A strategy for the future

CSR IN BRIEF

Tereos
A committed Group

Tereos is a major player, a leader on its markets of sugar and sweeteners, starch, plant proteins and alcohol. It transforms agricultural production, committing itself to the virtuous logic of the circular economy and with a strategy of sustainability in both the agricultural and industrial sectors.

The 5 pillars of our CSR policy

To ensure that we are acting on every dimension of our Group’s societal and environmental footprint, our CSR strategy is built on 5 pillars:

- Sustainably performing agriculture
- Positive industry
- Nutrition
- Local development
- Product guarantee and workplace safety

Our contribution to the UN’s Sustainable Development Goals (SDGs)

Through its CSR strategy, Tereos is contributing to meeting the SDGs set by the United Nations. The Group has selected 7 SDGs directly linked to its businesses and its impacts.

In 2018 we were awarded a Gold rating by EcoVadis. Tereos ranks among the top 5% of companies rated by the extra-financial evaluation platform.

EDITORIAL

For several years, Tereos has been committed to a strategy of diversification and internationalisation, which today give it the strengths it needs to cope with the deregulation and volatility of sugar markets, and more generally enable it to respond to changes in the sector and seize new opportunities.

For Tereos, the challenge is to remain at the forefront in terms of competitiveness, to meet the expectations of its customers and their consumers, and at the same time to help find answers to some of the most pressing questions facing society.

All of these elements are at the heart of our transformation programme, Ambitions 2022, which is built on five major pillars: competitiveness, safety, quality, compliance and sustainability. These themes are obviously highly intertwined in our global focus on operational excellence, and because we firmly believe that you cannot achieve sustainable performance without a long-term perspective and without taking into account the links and exchanges with our ecosystem.

Today, Tereos is strongly positioned on these key questions, thanks to a virtuous agricultural and industrial model (short supply chains, transformation of 99% of agricultural production processed, etc.), thanks to its positioning on markets with a bright future (organic products, plant proteins, bioethanol, etc.), or thanks to its offer of products that support healthy and sustainable food. Tereos is committed to a more sustainable and responsible economy.

We are pleased to present in this brochure some of our initiatives and the main results of our actions over the past year.

Alexis Duval,
Chief Executive Officer
A virtuous model

Our growth is based on a sustainable model that places the circular economy at the heart of our business. Our integrated approach, from upstream to downstream, allows the full transformation of our agricultural raw materials and a measured and controlled impact on our ecosystem, and ensures that sustainability remains at the heart of our operations.
1. Sustainably performing agriculture

Our model is based on enduring local relationships with the agricultural world: cooperative growers and suppliers of agricultural produce. Thanks to our control of the value chain, in France and in other countries, we are able to guarantee supply to our customers sourced from direct and secure channels.

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.

ACHIEVEMENTS

90% of raw materials processed are bought direct from farmers
60% of agricultural produce is assessed or certified sustainable
Less than 5% of sugar beet fields are irrigated

“More than 100 tonnes”: when innovation boosts productivity

The aim of a programme in Brazil called “More than 100 tonnes” is to boost agricultural productivity through digital technology and precision farming. It aims to produce more than 100 tonnes of sugar cane per hectare by 2020. For the 2019/20 harvest, in spite of climatic uncertainties (drought in particular), Tereos is forecasting a yield of 80 tonnes per hectare, compared to 71 tonnes at the end of the 2018/19 harvest.

Tereos employs new technologies to increase the profitability of farms without impacting the quality and sustainability of crops. These include the capture and analysis of drone and satellite images, the use of algorithms, and the installation of mobile workstations to take readings as close as possible to the fields. Real-time data is collected and analysed by a team of data scientists, who recommend how each plot should be managed and treated.

IN BRIEF

Optimising logistics flows

Among measures implemented to help boost the Group’s competitiveness and reduce its CO₂ emissions are lightening the weight of empty trucks by removing soil residues each time trucks return to the plant and the installation of lightweight mesh rear doors to increase the tonnages of sugar beets transported.

Agronomy experts alongside cooperative growers

Producing more and better is based on three key requirements: agronomic expertise, digital solutions and farmers’ know-how. The quest for new production techniques for sustainably performing agriculture is at the core of work of the agronomy department in France. In 2018, engineers and technicians from the Tereos agronomy team spread out over Campus Europe and the four regional centres carried out experiments on 33 sites. All stages of the technical journey were studied, including tillage, silo conservation, varieties and crop protection, as much for sugar beets, starch potatoes and alfalfa as for cereals.

Alongside these tests, we provide advice and tools intended to develop farmers’ knowledge of agronomy. Events and group sessions (field meetings, Innovation Forum, etc.), digital media and dedicated tools (e.g. the Agrobook crop guide) enable cooperative growers to improve the performance and profitability of their farms.

DENIS SPECQ
Agricultural Supply & Operations Manager

“Tereos aims for operational excellence throughout its value chain. Five initiatives for more efficient supply logistics have been launched in synergy with our cooperative growers and our partners.”
Conserving natural resources and transforming our residues

Whether transforming agricultural residues into renewable energy and biofuels or recovering water from sugar beets for use in industrial processes or to irrigate crops close to production facilities, the same logic is at work: that of the circular economy, a model that has been at the heart of Tereos’ practices for many years. To continue developing this virtuous circle, the Group is focusing on industrial synergies with local authorities, companies and partners, with the support of R&D teams. Results include a lower carbon footprint, sustainable management of water resources and the transformation of 99% of agricultural raw materials. Here are some illustrative projects that create value both for the Group and for the regions where it operates.

**Fertigation** employs water extracted from sugar beets to irrigate and nourish cultivated land in proximity. Several Tereos sites use this technique, which avoids drawing water from the natural environment.

**Cogeneration** consists in producing renewable energy from bagasse (sugar cane residue). Sugar factories in Reunion Island and Brazil are self-sufficient in energy during campaigns. Excess power is transferred to the grid to help meet public needs.

**Methanization** produces biogas from the vinasse, a by-product of the distillation of alcohol from the sweet juice of sugar beets. A project for a methanization lagoon was recently launched in Palmital, Brazil, using effluents from the starch facility resulting from the processing of corn and cassava.

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**IN BRIEF**

A truck powered by sugar beet!

A few months ago, for the first time in France, Tereos tested a truck running on bioethanol ED95, an energy produced from sugar beet waste. The results of the trial were conclusive. The Group now hopes to make elected officials and our transport partners more aware of the benefits offered by this clean fuel.

"The Tereos model is based on the circular economy, in which the entire plant is transformed. So apart from food for human consumption, we also produce sustainable, local bioethanol from production waste. This diversification of markets boosts farmers’ revenues and helps to safeguard jobs, primarily in rural areas. It decreases the carbon footprint of transport and also helps to reduce our dependence on oil.”

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**COMMITMENTS**

- Reducing the energy consumption needed to process raw materials
- Transforming non-edible waste into renewable energy
- Measuring and improving our water recycling system
- Transforming fibres and proteins as part of our nutritional offer

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**ACHIEVEMENTS**

- **100%** of sugar cane plants are energy neutral during the campaign
- **48%** renewable energy in the energy mix of our industrial sites
- **10** production facilities are certified ISO 50001 (energy management)

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**VALÉRIE CORRE**

Director of Regulatory Affairs for Alcohol/Ethanol
3. Nutrition

Traceability of food, nutritional quality, naturalness of ingredients and environmental impacts: the food model is constantly reinventing itself to meet challenges of society and consumer expectations. This is precisely the challenge facing our R&D teams, who offer our customers and partners innovative solutions to meet it.

**COMMITMENTS**

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

**ACHIEVEMENTS**

- 1/3 of the total R&D budget is devoted to nutrition
- 53 customer nutritional reformulation projects
- 400 product references

**IN BRIEF**

Co-creating the products of tomorrow

The Group opened its new R&D centre in Singapore in 2018, with the aim of implanting itself on a fast-growing market and strengthening Tereos’ presence in the Asia-Pacific region. The Group is developing new nutritional solutions and applications adapted to the taste of local consumers (noodles, sauces, snacks and drinks). Asian consumers very much appreciate healthy and environmentally friendly products, and so teams are working together with customers, research centres and academic institutes to acquire new know-how and devise formulations that can bring innovative solutions to the Asian agri-food market.

― At Tereos Sugar & Energy Brazil, the project began in 2018 with a multi-disciplinary team, from the field to the customer. It reflects a desire to continuously provide solutions to our B2B and Retail customers, while responding to new consumer trends.‖

**Worldwide rollout of a portfolio of organic products**

With many years’ experience of selling organic sugar in Europe, Tereos launched its own complete range of organic products in 2019, including sugar, alcohol, plant proteins and animal feed. Reflecting the Group’s international dimension, this global project has given rise to the following initiatives:

- **In France**: Launch of organic sugar beet and organic alfalfa streams as well as a range of plant proteins, Epi&Co Bio. The Attin site processed the first organic sugar beets during the 2019 campaign.
- **In Brazil**: Around 2000 hectares of organic sugar cane are undergoing certification and will be transformed into organic sugar intended for the domestic market, starting with the 2020 campaign.

Sweet&You offer is broadened to dairy products

The Sweet&You reformulation offer helps customers prepare tailor-made nutritional formulations of their products that will meet end-consumer expectations in terms of flavour, naturalness, calorie control and fibre content. Previously dedicated to applications in confectionary, beverages and pastries, this innovative service has now been made available to manufacturers of dairy products. On the basis of the first prototypes, it will allow ice cream to have 50% less sugar and 2/3 less fat by comparison with the initial formulation.
4. Local development

With 47 industrial sites and a network of sales offices and R&D centres spread over 18 countries, we make a contribution to the development of local economies thanks to direct and indirect job creation, beyond the 26,000 people employed by Tereos. To maintain a shared impetus, we offer attractive training programmes that tie in with our operational excellence plan, Ambitions 2022.

COMMITMENTS

- Contributing to the local community through 3 priority themes:
  - Education
  - Health
  - Environment
- Developing skills through training programmes

ACHIEVEMENTS

- 37 hours of training on average per employee receiving training
- 77% of employees have completed an annual appraisal interview
- 95% of employees are covered by a collective bargaining agreement

Developing employees in a changing environment

The Group’s personnel retention policy champions diversity, a rich range of skills and the know-how of its teams. Tereos gives its employees the means to succeed by offering them opportunities to develop, whether in France or other countries, as well as training programmes adapted to their needs through the Tereos Academy platform.

The Plant Managers Leadership Programme is part of this vision. This three-year training programme in intended for plant managers in our various subsidiaries. Its aim is to create a common culture around leadership and operational excellence, encouraging key personnel from a variety of backgrounds to share their experience.

A commitment to local employment and to farming

As a local industrial player, the Group’s activities are a source of significant economic benefits. Each Tereos facility site generates growth and jobs, so contributing to the economic dynamism of the local region. Through an analysis of purchasing flows, salaries and tax paid, we have been able to measure the socio-economic footprint of five facilities in France.

<table>
<thead>
<tr>
<th>Facility</th>
<th>Total Number of Jobs in France Supported by the Site</th>
<th>Local Roots % of Jobs Supported in the Region to the Total Number of Jobs Supported by the Site</th>
<th>Multiplying Factor Ratio of the Number of Jobs Supported in France to the Number of Direct Jobs on the Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lillers</td>
<td>2,407 (68%) x13.2</td>
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<tr>
<td>Bucy</td>
<td>3,185 (51%) x15</td>
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<tr>
<td>Artenay</td>
<td>1,651 (46%) x7.5</td>
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<tr>
<td>Connantre</td>
<td>2,338 (47%) x10.3</td>
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<tr>
<td>Marckolsheim</td>
<td>4,062 (59%) x11.4</td>
<td></td>
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</tr>
</tbody>
</table>

TOTAL NUMBER OF JOBS in France supported by the site.
LOCAL ROOTS % of jobs supported in the region to the total number of jobs supported by the site.
MULTIPLYING FACTOR Ratio of the number of jobs supported in France to the number of direct jobs on the site.

IN BRIEF

FRANCE

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Aid in Mozambique after Cyclone Idai

Tereos undertook emergency measures, including paying a special bonus and offering zero-interest loans, to provide financial to employees in Beira after the cyclone that caused devastation in March. The Group also contributed to humanitarian aid (donations of sugar and logistical support) and worked with local NGOs to help improve living and working conditions for families following the disaster.

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*average as at 01/09/2019 of the 5 Tereos sites in France studied
5. Product guarantee and workplace safety

Consumers are increasingly sensitive to the origin of the food they consume. To satisfy the demand for quality and traceability, we have established a policy of continuous improvement for quality and food safety on all our sites. We have made health and safety our priority, ensuring that we can take our place among the most successful companies in this field.

COMMITMENTS

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

Still greater quality and traceability

Food safety and product quality represent vital challenges for Tereos. Group teams work each day in a process of continuous improvement, to bring its customers the best product guarantees. The Group is seeking to exercise control over quality and traceability throughout the production process, putting in place both preventative and corrective actions, ensuring compliance with standards and verifying that alert systems are working properly. Tereos Starch & Sweeteners Europe, for example, has introduced a guaranteed GM-free purchasing process for corn, applied on all its production sites.

Workplace safety: “Safety starts with me!”

Tereos places health and safety at the heart of its strategy, and safety is the unifying strand in its Ambitions 2022 transformation plan. The aim is to strengthen the health and safety culture throughout all the Group’s entities to ensure that the same standards are applied everywhere. Among the actions it has undertaken, Tereos has organised a Safety Day at global level for the past two years. On March 20, 2019, all the Group’s entities organised safety workgroups and workshops with a single slogan: “Safety starts with me!” This made it possible for teams to take stock of the situation and made them more aware of risks relating to their occupations. 50 sites took part in all, and around a hundred workshops and special training sessions were organised for the occasion.

PRIO UTOMO
Health & Safety Manager at Tereos Starch & Sweeteners Indonesia

“Achievements”

- 67% of our industrial facilities are certified ISO / FSSC 22000 (food safety)
- 63% of our industrial facilities are certified ISO 9001 (quality)
- 48% of our employees have followed health and safety e-learning training modules (currently being rolled out)
Tereos supports World Food Day
October, 16 2019

Our ambition is to meet every individual’s nutritional needs. With its extensive product portfolio, Tereos can provide 2/3 of daily energy consumption needs in the form of plant-based carbohydrates, fiber, and proteins.

Poster produced by the Group on the occasion of World Food Day, celebrated on October 16 by Tereos employees all round the world.

Tereos has been involved in World Food Day since 2016 to achieve two major aims: to raise awareness of the importance of a balanced diet based on high quality raw materials, and to demonstrate the strengths with which it can help to meet the world’s food challenges.