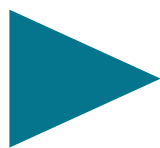




STATEMENT OF NON-FINANCIAL PERFORMANCE
2022 CSR REPORT





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1

CO₂



SPHERE GROUP BUSINESS MODEL



The SPHERE group is fully aware of its social, societal and environmental responsibility, and has been working for a long time to improve its impact in these areas.

This Non-Financial Performance Statement (Déclaration de Performance Extra-Financière - DPEF) presents the analyses and efforts undertaken by the group, as requested by the CSR Directive that has applied to the group since the 2018 financial year.

The SPHERE group's main activity is to design, produce and market bags and packaging for use by the general public, retailers or professionals, such as refuse bags, transport bags, aluminium foil and trays, plastic film and food-grade paper, etc.

These products are made mainly of plastic (generally recycled or virgin polyethylene, biobased and/or compostable biomaterials), as well as paper or aluminium.

Other SPHERE activities include the production of compostable biobased resins, printing on film and paper, distributing cosmetic products, gloves, aprons, disposable tableware, etc.

These products are manufactured by SPHERE and constitute around 75% of its turnover, which totalled €832 million in 2022.

All of the group's production is concentrated in Western Europe, where more than 97% of its turnover is also generated.

SPHERE is an independent group created in 1976. It has grown steadily while remaining a manageable-sized mid-cap under private ownership, the majority of which remains in the hands of its founders. This structure has enabled the group to implement a long-term vision centred on innovation for responsible packaging.

SPHERE is the European leader in its sector. It aims to consolidate its position by providing increasingly innovative environmental solutions with a reduced environmental impact.

The majority of the value created has always been reinvested in the group's economic growth and its employees' development.

The group enjoys strong French and European ties, secured by local investments and good organisation, allaying any fears of relocation, using European skills and supporting the European economy in which our customers and our consumers are located.

SPHERE's activities interact mainly with its employees, customers, the environment and its suppliers, although the group is also involved with several European and French national- and local-level professional organisations. It is also in contact with European and French public authorities to help develop regulations relating to its products. SPHERE is a member of the French industry associations ELIPSO, Composables Biosourcés (AFCB, formerly Club Bio-plastiques), Chimie du Végétal (ACDV), European Bioplastics and the National Institute for the Circular Economy (INEC), amongst others.

INTERACTIONS WITH EMPLOYEES

In 2022, SPHERE's employed an average of 1,577 people, of whom approximately 56% were in France and the rest were almost exclusively in Western Europe.

Human resources management is decentralised, with subsidiary managers working on a local basis in line with group principles.

Employee development is supported by the commitment to local production, as well as by the deep sense of environmental responsibility that drives the SPHERE group.

INTERACTIONS WITH CUSTOMERS

SPHERE distributes its products very widely:

- via multiple distribution channels: mainly retail chains but also resellers, e-commerce, local authorities and small businesses;
- under different types of brands: national brands, private labels,

budget brands or even unbranded products, for example for co-operative stores.

SPHERE strives to be active in all forms of distribution, and studies the medium-term trends of different distribution models.

The group supports its customers not only by providing them with products tailored to their needs, but also by informing them about its ranges and changes in markets and regulations.

INTERACTIONS WITH THE ENVIRONMENT

For over twenty years, SPHERE has set itself apart from other European market players by making the environment a central factor in both its development strategy and its business model.

The core societal issues and trends affecting SPHERE's development are mainly environmental concerns that undergo swift changes due to regulations as

well as cultural or generational influences.

SPHERE's uses a centralised operating mode for its environmental policy, which is mainly determined and imparted by general management and implemented by the subsidiaries.

SPHERE ensures that as far as possible, its value creation in-

volves products that benefit the environment. For example, more than half of the materials (fossil-based, recycled, virgin, or bio-based) used by the group are recycled, and the group's turnover from compostable biobased plastics is over 60% more than for products made from fossil-based plastics.

INTERACTIONS WITH SUPPLIERS

Raw materials are purchased from all over the world, mainly from Europe but also from Asia.

SPHERE's main suppliers are those providing raw materials. These are located worldwide for virgin materials, but mainly in Europe for recycled materials.

Overall, the group believes that its future lies in maintaining its strong values and innovating to provide even more environmentally-friendly packaging solutions.



SPHERE GROUP'S RISK ANALYSIS

The SPHERE group has carried out an analysis of its non-financial risks. The method is described in the methodological note at the end of this document.

The SPHERE group also deals with other risks, the responses to which are explained in this report. However, its focus here is on the main identified risks: impact on employees and the environment.

This analysis and its conclusions were compiled primarily by the general management, the human resources department and the sustainable development department.

The policies, action plans and results linked to the main social and environmental risks are detailed in pages 8 à 12 and 12 à 16 respectively. Other supplementary societal information is outlined in pages 16 to 18, although there were no priority risks identified in this information.

IMPACT ON EMPLOYEES

Employees' health and safety at work (injuries, occupational illnesses, etc.)

Each SPHERE company is responsible for and closely monitors the proper application of regulations and accident or occupational illness trends.

The outbreak of the Covid-19 crisis in early 2020 put pressure on the group's ability to react and adapt. In response, the group mobilised all its resources, skills and expertise to ensure employees'

health and safety at work was protected while maintaining a high level of activity. The group's key role in coordinating and directing local actions ensures overall consistency in the activities of its subsidiaries, and bolsters employees' confidence in the effectiveness and consistency of its decisions.

Internal skills matching

The SPHERE Group pays constant attention to the gradual ageing of its population. It is likewise aware

of the need to adapt to an evolving business model and the resulting changes to skills and qualifications.

SPHERE's attractiveness

The SPHERE Group works to reconcile its decentralised operating model with a desire to remain attractive via concerted remuneration practices. It relies on external communications that meet the aspirations of an increasingly large portion of the population, thereby strengthening its reputation and attractiveness.

IMPACT OF PRODUCTS ON THE ENVIRONMENT

The majority of SPHERE's products are made of single-use plastic or paper.

Historically, the main raw material was virgin polyethylene, which being derived from oil is therefore a fossil-based material.

Products are normally placed in a controlled waste treatment or recovery stream at the end of their life. If these escape, however, they become "litter" and remain in the natural environment for a long time.

This is why the SPHERE group has a highly proactive environmental policy, in particular:

- by working for more than 25 years to develop more environment-friendly solutions, favouring raw materials with the lowest environmental impact over the product's entire lifespan, and aiming to replace fossil-based virgin polyethylene with recycled polyethylene, plant-based polyethylene, or biobased and compostable material;

- by monitoring its electricity consumption, which is its main source of energy supply;
- by obtaining ISO 14001 (environmental management) certifications for its production sites.

SUMMARY TABLE OF RISKS-ACTION PLAN INDICATORS

Risk	Action plan	Monitoring indicator	Page	
Impacts on employees				
Workplace Health and safety	Ensure accurate knowledge of the group's workforce	Total workforce as of 31 st of December and breakdown by socio-professional category	10	
		Number of hours worked in theory and practice	8	
	Safety training	Number of hours allocated	8	
	Monitoring the effectiveness of investments and safety training	Frequency rate of workplace accidents and commuting accidents	8	
		Severity rate of workplace accidents and commuting accidents	8	
	Monitoring Absenteeism	Absenteeism rate (illnesses and accidents)	8	
	Internal skills matching	Training initiatives using the results of professional interviews	Number of people that completed safety training	10
			Number of hours of safety training	10
			Average number of training hours per employee	10
			Volume of training hours	10
Number of people that completed training (excluding safety)			10	
SPHERE's attractiveness	Developing SPHERE's reputation	Environmental, training and professional equality indicators, etc.		
	Anti-discrimination	Share of women	10	
		Number of employees with disabilities	10	
		Budget to facilitate the integration of people with disabilities	10	
Impact on the environment				
	Strengthening the environmental management system	Proportion of ISO 14001-certified sites	13	
	Contributing to a more circular economy by working on what has the most significant impact in product life cycle analysis: raw materials			
	Reducing the use of virgin fossil-based polyethylene	Trends in the share of virgin fossil-based polyethylene in the group's use of plastic materials	14	
	Increasing the use of recycled polyethylene	Trends in the share of recycled polyethylene in the group's use of plastic materials	14	
	Increasing the use of biobased materials	Trends in the share of plant-based materials in the group's use of plastic materials	14	
	Developing compostable products to facilitate the recovery of all biowaste	Trends in the share of compostable materials in the group's use of plastic materials	14	
	Limiting the CO ₂ footprint:			
	• Reducing electricity consumption while taking into account the installations and product mix already in place	Trends in the electricity consumption per extruded tonne	14	
	• Purchasing green electricity when it is economically possible	Trends in the share of contractually renewable electricity	14	
	• Limiting the CO ₂ emissions of its business	Trends in the tonnes of CO ₂ per million euros of turnover	16	

3



SOCIAL, SOCIETAL AND ENVIRONMENTAL INFORMATION



Two factors are of particular importance to the social aspect of the SPHERE group's work:

- **Ensuring a safe and healthy working environment for its staff (see 1).**
- **Acquiring human resources that support its needs and its development outlook as closely as possible (see 2).**

Beyond these core concerns, SPHERE is attentive to tackling any form of discrimination (see 3).

POLICIES, ACTION PLANS AND RESULTS ASSOCIATED WITH PRIORITY SOCIAL RISKS

Impact of business on SPHERE employees' health and workplace safety

The SPHERE group manages entities in which the production tools and associated working conditions present measured risks for health and safety at work, as evidenced by the indicators relating to workplace and commuting accidents.

In 2022, the frequency rate of lost-time accidents per million hours worked was 36.19, which was stable in comparison to the previous year (36.13), after having dropped significantly from 2021, and 2020, when it reached a record low of 27.70.

The improvement observed in the severity rate in 2021, 1.49 days lost per 1,000 hours worked, could not be backed up in 2022 (1.75), as it is trending closer to rates reported in 2019 (1.78) or even 2020 (1.86).

This severity rate of 1.75 in 2022, although rising, continues to benefit from moderate severity rates of foreign subsidiaries: in 2022, the severity rate of French subsidiaries was 2.35, while that of foreign subsidiaries was 1.05, i.e. a ratio close to 1 to 2.2.

Unsurprisingly, the severity rate is highest in the production-oriented French subsidiaries, particularly PTL (5.09) and J&M Plast (4.81). However, the sharp nuances between these two companies must be noted:

- At PTL, from 2021 to 2022, the severity rate increased from 2.33 to 5.09 in the context of a relatively constant frequency rate, which makes it possible to conclude that the increase is linked to the very sharp increase in the duration of work stoppages.
- For J&M Plast, the severity rate increased from 3.69 in 2021 to 4.81 in 2022, while the frequency rate increased by 2.5 over the same period, leading to the conclusion that the company is dealing with a lot more accidents but they are less serious.

In the subsidiaries outside France, only the Dutch subsidiary recorded a high severity rate at 3.89 – an increase of around 60% year over year – mainly due to the duration of work stoppages as a result of workplace accidents.

Although in 2021, we saw the number of accidents with lost time increase very sharply (+33% vs 2020), this increase now seems to have levelled off. This is not the case for the number of calendar days lost due to workplace accidents, which increased by around 21% from 2021 to 2022.

The noticeable increase in the number of people trained in safety (+6.1% vs 2021 and +16.5% vs 2020) therefore does not seem to have had a lasting impact on the cumulative duration of shutdowns, which has returned exactly to the level of 2020, although activity (number of hours actually worked) has increased by 5.5% since 2020.

The years 2020 and 2021, in the midst of the Covid-19 crisis, demonstrated the ability of all the group's staff to respond, under the leadership of a management team. Through its strong involvement in preventing and tackling the pandemic, the team succeeded in building a climate of trust, later undertaken by all the subsidiaries, conducive to the continuation of the group's activity when there was a strong increase in demand for our products.

Maintaining the high level of activity in 2022 aligned with the continued increase in shift work: 901 people were carrying out shift work in 2022 compared with 821 a year earlier.

In terms of teams working shifts, in 2022 this referred to 876 people, compared to 821 in 2021.

The 3X8 and 5X8 organisations benefit most from this progression, with a respective increase of 20 people in 3X8 and 73 people in 5X8. On this last point, SPHERE Group Spain has contributed significantly, with the commissioning of the new plant in Pédrola, creating 49 new positions in 5X8. In 2022, across the group, positions operating in 5X8 (437 in total) represent 49.9% of all positions in shift-work teams, up from 44.3% in 2020, and 45.7% in 2021.

The SPHERE group's response to combating Covid-19 has largely contributed to establishing a climate of trust among the group's employees. The particular focus on safety training has also played an important role, both through basic training initiatives (first aid, movement and postures, fire and evacuation, etc.) and via regular recycling actions (according to the official definition). The arduous nature of some tasks has led a number of subsidiaries to launch investment projects aimed at preventing occupational illness and maintaining production. In 2021, we implemented manual handling or task reduction practices that continued in 2022, for example:

- Creating new storage areas, making traffic areas safer and preventing noise at Jet'Sac.
- Commissioning a palletiser at PTL.
- Continued commissioning of scissor lifts and crate lifts, which can be adapted to the size of the operators, at J&M Plast.

- Commissioning of the Pedrola plant in Spain, introducing new standards in terms of working conditions and quality of life at work.

The number of hours of safety training, after having fallen significantly in 2021 compared to 2020 (6,307 hours and 7,400 hours respectively), experienced less of a decrease: -6,166 hours 2022 vs. 2021 (i.e. approximately -2.2%).

As previously noted, the number of people trained in safety has again increased by around 6.1% year over year, without any increase in safety training budgets (down by around €48k year over year, bringing the expenditure close to that of 2020). These two contradictory trends can be explained by the significant increase in training micromodules, which have a low budgetary cost but cover a large sample of the population.

Finally, as an indirect consequence of the pandemic, some of the group's subsidiaries introduced remote working practices in 2022, firstly as a trial, then in a more organised manner, where business activity allowed. Although difficult to measure, an appropriate remote working policy seems to improve health and quality of life at work.

Monitoring absenteeism indicators

Absenteeism indicators are constantly monitored by SPHERE Group companies. These indicators are multi-factorial by nature. They are regularly cross-referenced with data relating to workplace accidents, occupational illness and work organisation methods, as well as changes in the average age of employees.

The significant drop in overall absenteeism was an important element of the group's social performance in 2021, with a lower rate (6.12%) than that achieved in 2020, i.e. 7.07% and even lower than in 2019, i.e. before the outbreak of the Covid-19 pandemic (6.66%).

The overall absenteeism rate of 6.74% in 2022 (short- and long-term sick leave and leave due to workplace or commuting accidents) does not fully back up this improvement, almost returning to 2019 figures.

To offer more detail, this year-over-year decline is attributable to the French subsidiaries (overall absenteeism rate of 8.20% in 2022 compared with 6.98% a year earlier). Two subsidiaries had a particularly strong impact on this trend: PTL at 11.53% and Schweitzer at 10.26%.

The subsidiaries outside France, with an overall rate of 4.96%, have benefited from the performances of SPHERE Spain (3.76%) and Alfaplas/Sarpak (3.34%) in particular.

Ongoing research to tailor SPHERE’s human resources to the needs arising from its business model

SPHERE’s ambition is for both organic and external growth in its activities and the group’s markets. This requires human resources that are suited to the continuity and development of industrial and commercial needs arising from its business model.

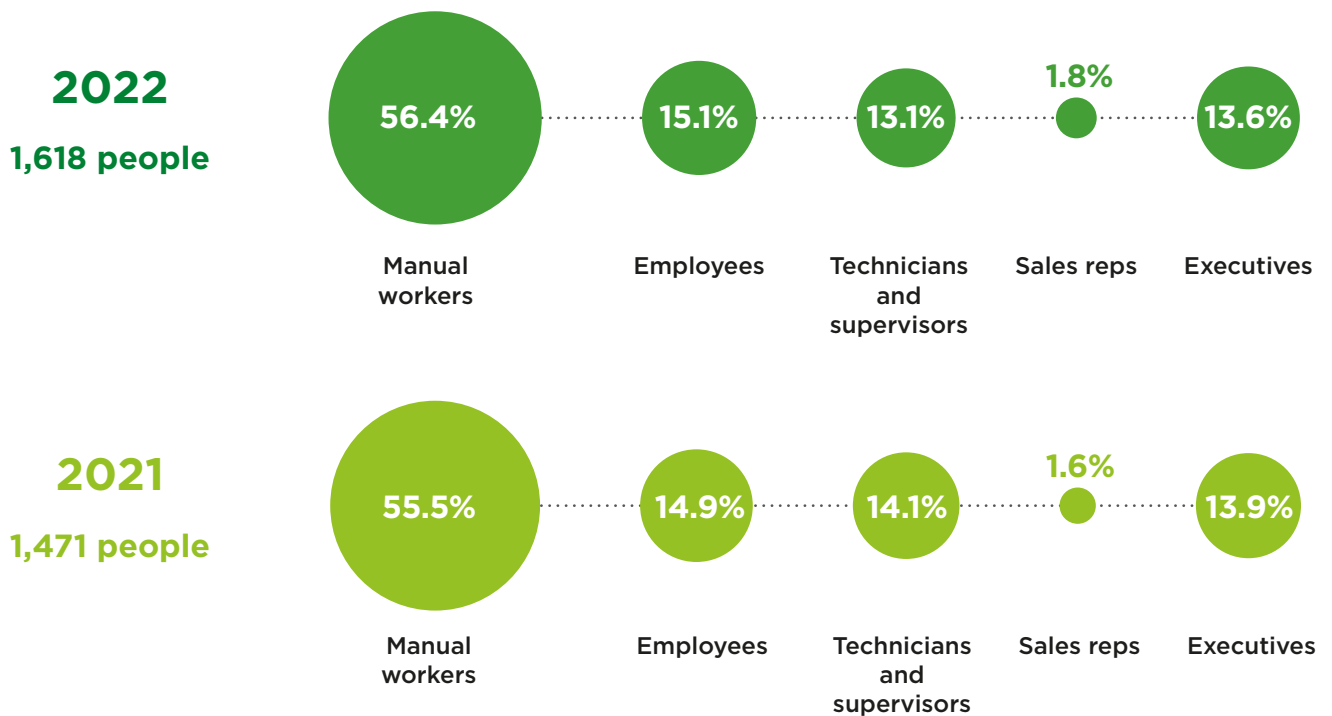
In practical terms, this involves increasing staff qualifications, looking ahead to changes in the age structure, and increasing the group’s attractiveness.

In addition to these actions, SPHERE builds on the qualifications required to renew its talent pool and expand its skills by developing pre-recruitment-style initiatives: apprenticeships, as part of ongoing development within the group; school internships; and even further upstream, by targeting the apprenticeship tax budgets paid to high schools, universities and higher education institutions. These approaches are becoming increasingly important given the significant tension in the labour market in the 2nd half of 2021, which has increased throughout 2022, impacting the implementation of certain development projects in the process.

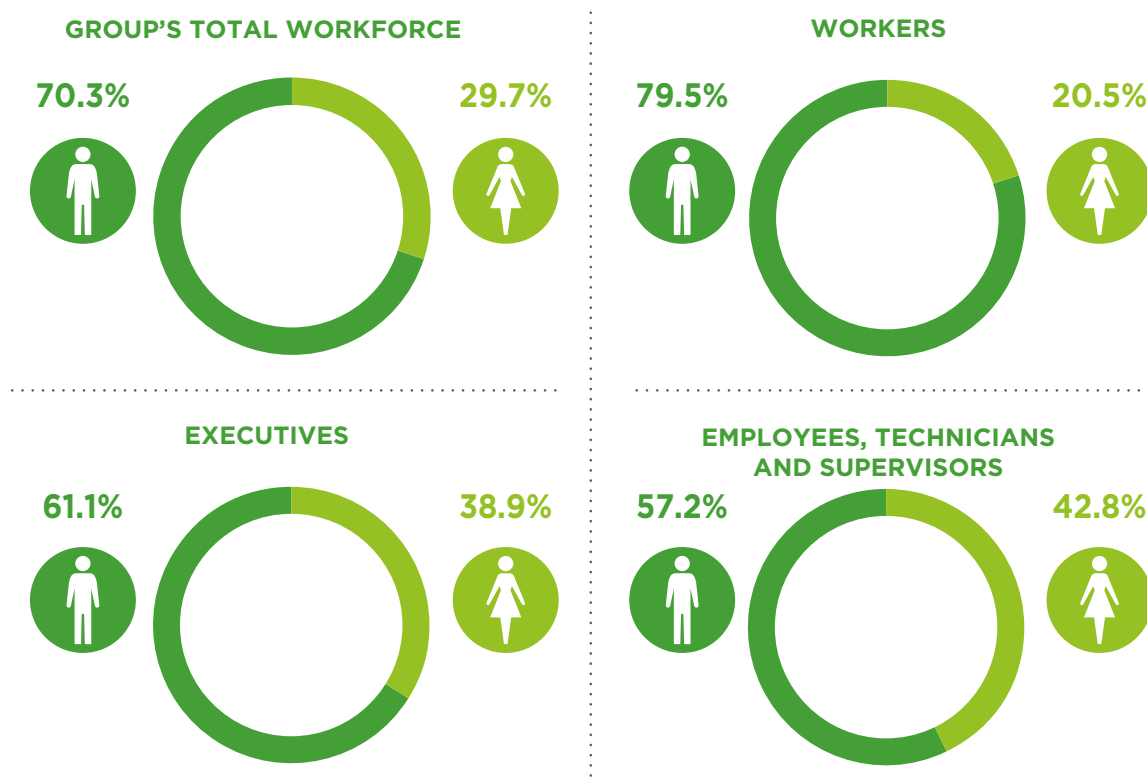
As of the 31st of December 2022, the SPHERE group employs 1,618 people (1,577 on average in 2022), more than half of whom are manual workers (56.4% of the total). 921 people are employed in France and 697 outside France, i.e. a distribution of 56.9%/43.1%, reflecting the continued gradual trend towards a rebalancing of the workforce between France and the other countries in which the group operates, with a notable increase in Spain and the inclusion of Sarpak in the reporting period of the 2022 DPEF.

One year previously, on the 31st of December 2021, the group’s total workforce came to 1,471, of which 892 were employed in France and 579 abroad, and the average workforce in 2021 was 1,481 people.

Breakdown of workforce by category as of the 31/12/2022



Breakdown of women in the group workforce



To respond to the need to increase skills within SPHERE, all training actions add up to a total of 14,226 hours, up by around 4.6% compared to 2021 and 11.5% compared to 2020, with a total cost close to €419K, up by around 3.7% compared to the previous year. The overall number of training hours is therefore increasing faster than training expenditure, illustrating the increasing share of training micromodules that have a lower budgetary impact.

After the sharp increase in training expenditure from 2020 to 2021 (+41% in value) which was simply explained by the return to the level of pre-Covid spending,

2022 therefore marks a stabilisation in the level of expenditure.

Aside from hours dedicated to safety training, the number of people trained continued to increase, from 523 people in 2020 to 646 in 2021, reaching 932 people in 2022, i.e., an increase of 23.5% in 2021 and 78.2% in 2022, based on 2020 as a reference year.

As part of the overall training efforts of the SPHERE Group, non-safety training now accounts for nearly 4/5 of the costs, up from just over 60% in the two previous years. There are a combination of factors to explain this trend. For example, taking into account the

ageing population and the need to prepare for the renewal of the workforce, in particular by maintaining and developing business expertise (e.g. J&M Plast and Schweitzer for extrusion), the desire to improve managerial practices (e.g. SPHERE France and Biotec), and supporting a change of site (SPHERE Spain), etc.

Of course, as noted page 8, "Impact of business on SPHERE employees' health and workplace safety", safety training remains a key priority of the group's action due to the significance of its industrial activities.

Broken down to the average employee each year, the average number of training hours was 9.02 per person in 2022, 9.18 per person in 2021, and 8.64 in 2020.

Lastly, the group is developing a dynamic approach to increasing its attractiveness through its compensation and social security policies. Where appropriate, it is prepared to use legal incentive schemes likely to benefit a large proportion of its employees. The SPHERE group thus took up the option offered by the Orders published under France's 2020 Health Emergency Act to award bonuses in almost all French subsidiaries to encourage work during the first wave of lockdowns (the so-called "Macron II" bonuses). In 2022, after updating the scheme, now in its "Macron III" version, bonuses were once again awarded to the lowest pay brackets in the French subsidiaries.

Moreover, in 2020 the SPHERE group consolidated all its French

subsidiaries under the same health and life insurance provider. Since 2021, this has proven to be beneficial by limiting rate increases, thanks to the increased bargaining power resulting from the consolidation. This consolidation continued to have an impact in 2022, even though inflationary pressures and the significant revaluation of the basis for calculating contributions required some tariffs to be revised.

In total, the group's payroll was €101.6 million as of 31st of December 2022, with additional temporary work costs amounting to €12.1 million, i.e. an overall total of €113.7 million, excluding profit-sharing and incentive bonuses, up €7.8 million (+7.4%) compared with the previous year.

This is mainly due to the change in the total average workforce from 1,481 people in 2021 to 1,577 in 2022 (+6.5%) combined with the initial effects of inflation on general increases.

Tackling discrimination, promoting diversity, and measures to support people with disabilities

The implementation in 2011 of SPHERE's Code of Ethics and Conduct embodies the group's commitment to combating discrimination, promoting diversity and integrating workers with disabilities.

Women play an active role in the group's management, as indicated above: 38.9% of women in management positions compared to 29.7% of women across the entire company population. Year on year, these rates are very consistent.

The group employs 45 full-time equivalent workers with disabilities, and spends nearly €30K to support their day-to-day integration.

POLICIES, ACTION PLANS AND RESULTS LINKED TO PRIORITY ENVIRONMENTAL RISKS

The detailed life cycle analysis carried out by PricewaterhouseCoopers-Ecobilan for the SPHERE Group revealed that the steps with the greatest environmental impact over the entire life cycle of a refuse bag – from the production of its raw material to the bag's end of life – are the following:

- production of raw materials, which accounts for approximately 60-80% of the impact;
- the bag's end of life, which ac-

counts for about 10-30% of the impact.

SPHERE has been working on this issue for more than 25 years by applying the following eco-design principles:

- reducing the amount of material employed for the same use function (in particular by reducing thickness);
- choosing the material with the lowest environmental impact

over the product's entire life cycle, in particular by replacing fossil-based virgin polyethylene with:

- recycled polyethylene,
- plant-based polyethylene,
- biobased and compostable material.

A proactive policy that is fully in line with the

principles of the circular economy

For many years, the SPHERE group has been taking a proactive approach to reducing the use of non-renewable materials. This involves reducing the thickness of bags, using recycled materials, and promoting biobased and/or compostable materials to manufacture bags in particular.

Since 1983, this has resulted in a 30% reduction in bag thickness by using new generations of polyethylene. The group is also behind France's NF Environment certification and is involved in reviewing this label that ensures influential factors are taken into account throughout the life cycle of rubbish bags.

The group has made substantial recycling investments, for waste plastics from its own production or plastic sourced externally. These efforts and investments continue to increase the use of recycled products in extruded material mixtures, thus reducing the use of virgin materials. For more than five years, the extruded tonnage of fossil-based virgin materials has been less each year than that of recycled materials.

The group's environmental protection policy is based on innovative solutions. Research efforts are focused on developing biobased and compostable materials from renewable plant-based materials. The group's strong growth in the production of these materials continued in 2022, particularly with biobased fruit and vegetable bags that are compostable at home and compliant with

the requirements of France's Energy Transition for Green Growth Act, and which can be used to collect food waste and green waste for industrial or domestic organic recycling.

As part of the French and European circular economy principles, the group continues to integrate end-of-life concerns for the products it manufactures so as not to disrupt the recycling sector and the industrial or domestic composting sector.

SPHERE monitors its electricity consumption - its main energy source - with a view to reducing it.

Furthermore, this year, SPHERE has also begun monitoring the greenhouse gas emissions of all the energies used in its added value (scope 1 and 2), via a new indicator described in "Resource management: waste, raw materials, energy and land". A carbon strategy based on the first carbon footprint calculation (scope 1, 2 and 3) for the entire group was initiated in 2022. The goal is for the group to achieve carbon neutrality by 2050.

2022 also marks an acceleration in the SPHERE group's ambition in terms of social and environmental responsibility (CSR) with the launch of two major projects:

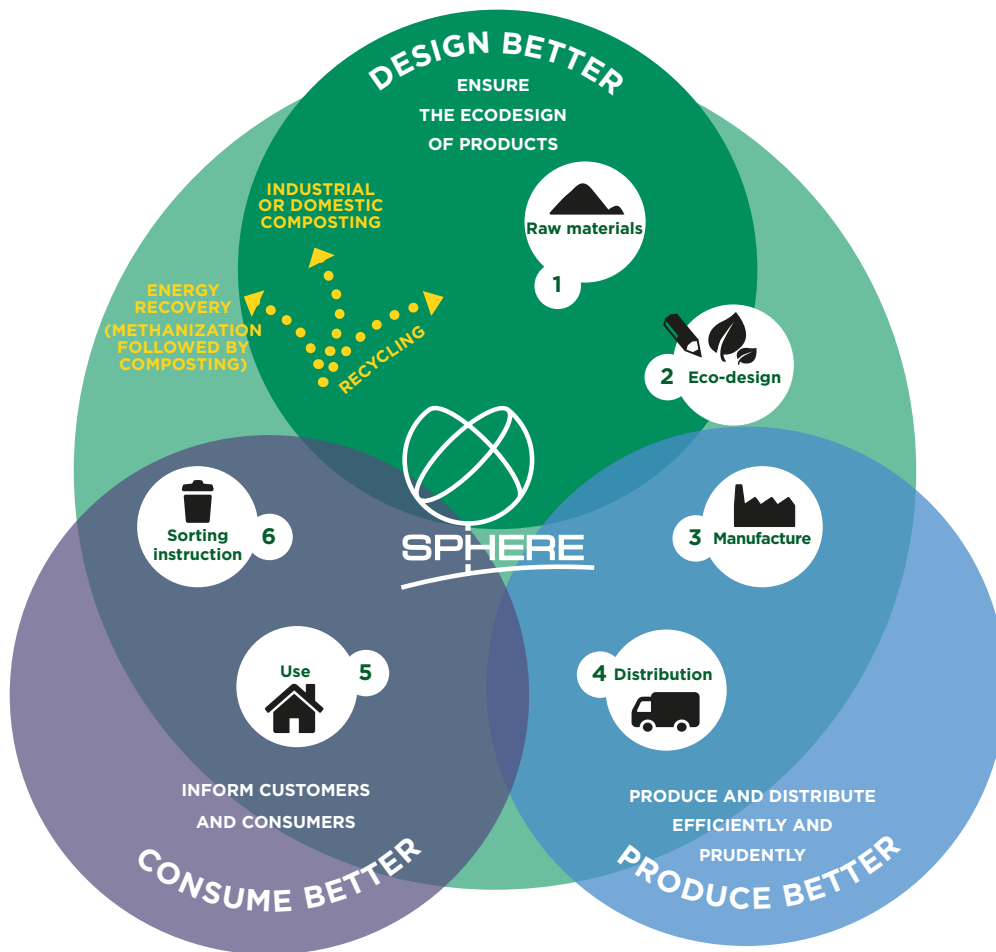
- defining the group's mission;
- developing a CSR strategy for the group.

Assessment or certification procedures as part of the environment policy

The environment-centred approach aims to systematically take into account, assess and reduce the impact of the company's activities on the environment. The SPHERE group has thus committed to two environmental management approaches:

- **the site approach:** internal on-site management tool based on continuous improvement. As of 31st of December 2022, seven of the group's fifteen production sites (47%) were ISO 14001 certified (and also ISO 9001 certified). This figure was only 28.5% on the 31st of December 2019, and 50% on the 31st of December 2021. The decrease was due to the technical loss of certification by one production site. It is expected to be obtained again in 2023 following a procedure update. Other sites are expected to pursue certification. The percentage of ISO 14001-certified production sites is one of the indicators that SPHERE monitors.
- **the product approach:** systematically integrating environmental aspects at the product design and development stages, with the aim of reducing negative environmental impacts for the duration of the products' life cycle.

Virtuous circle of the circular economy



Resource management: waste, raw materials, energy and land

Managing internally reusable waste

Almost all plastic waste is recycled and reintegrated into production.

The majority of production sites are equipped with a recycling unit. They also participate in the recovery of external plastic waste, which will also be integrated into materials earmarked to produce rubbish bags.

Once emptied of their contents, the bags sold by SPHERE for sorting and collecting waste are gathered for recycling and recovery.

The group also uses large quantities of recycled plastic pellets purchased outside the group.

Overall, recycled plastic (either sourced internally or externally) accounts for more than half of the plastic used by the group in production. Approximately 75% of the recycled plastic used is from external sources.

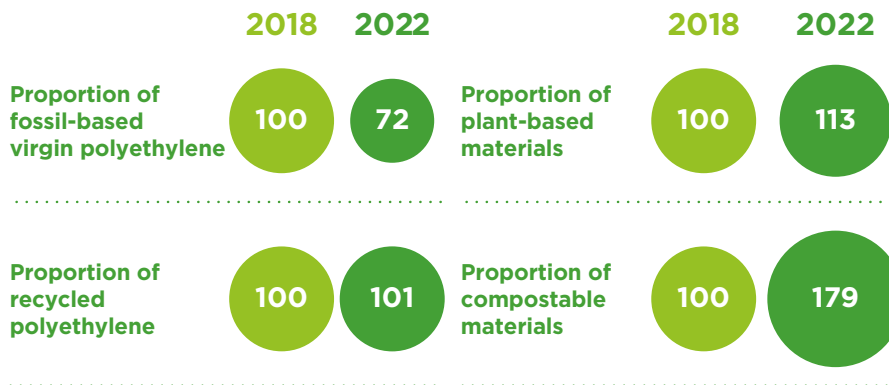
Use of raw materials and measures taken to use them more efficiently

As indicated above, raw materials have the highest environmental impact over the complete life cycle of the main products distributed by SPHERE (plastic bags).

SPHERE has therefore decided to keep a close eye on changes to the mix of raw materials used in the production of biobased and compostable plastic products, by distinguishing in particular:

- virgin polyethylene and recycled polyethylene;
- fossil-based and plant-based;
- compostable and non-compostable material.

Out of a total of 100% of the plant-based and fossil-based materials used the following changes have been recorded, taking the 2018 percentage as a baseline (= 100):



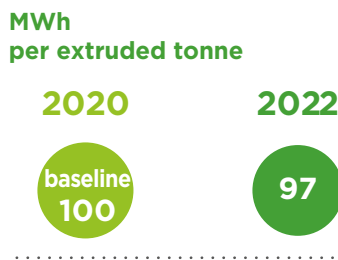
For example, the proportion of compostable materials increased in 2022 by 79% compared to 2018 (see methodology note for details about the calculation method and the reason for using 2018 as the reference year). This sharp increase (+79%) reflects the group’s desire to contribute to the entire biowaste recovery chain, whether this is kitchen food waste or green garden waste.

Similarly, the sharp fall (-27.5%) in the proportion of fossil-based virgin polyethylene reflects the group’s aim of ultimately eliminating this raw material.

Energy consumption, measures taken to improve energy efficiency, and the use of renewable energies

SPHERE aims to reduce its electricity consumption per tonne manufactured and to contribute to developing electricity from renewable sources via its purchases.

Electricity consumption per extruded tonne decreased by 3% in 2022, after increasing by 1% in 2021 compared to 2020:



This was calculated by dividing the MWh consumed by all the factories using extrusion by the total number of tonnes extruded by these same factories.

The proportion of electricity from renewable sources with a specific contractual commitment with the supplier fell by 16% in 2022 compared to 2020. This is due to the difficulties caused by the electricity crisis, which affected some producers and forced a subsidiary to change its electricity supply. It should be noted that in 2022, the electricity situation was complicated for several subsidiaries located outside France.

Proportion of contractual renewable electricity*



Land use

Recycled and virgin plant-based plastic materials account for approximately 20% of the plastic materials used by SPHERE. Furthermore, as indicated by the European Bioplastics association, the global production capacity of all plant-based plastics uses less than 0.02% of global agricultural land.

SPHERE is nevertheless vigilant about ensuring the sustainable management of plant resources. This report will address this point responsibly, and in more detail, when the volume of these materials is greater.

* See methodology note for details on the calculation method.

Climate change

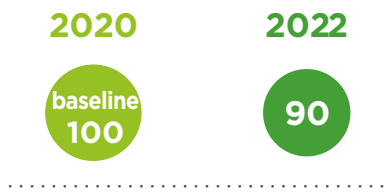
Climate change caused by greenhouse gas emissions is a fundamental problem that SPHERE has been tackling for several decades.

Despite the various life cycle analyses available, SPHERE does not currently have a simple, representative and reliable indicator to monitor its overall CO₂ impact (including its raw materials), both in its factories and per unit of use (e.g. per bag produced). The group is working on this, but uncertainties about the CO₂ impact of each of the components used are an impediment to obtaining a reliable indicator.

Nevertheless, since the publication of the 2019 DPEF, a renewable electricity indicator has been implemented, as electricity represents the majority of energy used in SPHERE's factories.

Since the 2020 DPEF, SPHERE has implemented CO₂ emissions monitoring linked to its two main sources of energy: electricity and gas. This year, the total fuel consumption of the group's vehicles (owned, leased, or where mileage expenses were reimbursed) was added. The indicator remains the same: tonnes of CO₂ emitted per million euros of turnover.

Tonnes of CO₂ per million euros of turnover*



This spectacular fall in the index is linked to an increase in turnover as well as a significant fall in gas consumption observed in several subsidiaries (mainly SPHERE NL and Comset).

OTHER SOCIETAL INFORMATION

SPHERE seeks to respect the legislative and regulatory environment governing its business while promoting its values.

Ethics, values, and legal and regulatory compliance

The SPHERE Group aims to comply strictly with its legal and regulatory obligations, in both letter and spirit.

To this end, the group introduced a Code of Ethics in 2011 that is systematically communicated to group employees, and its implementation is bolstered by its inclusion in the subsidiaries' internal regulations. Non-compliance with the Code of Ethics can result in the issue being raised with the group contact person.

The Code of Ethics is published on the SPHERE website. It is frequently viewed by job applicants as an important aspect of the group's attractiveness, in the same way as its commitment to sustainable development. Following a review, a new edition of the Code of Ethics was published in 2016 and distributed to all group subsidiaries.

Since 2017, a system to prevent the risk of corruption and influence peddling has been adopted by the board of directors pursuant to France's so-called "Sapin II Law". This system led to all corruption and influence peddling risks related to the business being identified and delineated. Prevention processes and an alert system based on a network of local contacts were subsequently implemented.

A letter and the system's key documents were also sent to our customers and suppliers, allowing them to share and understand our anti-corruption system.

The system is based on a group organisation and an alert network. The main parties involved are the group contract person and company-specific contact persons, whose role is to collect and process the alerts. Training initiatives are being introduced to raise awareness among an increasingly large number of employees within each group subsidiary.

Each year, an annual review is presented to the board of directors, as well as the action plan for the upcoming year.

* See methodology note for details on the calculation method.

This procedure has confirmed that “ethical” risk is not one of the main risks for SPHERE. Following the work initiated in 2021, work is under way to evaluate and update the corruption and influence-peddling risk mapping and the anti-corruption system as a whole. This topic will be an integral part of the CSR strategy that is currently being finalised.

Actions to meet the company’s basic needs

Following the devastating fires in the summer of 2022, in France as well as in Southern Europe, SPHERE has joined forces with the French National Forestry Office (ONF), in partnership with INTERMAS, a customer of the group and manufacturer of garden products, to work on the development of protective sleeves for young trees. Since forest replanting will involve billions of trees, which is a necessary step towards achieving carbon neutrality, it therefore seems important to offer a resistant but compostable product, in order to prevent the continuation of the current practice of abandoning plastic sleeves in the forest once the tree has grown, generating significant pollution of the new plantations.

Actions to combat food waste

The SPHERE group does not work with food products, and therefore does not generate food waste.

In addition, the group has developed expertise in the food-grade products sector. Its subsidiary SPHERE France, which has a cleanroom, supplies products such as food films, aluminium trays and rolls, and baking paper to supermarkets throughout Europe. All these products allow consumers to protect, store and freeze food, and in some instances assist with cooking.

The group’s national brands – Alfacapac, Frio, Vita and Propsac – are genuine idea labs, developing innovative and eco-friendly products that optimise shelf-life and reduce food waste.

The introduction of a print and digital communication policy aimed at the general public seeks to educate people about the proper use of products through advertisements, partnerships with women’s magazines and the food press, and videos of recipes and chefs’ tips. A similar operation was finalised in 2022 for roll out in 2023 on the issue of sorting household waste.

Partnership or sponsorship initiatives

Sponsorship is a chance for a company to express its identity and values and to convey its social and cultural responsibility.

Since it was founded, the SPHERE group has supported various charitable initiatives (e.g. ventilators for the Saint-Vincent-de-Paul hospital) and humanitarian action.

In 2004, the group created the SPHERE Corporate Foundation (Fondation d’Entreprise SPHERE), which is involved in the fields of musical art and humanitarian work.

In the past, the Foundation funded a school project in a South African township near Cape Town for orphaned children. It also supported the Dominique Lapierre Foundation in Kolkata, which helps and educates children suffering from leprosy.

In 2017, it supported the Global Heart Watch charity in the fight against cardiac arrest.

In terms of the musical arts, the SPHERE Foundation has sought to support and revive forgotten works, in particular in Martinique.

In 2012, for example, it was behind the revival of the quartets and sonatas of Chevalier de Saint-George, as well as Tree-monisha, the first ragtime opera by Scott Joplin that had only been performed once since it was composed. In 2015, it staged L’Amant Anonyme (“The Anonymous Lover”) in Martinique, the only complete opera by Chevalier de Saint-George. In 2019, the SPHERE Foundation paid tribute to the entire international career of soprano Christiane Eda-Pierre in Martinique.

The artistic schedule of the SPHERE Corporate Foundation resumed in 2022, after being halted for a period due to the Covid crisis. The Foundation has held several events in Martinique, including a sponsored exhibition of the great composers and great classical voices of the Caribbean. It organised a large concert at the Saint-Louis Cathedral in Fort-de-France, called “De la rue Case-Nègres aux palais princiers, which translates as “From Rue Case-Nègres to the Princely Palaces.” It is a tribute to Marian Anderson, the greatest contralto of the 20th century and the first African-American to perform at the Metropolitan Opera.

The Foundation also supported the 21st edition of the Turbie music festival organised by Ars Viva. The Foundation also supported the Institut Louis Germain in its project to develop excellent boarding schools in the Ile de France region.

The SPHERE Corporate Foundation ensures the long-term sustainability of these actions via its grants and its heavy, sustainable involvement in projects that support work by non-profit and non-governmental organisations.

Aside from the Foundation, SPHERE also supports projects that provide university access for underprivileged children. For the past two years, it has offered support to the European Catholic Institute of the Americas to assist Martinican students.

Considering suppliers' and subcontractors' social and environmental responsibility

Our strategic suppliers meet the requirements of BRC/BSCI standards and are audited by third-party organisations. Other suppliers comply with their national regulations. These are inspected and/or audited on a regular basis to ensure that they comply with our requests. Since 2020, our quality control procedure has been adapted to new materials for finished products purchased by the group.

Fair practices: measures taken to promote consumer health and safety

From the design stage, the group strives to apply clear labelling to products and packaging that mentions the correct use of the product, its restrictions, its composition and its environmental benefits.

Information on actions to promote physical and sporting activities

Some group companies with a Social and Economic Committee encourage members to allocate, as part of their annual budget for social and cultural activities, a capped contribution to employee's expenses either to practice their sport directly or for memberships to sports clubs or gyms. Thus, for SPHERE France, in 2022, these expenses amounted to close to €21,500.

In order to encourage people to not use their cars, companies based at the Paris head office have set up parking spaces for bicycles in the building's underground car park.



METHODOLOGY NOTES

Scope

This DPEF covers all companies over which the SPHERE group had exclusive control during the twelve months of 2022.

As for the financial data, the period under review is the 2022 calendar year.

Risk analysis

The initial analysis of social, societal and environmental risks for 2018 and 2019 was mainly carried out by the HR and sustainable development departments, along with general management and certain subsidiary managers. For the 2020 DPEF, a production site director, a central department director and a subsidiary HR director all contributed to the full risk analysis review.

For this 2022 DPEF, the initial analysis of social, societal and environmental risks was carried out by the sustainable development director.

A very broad list of potential risks was drawn up. Each risk was then weighted according to the danger that it posed, the probability of it occurring, and the proportion of SPHERE's business potentially affected. An overall score was then calculated. Only the main risks - i.e. those receiving the highest scores - were detailed in this report. The relevant monitoring indicators were selected to track the changes in these risks. The detailed risk review conducted for this 2022 DPEF did not result in any changes to the list of main risks that justified monitoring in the DPEF.

Social indicators

The social indicators used in the social section of the document are composed as follows:

- **Workforce:** work-study employees are included, both for professional development and apprenticeship contracts. Interns and temporary workers are not included in the workforce. Furthermore, it is specified that in an Italian company, according to the site's historical practice, non-permanent contracts via an external service provider are treated as temporary contracts in this DPEF.
- **Total theoretical number of hours worked:** for each subsidiary, this indicator is calculated as the sum of individual theoretical annual hours plus overtime and additional hours, as well as absences of any kind and leave (paid leave, long-service leave, split holiday periods, compensatory rest, family events, unpaid leave).
- **Total number of hours actually worked:** this indicator is calculated based on the theoretical number of hours worked with all leave deducted, regardless of type (paid leave, long-service leave, split holiday periods, unpaid leave, compensatory rest, etc.), as well as all types of paid and unpaid absences.
- **Accident frequency rate:** this is calculated by multiplying the number of workplace and commuting accidents with lost time injury during the year by one million, then dividing the result by the total number of hours actually worked.

- **Accident severity rate:** this is calculated by multiplying the number of calendar days lost due to work and commuting accidents by one thousand, then dividing the result by the total number of hours actually worked.
- **Absenteeism rate:** this is calculated by dividing the number of hours lost due to occupational illness and workplace or commuting accidents by the total theoretical number of hours worked.
- **Payroll:** this is defined as the sum of total gross compensation and associated employer contributions.
- **Training hours:** these relate to all training actions implemented in the group's companies, including those relating to health, safety and working conditions. Actions relating to work-study contracts - apprenticeship and professional development- are not included. However, e-learning courses and courses lasting less than two hours are now taken into account.
- **Training costs:** these include the teaching costs and travel expenses incurred, excluding trainees' salaries.

As a reminder, unless explicitly stated otherwise, the workforce is calculated based on personnel present as of the 31st of December 2022.

Environmental indicators

The main environmental indicators relate to the use of the main materials used by the group, namely the following different raw plastic materials: fossil-based virgin polyethylene, recycled polyethylene (from internal re-granulation of the group's production waste, or purchased externally in the form of pellets), plant-based materials and compostable materials.

For each of these materials, the indicator is based on the ratios calculated for each year separately, as follows:

- total tonnes of the material actually used by extrusion at each of the group's factories in 2018 and 2022 for the production of plastic products (bags or pellets sold outside the group);
- the total is divided by the total tonnage of plant-based and fossil-based plastics used for the same scope and over the same period.

The indicator is then calculated as: 2022 ratio / 2018 ratio.

For example, if a material represents 33% of the total in 2022 compared to 30% in 2018, its indicator will increase from 100 in 2018 to 110 in 2022, showing its relative growth. The years 2022 and 2018 were chosen to clearly show the impact of company acquisitions in the group's environmental strategy.

The ratio system was chosen to preserve the confidentiality of formulations, which is an important aspect remaining competitive in the plastics industry.

The indicator for the proportion of purchased electricity that is contractually renewable only counts the share of electricity that is contractually guaranteed as being "renewable" by the supplier. The proportion of electricity that is renewable but for which there are no contractual obligations on behalf the electricity supplier is excluded.

The CO2 emissions indicator linked to SPHERE's activity takes into account the CO2 emissions of the three main energies consumed by all the group's companies, regardless of their activity:

- electricity (except for three sales offices which have negligible electricity consumption (heating and lights) at group level);
- gas;
- and since the 2021 DPEF (with retroactive inclusion in the 2020 figures), the fuel consumption for the group's vehicles (owned, leased, or where mileage costs are reimbursed to the user).

Emission factors were taken on the following bases:

- Electricity: the French Environment and Energy Management Agency (ADEME) database specific to each country.
- Gas: natural gas, propane and LPG emission factors in France, applied to all countries.

- Fuel: by fuel type, number of litres actually used, or as estimated by dividing euros spent by the average value of the fuel over the year, converted into the kg of CO2 equivalent.

In coming years, the plan is to supplement this process by defining the emission factors of the different gases used by country.

Outlook

This 2022 DPEF follows the practice established with the first DPEF carried out in 2018, it goes beyond SPHERE's strictly regulatory obligations. The roll-out of the CSR strategy, planned for 2023, and the new CSRD Directive adopted at the end of 2022 will give the group the opportunity to significantly change the form and content of the DPEF in the coming years.

Topics not addressed

The following topics have not been addressed:

- those not relevant to the SPHERE Group's activities: animal welfare; food insecurity; fair, sustainable and responsible food;
- collective agreements, as these are managed within each individual company and are not monitored centrally. This topic, while important, does not represent a major risk for the group and does not justify any particular monitoring indicator.

March 2023

The SPHERE Group's 2022 Extra-Financial Performance Statement has been verified by the independent third party KPMG, which issued its report on 3 May 2023.

“ Together, we’re innovating to bring about the lasting transformation of our business know-how and offer useful and ever more eco-friendly packaging solutions. ”



Head Office:
3, rue Scheffer 75116 Paris - France
Public limited company with a capital of €7,510,000
RCS Paris B 306 591 249
www.sphere.eu