dedicated extranet.

5⁽¹⁾

Average number of visits to cooperative growers during the year.

(1) Scope: Tereos Sugar France

2 Nutrition

Economic, social and cultural behaviours relating to eating are changing fast. Tereos is meeting expectations by offering new solutions that contribute to safer and healthier food. Innovation is a key factor of differentiation and competitiveness to win new markets and contribute to meeting public health challenges.

OUR COMMITMENTS

- Providing advice for our clients to help them improve the nutrition profile of their products.
- Developing innovative products to meet future nutrition needs.

TARGET 2020



Continue to develop our product portfolio to provide optimum coverage of nutritional and functional needs.

PROGRESS 2017/2018

49.5%

of the R&D budget dedicated to nutrition and health.

60

customer projects in nutritional reformulation.

KEY FIGURES



7

Research & Development centres.



145

R&D experts worldwide.



21

start-ups financed by Tereos (through funds).



400

product references.

INNOVATIONS THAT ARE GOOD FOR YOU

Consumer demands – new tastes, new textures, better nutritional intakes, better traceability – are increasingly clear when it comes to health and to the authenticity of products. Based on processing agricultural raw materials, Tereos is continually creating new opportunities through its ranges of starch, proteins and sweeteners.

Reducing sugar is the right recipe

Resulting from close collaboration between the R&D, Marketing and Sales teams, Sweet & You enables us to adapt our product offer to changes in eating habits. Designed with both the food processing industry and the end consumer in mind, this platform provides tailored support for reformulating a product by capitalising on our wide portfolio of alternative solutions and sweeteners.

facility to produce food from wheat proteins and chickpea flour. The Epi&Co range will be available soon for the catering industry.

Towards organic sugar

The organic food sector is experiencing rapid growth. Worldwide, its turnover has increased sixfold in 16 years. Already active in this market as a distributor of organic sugar in Europe, Tereos now wants to go further by developing a range of organic sugar. The first experiments began in 2018 for sugar beet in France and for sugar cane in Brazil and Mozambique. The aim is to launch production and marketing of organic sugar are due to be launched during the year 2019/20.

Plant proteins on the menu

Tereos is the world number two producer of wheat proteins, and firmly believes that the plant protein market represents a key answer in anticipating the change in food needs. In 2017, the Group opened a pilot manufacturing



Laura Loffler
Head of Organic Business Development

“The Tereos site in Marromeu, Mozambique, is set up perfectly for producing organic sugar cane. The great availability of virgin agricultural soil is ideal for cultivating sugar cane according to the principles of organic agriculture and producing sugar certified as organic as of the first harvest. The canes will be planted during summer 2018, aiming for the production of organic sugar in the 2019/2020 campaign.”



Anne Wagner
R&D Director

“At Tereos, the Research & Development strategy focuses on sustainable solutions thanks to applications in the areas of nutrition and health, pharmaceuticals, industrial processes, agronomy, energy and plant chemistry.”

In 2017, **Anne Wagner**, R&D Director, was voted Woman of the Year in the R&D category by the French magazine, L'Usine Nouvelle. She is also Chair of the Protéines France consortium, whose ambition, supported by the French government, is to make France a world leader in plant proteins.

3 Positive industry

Our business is highly exposed to climate change. Both the availability and quality of our raw materials are dependent on weather conditions. It is our responsibility to reduce the environmental impact of our industrial activities and to derive value from the raw materials that we transform. We recycle our plant residues as a new resource: the circular economy is at the heart of our practices.

OUR COMMITMENTS

- Reducing the energy consumption needed to process raw materials.
- Recycling non-food waste as renewable energy.
- Measuring and improving our water recycling system.
- Using fibres and proteins in animal feed.

KEY FIGURES



> 99%
of Tereos' raw materials are processed.



100%
of sugar cane plants are energy neutral during the campaign.



B
Rating awarded by the CDP agency for the reduction of Tereos Sugar France's impact on climate change.

TARGETS 2020



-10%
energy consumed/t of products.

50%
renewable energy in our energy mix.

-20%
water consumed/t of products.

PROGRESS 2017/2018

-10%
energy consumed/t of products.

46.4%
renewable energy in our energy mix.

-29%
water consumed/t of products.

A VIRTUOUS CIRCUIT FOR USING WATER

Committed to the principles of a circular economy, Tereos has set a target of reducing its water consumption by 20% by 2020. The Group's Boiry-Sainte-Rictrude site in northern France is contributing to meeting this goal through innovations designed preserve water resources.

A sugar beet contains 75% water. So in terms of volume, water is the principal production of a sugar factory! For many years, Tereos has worked to make the most of this natural resource in its facilities. The water extracted from the sugar beets is stored in basins before being reintroduced during processing. Part of this water rich in fertilising elements is also used to irrigated cultivated farmland close to sugar factories. This is the principle of fertigation (fertilisation and irrigation). Five Tereos sites, including the Boiry sugar facility, use this technique, which has a double benefit for farmers: it avoids them having to tap into the natural environment and provides their crops with elements rich in minerals.

In 2017, the Boiry site took a further step in reducing its consumption. To avoid drawing water from the water table each

year at the start of the campaign, the plant designed a retention basin for condensed water operating in a closed circuit. "We recover the clean water that is vital for the industrial process just once, and then store it in a basin operating as part of a closed circuit," explains Gautier Perche, Basins and Fertigation Manager.

THE BOIRY SUGAR FACTORY: KEY FIGURES

140

permanent employees

60

seasonal workers

19,000

tonnes of sugar beet/day

28,000

hectares cultivated by 2,000 growers

20%

less water consumed during the past two years as a result of the water conservation policy put into effect by Tereos Sugar & Energy Brazil.



"The system, which was designed by a Tereos engineer, will eventually enable us to reduce the site's water consumption from 250,000 m3 to 25,000 m3. This innovation won a prize in the One Tereos Awards [see p. 26]."



FOCUS

RESIDUES: EVERYTHING TRANSFORMED, NOTHING WASTED

Waste recovery is a strong commitment of Tereos, which has placed the circular economy at the heart of its production and processing of raw materials. In 2017, Tereos, Nestlé and Bonduelle joined forces in an industrial consortium to supply agricultural raw materials to the Vol-V Group's new methane plant in northern France. This provides Tereos with the opportunity to recycle sugar beet residues either in the form of biogas or for spreading on farmland belonging to 30 farmers who have signed up to the project.

OPTIMISING OUR TRANSPORT FLOWS TO REDUCE OUR CARBON FOOTPRINT

Tereos favours using sustainable modes of transport for its freight. Short circuits, optimised truck loading and multimodal logistics are among the Group's favoured solutions.



Fluvial: a sustainable mode of transport

In 2017, the creation of a packaging and logistics platform at the Escaudoeuvres site near Cambrai, northern France, has strengthened Tereos' export

capacity while simultaneously reducing its carbon footprint. Able to handle 500,000 tonnes of sugar per year, the site enables rapid loading of containers to be shipped by river and sea transport to Africa and the Middle East.

FOCUS



ENERGY RECOVERY AND LOGISTICS ARE CENTRAL TO THE GROUP'S PRACTICES

Brazil

- Over the past four years, Tereos Sugar & Energy Brazil has sold approximately **1,000 GWh** of electricity to the public grid. This is enough power to supply a city of **400,000 inhabitants** for a year.
- Tereos and the logistics operator VLI have signed a partnership agreement for transporting raw sugar by rail to VLI's export terminal. Using rail rather than road transport prevents **avoids 220,000 tonnes of CO₂ emissions**, equivalent to the carbon captured by **45,000 trees**.

Reunion Island

- Bagasse (residue from sugar cane stalks) resulting from the sugar cane transformed by Tereos is used to supply approximately **12% of the island's annual needs in electricity**, corresponding to roughly a third of Reunion Island's renewable energy production.

TEREOS RECOGNISED BY THE CDP FOR ITS COMMITMENT TO THE CLIMATE



Awarding Tereos Sugar France a score of B for 2017 (on a scale from A to F), the extra-financial rating agency CDP ranked Tereos among the 12% of companies with the best assessment for their actions to reduce greenhouse gas emissions in their supply chains.



Road: shorter circuit and bigger loads

For strategic but also competitive reasons, Tereos plants are always located close to their raw materials. The transportation of sugar beets, for instance, is never more than 35 kilometres from

field to factory. To reduce our carbon footprint, we have also optimised the tonnage of our trucks in order to limit the number of vehicles. In 8 years, the gross tonnage (sugar beets plus soil) transported by truck in France has risen from 20 tonnes in 2000 to 29.8 tonnes in 2017.



CIRCULAR ECONOMY: TEREOS AND NIGAY CARAMELS FOCUS ON INDUSTRIAL SYNERGIES

Tereos and Nigay have announced a partnership to supply the future site of the family-run glucose business. The project is described by the fifth generation of the family, Henri and Yves Nigay.



Henri and Yves Nigay

Describe your company in a few words.

Henri Nigay: Nigay is a family business that was founded in 1855, originally producing starch and then glucose from 1910. It has specialised in caramel since 1973. We produce wide ranges of caramels for small businesses and for the agri-food sector.

You have announced that you are setting up a second production unit close to the Tereos starch facility in Nesle, in northern France. What does this partnership hope to achieve?

Yves Nigay: The second site will enable us to support the growth of our company. We wanted to situate the production unit in the heart of a basin transforming the agricultural raw materials needed to manufacture our products: sucrose extracted from sugar beets and glucose syrups derived from wheat starch and corn starch. Tereos has been a supplier of ours for a long time. This industrial partnership will allow us to source glucose directly by a "pipe" linking the two sites, without incurring transport costs. Our future neighbour will also supply us with water and steam. And Tereos will treat our effluents. These synergies enable us to optimise water and wastewater treatment. Logistics is also

important for our finished products. The potential of the Nesle river port will enable us to ship our containers thanks to multimodal transport, a mode of transport we have practised for many years in order to reduce our carbon footprint.

What are the next stages of the project?

Henri Nigay: The new site will see continuity of the actions we have been carrying out in terms of sustainable development. We will be duplicating our certification processes for ISO 9001, ISO 14001 (environment), OHSAS 18001 (personal safety), FSSC 22000 (food safety) and ISO 50001 (energy). The production unit will come into operation during 2019 and it will generate the creation of about twenty jobs.

4 Local development

Tereos contributes to local economic development and the attractiveness of regions in France and other countries thanks to the creation of direct and indirect jobs. We are anxious to develop the skill levels of our employees, and offer tailored training courses in line with our ever more collaborative and participative management culture. We are committed to social integration, implementing educational support programmes specifically in Brazil and Mozambique.

OUR COMMITMENTS

- Contributing to the local community through 3 priority themes: Education, Health and Environment.
- Developing skills through training and the Tereos Academy.

TARGETS 2020

- Implementing development programmes with communities where we operate.
- Developing training for our employees.

PROGRESS 2017/2018

9
programmes intended for local communities.

39h
of training on average per employee.

KEY FIGURES



21
training programmes offered by the Tereos Academy.



74%
of employees have had an annual appraisal interview or career development interview.



95%
of employees covered by a collective bargaining agreement.

NURTURING OUR TALENTS WITH THE TEREOS ACADEMY

Developing and retaining talented people is a priority in a competitive and ever-changing environment. The Tereos Academy helps meet this objective with a range of “corporate”, managerial and vocational training programmes.

“In 2017, we launched a major training programme for our Sales and Marketing teams in Europe. This project, which is in line with the Group’s strategic targets, was intended to support our employees with respect to the new organisation and the

organisational and operational changes it entails,” notes Jessie Gene, Programme Manager.

Modules focusing on the health and safety charter, the code of ethics and the CSR policy were among the remote training modules most frequently consulted by employees during the course of the year.

FOCUS

COMMITMENT TO LOCAL COMMUNITIES

- **Brazil:** renewal of an energy donation agreement with Barretos Cancer Hospital, Brazil, with the target of donating 2,100 MWh of power to the hospital over the next two years.
- **Indonesia:** Help for disadvantaged students through the creation of a scholarship enabling them to continue with their studies until they achieve a qualification.
- **Mozambique:** initiatives to support the fight against HIV/AIDS with funding for screening or medical monitoring for employees and their families; funding by the Group for preventive actions in the fight against malaria.
- **Romania:** Group contribution to the “Adopt a Tree” project intended to increase forested land in the country.
- **France:** 400 tonnes of food aid collected with partners for the victims of hurricanes Irma and Maria in the Caribbean.



Edilberto Bannwart
CSR Director, Tereos Sugar & Energy Brazil

PROMOTING SAFETY FROM THE FACTORY TO THE HOME WITH A “ZERO RISKS AT HOME” PROGRAMME IN BRAZIL

Safety is right at the heart of priorities for Tereos, but some subsidiaries take this even further. One such is Tereos Sugar & Energy Brazil, which decided to spread the safety culture initially introduced in its plants to employees’ families. To increase local communities’ safety-consciousness, the subsidiary published an 80-page

manual, a practical guide covering eight key topics: water, energy, waste, food safety, road safety, prevention of domestic accidents, etc. The document was distributed to employees’ families and local residents during a series of around twenty workshops organised in 2017 near the seven industrial sites in Brazil.

“**Listening** to local residents helps us measure the impact of our actions while raising local populations’ safety awareness. For example, if our trucks generate too much nuisance, the local population will insist we change the route, which could increase our fuel consumption and our CO2 emissions.”

5 Product guarantee

Consumers are increasingly sensitive to the origin of the food they consume. Guaranteeing the quality and the traceability of products at every step of the manufacturing process forms part of our priorities. This transparency guides our behaviours and our acts, and forms part of the Group's requirements with regard to ethics, respecting human rights and workplace safety for the whole value chain.

OUR COMMITMENTS

- Certifying our quality management and food safety standards.
- Developing accident risk awareness programmes.
- Raising employee and stakeholder awareness about responsible behaviour and business ethics.

TARGETS 2020



100%

of our industrial facilities certified ISO/FSSC 22000 or ISO 9001.

PROGRESS
2017/2018

86%

of our sites certified ISO/FSSC 22000 or ISO 9001.

KEY FIGURES



> 32%

of employees have completed the training module on the health and safety charter (currently being rolled out).



2,646

employees have followed the e-learning module on the code of ethics (currently being rolled out).



> 700

suppliers have signed up to the Responsible Supplier charter, which corresponds to 97% of the Group's "critical" procurement.

HEALTH & SAFETY: A DRIVE FOR OPERATIONAL EXCELLENCE

Tereos ranks health and safety among the five top priorities of its Ambitions 2022 transformation programme.

Managers, employees and subcontractors are all involved in the drive for continuous improvement that is under way on all the company's sites. The approach is based on three pillars:

• **Making equipment and the environment of workstations safer.** Reducing the severity of accidents calls for a continuous process to improve order and cleanliness (the 5S method) and for risk situations to be systematically dealt with.

• **Developing performance management.** We will improve our safety performance by introducing progress indicators and golden rules, setting up autonomous continuous improvement groups,

systematically recording and handling incidents and strengthening our safety organisation. This part of the programme also includes empowering teams and creating "learning" communities around the sharing of experience and feeding back information.

• **Working on both individual and collective behaviour.** This is a key element of the programme, which is based on a two-year training plan.

Safety leadership training programmes for managers and coaching sessions for supervisors have been scheduled, and they will be accompanied by awareness-raising campaigns.



FOCUS

THREE INITIATIVES TO CREATE A COMMON CULTURE

- **Health and safety charter:** a founding document signed by the Chief Executive Officer which sets out our duty to ensure protection for all.
- **8 golden rules of safety:** to prevent serious accidents, alongside a "zero tolerance" policy.
- **Safety Day:** one day a year with educational workshops, training session and presentation of safety-awareness tools for our 25,000 employees and the many subcontractors responsible for maintaining our industrial sites.



Grant Anderson,
Health & Safety/
Facilities Manager,
Tereos Sugar
United Kingdom
and Ireland

“2017 was a 'zero accident' year. To achieve this result, we worked a great deal on changing people's behaviour in the following ways:

- **Feedback:** employees were not reporting back enough information. So that we could listen better to them, we encouraged management to establish genuine dialogue within the teams.
- **Indicators:** we automated and shared health & safety data using a portal that everyone can access.
- **Processes:** we invested in software allowing us to classify and monitor all the actions and initiatives carried out on our sites. Sharing good practices and feedback are essential parts of a continuous improvement process.
- **Priority:** every day teams have to be reminded about the importance of safety and told about key indicators.”

IT'S AWARD TIME!

In 2017, we launched the One Tereos Awards to pay tribute to collective transformation initiatives within the Group. The purpose was to create a common culture on the basis of our history and our values, highlighting team initiatives and individual commitment. For the first edition, six projects were selected by a jury of 14 specialists representing all our businesses. In each category, teams are rewarded for helping to achieve the ambitions of our strategic project, One Tereos: teamwork, piloting and processes, engagement to customers and costs, to which were added sustainable development and the Jury's Special Award. Among the

prizewinning projects were the following:

- **One/Team:** recognition of excellent teamwork in a crisis management situation following a fire in a power substation on the Cruz Alta site in Brazil, which resulted in the rapid resumption of operations.
- **One/Customers:** signature of a major commercial contract with a drinks manufacturer thanks to a sales strategy that highlighted our agricultural work upstream and our responsible practices.
- **CSR initiative:** for the virtuous water use circuit at the Boiry facility [see p. 19].

- **Jury's Special Award:** a cross-disciplinary project team has developed a new process for taking samples which reduces the risk of burns, with the aim of preventing accidents and injuries. It is a safety measure that can be applied on every site.

Tereos Starch & Sweeteners Europe has adopted this Group initiative.



Bertrand Huberty, Quality Manager, Tereos Starch & Sweeteners Europe, was a member of the winning team in the CSR category of the Europe Awards.



GOOD SAFETY PRACTICE

Production teams from Tereos Starch & Sweeteners Europe won an award for improving pedestrian safety on the Zaragoza site in Spain.

“Tereos has launched a pilot production line in eastern France for Sauté Végétal, a plant protein product that includes local wheat and French chickpeas. We suggested installing thermal solar panels to produce hot water for the building. This initiative has helped us reduce the factory's energy footprint.”



RUNNING OUR BUSINESSES ETHICALLY AND RESPONSIBLY

Tereos maintains and nurtures relationships of trust with its customers, partners and suppliers. Ethics and integrity are among the values shared by all the Group's employees and partners.

In compliance with France's "Sapin 2" legislation, we have published a Group code of ethics and a guide to good business practices. These documents are provided for all our teams and are available in all the languages of the countries in which we operate. They present the rules and behaviours to be adopted if confronted by high-risk situations such as fraud, money laundering, insider trading and corruption. They also invite employees to share our principles and commitments in favour of non-discrimination and respect for local communities.

In 2017, we produced a "Responsible Supplier" charter for all our suppliers, which presents our guidelines on five themes:

- Compliance and labour standards

- Protection of health & safety at the workplace
- Protecting the environment
- Fight against corruption
- Fight against land grabbing.

On the last point, we are committed to using land sustainably, with the consent of the local people and with respect for their traditions and customs. All suppliers are required to follow these guidelines, communicate them to their employees and ensure that our principles are known and respected.

We also signed up to the United Nations Global Compact in 2017 and we have undertaken to respect its fundamental principles with regard to human rights, labour law, the environment and the fight against corruption.

FOCUS



SILVER AND GOLD LEVEL PERFORMANCE RECOGNISED BY THE ECOVADIS PLATFORM

In its second assessment by EcoVadis, Tereos improved its score and now ranks among the top 9% of companies rated by the independent platform for assessing the performance of suppliers according to four themes (environment, working conditions, business ethics and supply chain). The Group's overall score was 59/100. Meanwhile, Tereos Sugar France maintained its gold level for the third year in succession.



Poster produced by the Group for the Sustainable Development Week to inform employees of the Group's contributions to the United Nations Sustainable Development Goals.