

Coface is aware of its responsibility and has made a commitment to corporate, environmental and societal issues for several years now. In 2003, it joined the United Nations Global Compact, which meant supporting in its sphere of influence the 10 principles of the Compact on human rights, international labour standards and the fight against corruption. Coface's Human Resources (HR) policy is a reflection of its economic and corporate plan. It accompanies and accelerates the Coface Group's strategic transformations, while ensuring the development and commitment of its employees. The activity of Coface, a service sector company, has a limited impact on the environment. Nonetheless, Coface is staunchly committed to environmental protection and to sustainable development issues.

Carrying these principles even further, in July 2015, Coface's general management created the function of Group Corporate Social Responsibility (CSR) manager, which is handled by the Corporate Secretary in order to ensure the monitoring of actions undertaken and those to be undertaken in this field by all Coface entities worldwide. Lastly, in 2015, Coface drew up a medium-term company-wide CSR plan under which it specifies the Group's corporate, environmental and societal values and makes a number of corresponding commitments to be implemented within the next three years.

## 6.1 Reporting standards and methods

The corporate, environmental and societal report was established to meet the obligations of Article 225 of the Grenelle II law of July 10, 2010 and its application decree No. 2012-557.

### ◆ General organisation of the reporting

The information presented in this document was produced internally on the basis of information provided by the heads of each area concerned. The social information and indicators were supplied by the Human Resources Departments of the entities in the reporting scope and by the person in charge of Personnel Reporting, and was coordinated by the Group Human Resources (HR) Department. The environmental information comes from the departments in charge of facilities management in the reporting scope. The societal information was supplied by the Compliance Department and information on the socially responsible investment policy was supplied by the Group Investment, Financing and Treasury Department. These three latter categories of information were coordinated by the Group Legal, Compliance and Facilities Management Department.

### ◆ Reporting period

Unless stated otherwise, all figures refer to financial year 2016, corresponding to calendar year 2016. Comparable data, on a like-for-like basis, is sometimes presented for previous years for the purposes of comparison.

### ◆ Reporting scope

The information presented in this Document was produced for the first time for financial year 2014 and the figures contained therein concerned the French scope, except for the Group's workforce, with an illustration of the policies, processes, tools, initiatives and actions at Group level. The French scope concerns (i) COFACE SA and (ii) its subsidiary,

Compagnie française d'assurance pour le commerce extérieur (iii) excluding its second subsidiary, Coface Re, which is not registered in France and has a total workforce of seven employees based in Switzerland.

Since 2014, the Group has extended its reporting scope during each new reporting year and plans to continue this extension gradually. To this end, for financial year 2015, the reporting scope was extended beyond France to include Germany. The German scope concerns the three German companies Coface Finanz GmbH, Coface Rating GmbH and Coface Debitorenmanagement GmbH as well as the German branch of Compagnie française d'assurance pour le commerce extérieur. For financial year 2016, Italy has been included in the reporting scope. Italy includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur and a service company devoted to debt collection operations, Coface Italia SRL.

At December 31, 2014, the French scope represented 24% of the Group's workforce and 20% of its revenue. At December 31, 2015, the reporting scope corresponded to 40% of the Group's workforce and 36.3% of revenue. With the inclusion of Italy, at December 31, 2016, the reporting scope corresponded to 43% of the Group's workforce and 48.4% of its revenue.

### ◆ Methodological details on the information communicated

#### Social

- The social indicators, excluding the Group's workforce, concern the French, German and Italian scope in 2016. However, as mentioned above, the description of policies, processes and HR tools are defined at Group level.
- All figures concerning the workforce, seniority, age and diversity were obtained from Group HRD reporting, an online internal tool.

- The workforce figures provided relate to employees as at December 31, 2016 on open-ended or fixed-term contracts, excluding interns, work-study placements, temporary workers, and sub-contractors.
- Employees leaving the Group are accounted during the financial year, whatever the reason for leaving, with respect to people on permanent contracts: resignation, dismissal, termination by mutual agreement, end of probation period, retirement, or death.
- Workplace accidents and data on disabilities are reported in accordance with local regulations.
- Training in France, Germany and Italy includes in-house and external training. The figures show the number of interns benefiting from training in 2016. The reported period for one training day corresponds to the legal working hours in each country concerned. E-learning language programmes are included in the training reporting. E-learning training programmes as well as training courses lasting less than one day are not yet included for Germany.

## Environment

- The indicator figures are for:
  - France, and include the Coface head office and regional departments in France,
  - Germany, composed of eleven sites, the main office being located in Mainz, and the others in Hamburg,

Berlin, Hanover, Nuremberg, Düsseldorf, Bielefeld, Frankfurt, Köln, Karlsruhe, Stuttgart and Munich,

- Italy, composed of two sites, the main office being located in Milan and the other in Rome.

The energy consumption scope includes the buildings open for the full year and not those opened or closed during the year.

- The greenhouse gas emissions have been calculated:
  - for energy consumption based, on emission factors reported by local suppliers – primarily for electricity – or the emission factors available in the French agency for sustainable development Base carbone® database;
  - for transport based, on emission factors reported by suppliers.
- Paper consumption includes the paper bought for the printers and the internal reprography service (mainly paper certified PEFC, FSC and FSCMX). It does not include external communication actions or envelopes or other paper types.
- Water consumption corresponds to the consumption of the Bois-Colombes head office (France), and the offices in Mainz (Germany) and Milan (Italy), as these three sites are the main buildings in the reporting scope; data on the other buildings are included in rental charges and are therefore not available. If the data for December are not available, the data are reported year on year from November N-1 to November N.

## 6.2 Social information

### 6.2.1 POLICY ON HUMAN RESOURCES AND PERFORMANCE DEVELOPMENT

Each year, the Group HR function reviews and shares with its contacts in the Coface regions and countries all its governance principles; these are presented together with the overall HR strategy. The goal is to adopt a common vision of the organisation of the function, its challenges and the application of its policies, in particular people reviews, succession plans in the compensation policy and HR assistance for business lines development.

#### ◆ 6.2.1.1 General presentation of staff

In 2012, the Group built an HR reporting tool, which has been online since December 2013. The database is updated in real time, and receives a steady flow of data from local HR managers in the countries where the Company is present. Consolidation of this information occurs on the last business day of the month, which allows monthly trend reports to be produced. This reporting includes the individual data

regarding contract, tool, activity and business, as well as length of service for each legal entity in the Group and information on the command structure between the different positions.

The tool also serves as a strategic planning tool for staff and skills, as it makes it possible to manage recruitment actions and internal mobility within the context of a reference budget. This broader perspective on local needs and the rapid determination of trends through dashboards has enabled HR reporting to gradually become an instrument for managing our effectiveness and talents.

At December 31, 2016, the Group employed 4,282 people based in 63 countries, compared to 4,578 based in 66 countries, at December 31, 2015. Among them, 1,308 were assigned to sales & marketing, 1,595 to support functions, 1,040 to information, disputes and debt collection and 339 to underwriting.

The table below presents the geographic breakdown of the Group's workforce at December 31, 2014, 2015 and 2016:

WORKFORCE	2016	2015	2014	% OF TOTAL 2016
Northern Europe	771	918	941	18%
Western Europe	1,175	1,485	1,501	27%
Central Europe	721	709	709	17%
Mediterranean & Africa	760	564	556	18%
North America	112	117	123	3%
Latin America	366	394	386	9%
Asia-Pacific	377	391	386	9%
<b>TOTAL</b>	<b>4,282</b>	<b>4,578</b>	<b>4,602</b>	<b>100%</b>

In 2016, Coface reorganised its global regions by putting Russia in the scope of the Central Europe region (it was previously part of Northern Europe), Spain and Portugal in

Mediterranean & Africa (previously part of Western Europe), which resulted in changes in the payrolls of the regions concerned.

The table below presents the breakdown of the Group's workforce by activity type at December 31, 2014, 2015 and 2016:

WORKFORCE	2016	2015	2014	% OF TOTAL 2016	CHANGE 2016 VS 2015
Sales & Marketing	1,308	1,567	1,542	30.5%	-16.5%
Support	1,595	1,554	1,583	37.2%	2.6%
Information, disputes, debt collection	1,040	1,124	1,140	24.3%	-7.5%
Underwriting	339	333	337	7.9%	1.8%
<b>TOTAL</b>	<b>4,282</b>	<b>4,578</b>	<b>4,602</b>	<b>100.0%</b>	<b>-6.5%</b>

As part of the *Fit to Win* strategic plan drawn up in 2016, the Group decided to specifically strengthen its human resource capacities on core business functions, such as information and risk management. Accordingly, enhanced information is supposed to receive 25.5 new positions, 19 of which were already filled in 2016. Coface also set up a centralised risk

management support team comprised of senior employees, by creating four positions at head office with the task of providing support to local risk underwriting teams.

In France, Germany and Italy, the total workforce at December 31, 2016 was 1,856 employees and breaks down as follows:

	ITALY		FRANCE		GERMANY	
	2016	2016	2015	2014	2016	2015
Open-ended contracts	99.0%	99.2%	99.6%	99%	99.7%	99.9%
Fixed-term contracts	1.0%	0.8%	0.4%	1%	0.3%	0.1%
Supervising managers	23.6%	18.5%	17.4%	17%	13.3%	12.7%

In 2016, the Company welcomed 80 new hires on permanent contracts in France, Germany and Italy, with 135 departures, including 58 resignations, 37 retirements and 10 dismissals.

#### ◆ 6.2.1.2 Promoting diversity: fostering talent

Due to the nature of its business lines and their geographic coverage, the Group is a multicultural group with an extremely international focus. For the year ended December 31, 2016, more than 75 nationalities were represented in the Group; this diversity is strengthened by the frequent integration of employees from other countries into the teams; to date, 223 employees work outside their country of origin on a daily basis. This essential diversity

guarantees that the Group reflects the diversity of the business communities and clients that it serves. For example, employees based in France have 25 different nationalities.

The male/female balance (54% of women throughout the Group), as with the cultural diversity within the Company and each Coface region, is an asset for the Group, which has for several years taken steps towards promoting the internal mobility and access of its employees to roles of responsibility.

For the year ended December 31, 2016, the gender distribution was 56% of women in France, 52% in Germany and 49% in Italy. Women hold nearly 42% of managerial positions in France, nearly 15% in Germany and 34% in Italy.

2016	ITALY	FRANCE	GERMANY
Women	48.7%	56.0%	52.2%
Female managers – compared to total workforce	34.0%	41.6%	14.9%
Men	51.3%	44.0%	47.8%

At December 31, 2016, female representation within the governance bodies was as follows:

- Board of Directors: six women out of eleven directors or 54.6%;
- Executive Committee/Management Committee: women represent nearly 1/3 of Executive Committee members and 42.9% of the Management Committee.

The Group has been cited several times for its exemplary conduct regarding the promotion of women in the workplace. In 2015, Coface ranked 18<sup>th</sup> in the 2015 ranking of female participation in the 120 companies included in the SBF120 stock market index. This ranking, established by Ethics & Boards, an international observatory of the governance of listed companies, ranks companies based on criteria such as female presence on the Board of Directors, number of women among executive managers and the implementation of proactive policies to promote gender equality. In 2016, Coface's female director in Brazil received an award in the category of "Female Entrepreneur on the Insurance Market" at the Brazilian insurance industry's major event "Premiação Gaiivota de Ouro" in recognition of her credit insurance development work in Brazil and Coface Brazil's achievement in promoting gender equality in a predominantly masculine sector.

In Germany, Coface participated in 2015 in the "Girls' Day – Future Prospects for Girls" event by organising an open day for girls to find out about careers in credit insurance. This day was also an opportunity for these girls to meet influential women and potential role models to inspire them to pursue careers in businesses where they are under-represented.

In Italy, more than 50% of people in management and supervisory positions are women. Coface Italy supports equal treatment for men and women in access to training, positions of responsibility and internal career growth opportunities. Coface Italy has implemented several initiatives including offering flexible working hours, and the possibility of part-time work for women with children to allow them to combine personal life and professional development.

In early 2017, the Group also launched a Women to Win initiative with the goal of galvanising local teams around projects and programmes aimed at strengthening equal development opportunities in the Group between men and women.

Lastly, more emphasis has been placed on talents in the Group since 2016 with the creation of the CEO Growth Awards and the nomination of prize winners every quarter. This CEO award draws attention to the Group's employees and teams who, thanks to their outstanding contribution, manage to win contracts, protect the balance sheet or address customer expectations by embodying the Group's values.

### ◆ 6.2.13 Work organisation

Coface complies with local regulations and agreements regarding the organisation and duration of the working hours of its employees, and it does so in all countries where it is established, either directly or through subsidiaries or branches.

It should be noted that 12.3% of its employees in France, Germany and Italy choose to work part time for personal organisation reasons; furthermore, the Company offers employees the possibility, as part of its work time agreements, of organising their work time according to selected hours. No employee in France, Germany or Italy works according to staggered hours or at night.

In 2016, the absenteeism rate observed was 2.72% in France (compared to 3.3% in 2015), 6.53% in Germany and 5.3% in Italy. In each of the countries within the reporting scope, the absenteeism rate is information that is monitored according to their own calculation methods; therefore, communication of consolidated data for the whole of the reporting scope will be possible after homogenisation of the calculation methods for this rate.

### ◆ 6.2.14 Honing our skills to foster success

In addition to the leadership model, primarily intended for managers, Coface has defined four values, customer orientation, expertise, responsibility & courage, and collaboration built on integrity, which broadly express the fundamentals of its culture to all its employees. This grounding in skills underpins the Coface's ambition of expressing its expectations regarding required behaviour, in order to help its employees grow and become more responsible. Coface has adapted its HR processes, especially the annual performance assessment interview, to make these values key success factors for Coface.

These values have been defined with the assistance of more than 2,300 employees from 66 countries via an online survey. This contribution is the sign of an integrated group, concerned about involving its employees through a collective and participative process. These values are anchored in Coface's day-to-day actions and will thus help to promote cultural transformation which has already begun within the Group. They define the Company's identity and its genetic makeup. A global charter has also been developed to give more substance to these values.

### Training

Training at Coface plays an important role with regard to the combined effect of the specific aspects of credit insurance and the regulatory obligations. It is a major tool for developing employees' technical and behavioural knowledge, which leads the Group to broaden the employability of its teams and integrate new needs expressed by its customers and the economic realities of its markets. Employees are in touch with their environment and are able to support the Group's business in line with strategic requirements and customer expectations. In addition to developing technical skills, more resources have been assigned to training in

skills associated with the Group's values. The goal is to help employees understand how these values translate into behaviour expected in the responsibilities linked to their job.

To continue modernising its training approach, Coface has signed a biannual contract to extend its relationship with the "360 Learning" platform. This technical solution corresponds to Coface's conviction that internal experts should be given the opportunity to transmit their knowledge. They are given complete freedom to formalise their knowledge by placing it on any medium at their convenience, publish it for a specific audience, follow and interact with interns via a collaborative feature. In this way, Coface is able to rapidly and efficiently address all Group employees, with content that perfectly meets its needs. The Solvency II programme (regulatory reform aimed at redefining the solvency margin of insurance companies according to their risk profile) is an example of this strategy. In 2015, the Risk Department teams designed an e-learning module addressed to all employees.

The solution selected by Coface works and is aimed at creating the conditions of a learning Coface, open to acquiring knowledge and constantly adapting to changes. In 2016, training programmes on the commercial (Asia), regulatory and managerial (Italy) areas were developed and published locally.

Developed by the Marketing Department, the Campus Programme, initially developed for Coface Partners, was disseminated to all Group employees. This allowed each employee to test and improve their knowledge about Coface operations and its range of commercial offers on sale.

Nearly 200 employees were immersed in this module, based on the principle of entertainment and gaming and 23 completed all the stages up to the highest level of expertise: Super-hero.

Continuing the effort started with the Sales Force 1 programme, an international project group made up of sales and human resource teams, produced a digital training programme for sales representatives. More than sixty modules have been combined within what will become the "Sales School" in the first weeks of 2017. Similarly, ten employees working as risk underwriters designed in 2016, twenty modules which will also be used as the foundation course for the "Underwriting School". In addition, the Purchasing and Human Resources Departments teamed up to launch a call for bids with the aim of strengthening managerial skills through an innovative solution. All these initiatives are specifically aimed at assisting employees through the radical transformations going on in Coface and symbolised by the *Fit to Win* strategic plan defined in 2016.

As part of the *Fit to Win* strategic plan defined in 2016, Coface has implemented a Lean management programme, which entails optimising its processes, tools and organisation to free up resources for more value added tasks in order to increase its operational efficiency and to better address business challenges and the needs of its customers.

To disseminate this new work culture within the Group, a Company in-house newsletter was created in 2016 to raise employee awareness, with the objective of subsequently offering broader training in the principles of Lean management in 2017. In November 2016, a training workshop was organised for members of the Management Committee at the Bois-Colombes head office. The workshop was

organised over two sessions, one theoretical class to present the principles of Lean management, and another practical class with a case study.

In France, Germany and Italy, nearly €431,356 was spent on employee training and 16,241 training hours were delivered in 2016; 898 employees in France, Germany and Italy thus participated in at least one training course in 2016.

## Performance management

Since 2013, an annual interview process was rolled out online in 22 languages in all of the countries where the Group is established, in order to determine the strategic priorities and share standardised criteria for employee performance assessment. With, from the start, nearly 100% of interviews completed and with 98.09% at the start of 2016, the campaign addresses a need of employees to exchange views with their manager and discuss clear, individual objectives for the year, based on a sharing of the major strategic priorities for each function. Furthermore, the annual interview process is used to manage the performance of each employee by their line manager and to address the Group's objective to strengthen the culture of performance. Since 2014, the managerial cycle also includes mid-year reviews of individual objectives. In August 2016, 56% of employees seized the opportunity to adjust the objectives set during annual interviews.

At the end of 2016, the new annual interviews campaign was launched, introducing five new Coface values into the behavioural assessment process. This was an opportunity for the Group to clearly express its vision on the appropriate behaviour to adopt in order to consolidate the performance of Coface. The assessment grid was modified to mark this change, improve oversight of the process and facilitate differentiation.

The results concerning performance and desired mobility served as a basis for the Group's people reviews, aimed at identifying key positions and employees with high potential, and experts, while preparing for succession plans for the 271 key positions. To improve the quality of information collected by regional correspondents and validated by functional managers, Coface has drafted rules that notably cover all the necessary clarifications concerning each one's role in this process as well as definitions, to ensure that each one shares the same principles.

### ◆ 6.2.1.5 Compensation policy: risk control, performance management and strategy support

Coface reviewed its compensation policy in 2016 to meet the regulatory requirements applicable in the insurance sector and to guarantee its coherence with the objectives of the *Fit to Win* strategic plan defined in 2016.

This policy, detailed in Chapter 2.2.1 of this document, is in line with the provisions of the Solvency II Directive which aims at an effective risk control in the Company. As a key instrument in the implementation of Coface's strategy, the compensation policy also has the following objectives:

- to attract, motivate and retain the best talents;

As such in 2016, the Group extended the award of free performance shares to a regulated target population in



the context of the Solvency II Directive (key functions and employees with significant influence on the Company's risk profile) for whom a portion of the variable compensation should be deferred and to certain employees as part of the retention policy. The vesting period for this plan is three years, in accordance with the *Fit to Win* strategic plan defined in 2016;

- to encourage individual and collective performance and seek to be competitive on the market while respecting the Group's financial balance;

For several years now, the Group has been implementing a controlled wage increase policy, based primarily on the recognition of individual performance in a company undergoing significant change. In 2016, individual increase and premium measures represented 0.65% of total payroll in France (at December 31, 2016), with an average individual increase of 4.99% for persons with increases. In addition to individual compensation, a collective compensation is paid in France as profit sharing and participation;

- to comply with the regulations in force, guarantee internal equity and professional equality, particularly between men and women;

In France, nearly 55% of the employees who benefited from the 2016 wage increase and premium award policy were women;

- lastly, the compensation seeks to match the Group's objectives and to support its development strategy in the long term.

The bonus policy is reviewed every year in the light of the Group's priorities. In 2016, the objectives of each function were defined with regard to the *Fit to Win* strategic plan. A new objective, entailing compliance with the Group's rules and procedures was added to the criteria used to assess bonuses for all key managers as a way of underscoring integrity, one of the Company's fundamental values.

The Coface compensation policy is managed by the Group HR Department and passed along by the function in Coface regions and countries.

#### ◆ 6.2.1.6 **Employee opinion survey: a mechanism for listening and engaging**

Coface strengthens employee satisfaction and commitment, notably through its opinion survey – Coface Opinions. Action plans have resulted in structural initiatives for the Group, such as, for example, the definition of a common standard for managerial skills. The next “Coface Opinions” survey will be carried out in 2017.

#### ◆ 6.2.1.7 **Mobility and international development**

After a complete audit of its population and practices, the Group revised its international mobility policy in 2015 with the principal goals of controlling legal, social and tax risks, optimising costs, clarifying rules and guaranteeing equal treatment in all its entities worldwide.

In 2016, Coface introduced mandatory medical check-up into its employee international mobility management process to ensure the aptitude of employees under consideration.

These medical check-ups are managed externally by the Henner company to guarantee the confidentiality of employee medical data.

#### ◆ 6.2.1.8 **Social dialogue: defending the corporate plan**

##### Bodies representing employees

The Group maintains high quality social dialogue with its European and national employee representative bodies. The implementation of this dialogue provides management and employee representatives with a forum for working towards the Group's success and sustainable development.

In each country within the reporting scope there are employee representation bodies. In France, there are three such bodies, which are elected: the works council, made up of nine full members and nine alternate members, the staff delegates, comprising 11 full members and 11 alternate members, and the hygiene, safety and working conditions committee (CHSCT), made up of nine members, with no alternate members.

In addition, within the Board of Directors of Compagnie française d'assurance pour le commerce extérieur, there are four directors representing the employees and one director representing the works council.

In addition, for all the countries in the reporting scope there exist trade union delegates or representative trade union organisations that take part in social dialogue within the company.

These different bodies meet regularly to discuss social matters such as compensation, working hours, management of leave and the employees' mutual fund.

Therefore, in France during 2016, 12 meetings of the works council, 11 meetings of the staff delegates, 3 CHSCT meetings and 9 meetings with union delegates took place. The works council and CHSCT meetings also dealt with subjects linked to the functioning of the company (consultation on the economic situation, on the strategic orientations and their social consequences, transfer of public credit insurance procedures, commercial restructuring, reorganisation of departments, evolution of staff, professional training).

The European Work Council, comprised of 14 members representing the employees of 23 European countries, meets at least once per year to set forth the activity and future strategic guidelines for the Group. Throughout the year, there are also discussions between management and the European Works Council restricted committee regarding projects pending and the development of the organisation.

The Group believes that social dialogue is an important driver for mobilising employee engagement. In an effort to create conditions for its sustainable development, it is working to reconcile the Company's performance with a process of social progress. Actions implemented to promote CSR were covered by a separate report at the European Works Council plenary meeting in 2016.

◆ **6.2.1.9 Collective bargaining and company level agreements**

The Group conducts regular discussions with the European Works Council, and in 2013 signed an agreement regarding the rights to information and consultation of the body, creating a restricted committee within it. On May 19, 2015, the restricted committee approved its internal rules of procedure, thus strengthening the principles of its governance.

In France, the companies in the Group's scope of consolidation primarily fall under the National Collective Agreement for Insurance Companies. As concerns the collective agreements, in addition to the periodic agreements relating to negotiations on employment compensation and conditions, the Group in France signed a certain number of company-level agreements with its representatives during the 2011-2016 period, which notably include an agreement relating to the generation contract (2013), and another on professional equality (2012). Agreements concerning the employment of senior citizens and the Forward-Looking Management of Employment were also signed in 2014 in France. Locally, in accordance with each party's prerogatives, the employee-representative bodies are integrated into the processes of transforming organisations or establishing new processes, always striving to seek out agreements.

It is noteworthy that in 2014, in Germany, agreements regarding internal restructuring and a voluntary departure plan were negotiated; discussions leading to agreements on rolling out the online annual interview process were also conducted.

Furthermore, although an agreement on the monetisation of the time savings account and a rider to the incentive agreement were signed in 2016, some agreements on paid leave in France are currently being renegotiated after they were terminated in 2016 because they no longer corresponded to market practices.

◆ **6.2.1.10 Day-to-day health and safety**

The Group ascribes significant importance to employee health and safety. There are medical monitoring mechanisms in compliance with local regulations and healthcare coverage is offered to employees in all the entities.

As concerns service-sector employment, the identified risks more specifically concern occupational environment and professional transportation. To that end, certain entities have now taken initiatives to prevent these risks, notably as concerns their employees (training for driving on slippery roads, nutrition day, medical, dental and eye check-ups, etc.).

In 2015, our entity based in the United Kingdom launched a series of initiatives to support its new workplace well-being policy. Employees were able to sign up for a fitness programme, attend yoga classes and obtain an annual health check-up. For a healthy working environment, fruit baskets are provided for free access by all employees and managers are invited to attend a stress management course. Similar practices were implemented in Brazil in 2016 where each Coface employee was given the opportunity to meet a nutritionist and a fitness coach.

Other Coface offices are also endeavouring to create pleasant work conditions based on the development of emotional intelligence. For example, to encourage the sharing of positive ideas and the feeling of gratitude, Coface Lithuania organised for its employees a competition of thank you panels known as "Kudos", which is ancient Greek for "recognition"; Coface offices in Spain and Portugal decided to celebrate "Friendship and affection day" with handwritten cards distributed to friends and colleagues.

Germany also organised Pilates classes and a Health Day to promote employee well-being at work.

In accordance with the local legislation in this respect, Coface Italy ensures that all its employees go for an annual medical check-up.

In France, Germany and Italy, employees are trained in first-aid and emergency building evacuation drills are organised to ensure employee safety.

In the wake of the Paris terror attacks in November 2015, a Vigipirate surveillance plan was activated on the Bois-Colombes site and security measures were reinforced (check-point at main entrance to the building). The Group has undertaken to intensify security measures in each of its entities to ensure that employees are protected as much as possible against terrorist threats.

Eight workplace accidents leading to days off were reported in France, Germany and Italy in 2016. No occupational illnesses were reported in France.

In conjunction with the occupational physician, the Occupational Health and Safety Committee (OHSC) and the commission for the prevention of psychosocial risks, a set of indicators is monitored to spot trends, learn lessons, and implement action. Hence in 2015, following these works, specific arrangements were made in the building to reduce noise generated by places where people meet (coffee or vending machines).

Based on regular dialogue with employee representative bodies, the Company has improved working conditions to address the daily concerns of employees. In this respect, the single document on risk prevention for employee health and safety was entirely renewed in 2016 with the cooperation of the OHSC.

◆ **6.2.1.11 Equal treatment and access to employment: anti-discrimination measures**

Disability

The Group is centred on the consulting, analysis, and customer relations businesses, and is thus able to welcome employees with disabilities. The Group ensures that employees with disabilities are integrated into all its business lines and countries and applies existing local provisions.

The lines of action in France, Germany and Italy are presented and discussed with the employee representation bodies on a regular basis. Furthermore, Coface Germany has a specific representation body for employees with disabilities. Throughout 2016, Coface Germany conducted

negotiations on the arrangement of a professional reintegration programme. This negotiation should lead to an agreement in 2017.

Coface France is currently working in collaboration with the occupational physician and social services on a communication aimed at clarifying the implications and notably, the interests of the recognition process for the status of employee with disability under French law.

Lastly, the practices of Coface Italy reflect the legal framework which requires that a minimum number of jobs should be reserved for people with disabilities in the total workforce of an entity. For example, in 2015, Coface Italy had 156 employees. The legal requirement corresponding to this

As of December 31, 2016, the age ranges of employees in France and Germany were as follows:

AGE RANGES	PERCENTAGE OF STAFF IN ITALY	PERCENTAGE OF STAFF IN FRANCE	PERCENTAGE OF STAFF IN GERMANY
< 30 years	4.5%	8.7%	4.4%
30 to 40 years	30.7%	19.9%	26.7%
40 to 50 years	47.7%	27.2%	32.1%
> 50 years	17.1%	44.2%	36.8%

In order to define suitable and innovative actions (transmission of knowledge, receiving and mentoring young people, career development of older employees, etc.), in December 2013 France signed an agreement relating to the generation contract (scheme implemented by the French State, aimed at encouraging the protection of employment for older employees, the sustainable insertion of young people and the transmission of skills within the Company).

workforce is 10 jobs reserved for persons with disabilities. In 2016, Coface Italy welcomed eight people with disabilities to its total workforce of 199 employees and therefore paid a contribution to the government for the three vacant posts, while maintaining the goal of filling those vacancies as quickly as possible.

### Employment of senior citizens

France and Germany have an age pyramid with a large portion of the workforce aged over 50 years. On Coface's historic markets, this demonstrates team loyalty and the Company's proactive policy to recognise and retain the expertise of its employees.

### Respect for the fundamental conventions of the International Labour Organisation

Since 2003, the Group has been a signatory of the United Nations Global Compact, which commits it to respecting the fundamental conventions of the ILO. Coface, therefore, ensures compliance with liberty of association and the right of collective bargaining, the elimination of professional and employment discrimination, elimination of forced or mandatory labour, and the effective abolition of child labour.

## 6.2.2 AGREEMENT PROVIDING FOR EMPLOYEE SHARE OWNERSHIP IN THE CAPITAL OF THE COMPANY

As part of its stock market listing, the Company proceeded with a share purchase offer in June 2014 reserved for employees. Nearly 50% of eligible employees participated

in this offer and became shareholders, either directly or through the intermediary of the Coface Actionnariat mutual fund.

## 6.3 Environmental information

As a service company, Coface's CSR policy mainly entails making real estate choices that help to lower its environmental footprint by reducing its greenhouse gas emissions, and its energy and paper consumptions. Accordingly, it seeks to promote selective waste sorting and recycling, especially obsolete IT equipment components and to encourage its employees to adopt behaviours compliant

with the commitments it has made in this field. Lastly, Coface measures the carbon footprint of its investment portfolio in the context of the implementation of its responsible investment policy, in order to participate in international environmental protection efforts linked to climate change and to the energy transition.



## 6.3.1 GENERAL ENVIRONMENTAL POLICY

The Company is fully committed to protecting the environment. Its approach to reducing its environmental footprint has significantly influenced its real estate choices, most specifically in the choice of its head office, and the efforts rolled out to reduce its greenhouse gas emissions, consumption of energy and paper, along with other initiatives established in France and abroad which encourage waste sorting and recycling, particularly for parts of obsolete IT equipment.

Moreover, within the context of the coverage provided on behalf of the French State, an activity managed by Coface until December 31, 2016, the Company makes credit insurance coverage and the investment of projects financed in the medium and long-term contingent upon compliance with environmental and corporate standards.

In compliance with the common approaches of the OECD on export credits benefiting from public support, and the duty of environmental and social due diligence, it is systematically evaluating the environmental and social impacts of projects of more than €10 million, or projects located in environmentally and socially sensitive areas. These projects must simultaneously meet the standards of the host country and the relevant international standards, in particular those of the World Bank. This concerns environmental protection in the broad sense: controlled waste, protection of communities, biodiversity, cultural heritage, etc., along with the consideration of social impacts (worker protection, population displacement, human rights, etc.). Until December 31, 2016, at least 30 days before making the decision to cover them, in an effort to inform all parties concerned and to allow them to make any comments, Coface published the most important projects on its website with the information regarding the environmental and social aspects. It then published the projects it covered, providing evidence that standards have been met.

Lastly, the Company is involved in the discussions held by OECD bodies to promote the financing of certain types of projects (for example, in renewable energies) and provide them with more favourable terms of coverage.

In 2015, the Company set up a medium-term CSR plan which was the outcome of a think tank launched at the end of 2014, involving all of the Company's regions, presented in Section 6.5 below. The objectives of this plan were partially achieved in 2016.

In 2016, there was no environmental litigation and no indemnity was paid in application of a legal decision rendered in that subject area. The Group has therefore not established any guarantee or provisions to cover that risk.

### ◆ 6.3.1.1 Actions to raise employee awareness

In order to fully associate employees with this process, various actions were conducted to raise employee awareness. Therefore, the Group's business review features each year a section devoted to raising Coface employee awareness about environmental challenges and the book of best practices, distributed to all employees during

their arrival at the Bois-Colombes premises, notably emphasises the importance of daily gestures for sustainable development, and in particular of reducing the consumption of paper, and sorting waste. Other actions to raise employee awareness were developed at numerous establishments of the Company worldwide.

Other examples include the celebration of "Earth Day" on April 22 every year by Coface Slovenia to raise employee awareness about the impact of our daily actions on the environment and the campaign at Coface Romania to encourage its employees to reduce energy consumption in five areas of their day-to-day life (at work, leisure, travelling, at home and shopping) through a best ecological behaviour manual filled with ideas on saving energy. More broadly, the message of corporate environmental responsibility, and thus of each employee's responsibility, is disseminated by our teams worldwide, with countries such as Brazil being particularly active and innovative (use of products labelled as recyclable (pens, paper and cardboard), corporate gifts produced by companies committed to sustainable development, etc.).

A document on the legal obligations in CSR issues and the actions implemented inside the Group was presented to the European Works Council meeting in 2016. This was an opportunity to make the European employee representative body aware of CSR issues.

### ◆ 6.3.1.2 Environmental features of the Group's buildings

In France, environmental aspects were a determining factor for Coface in choosing the building that has housed its head office in Bois-Colombes since June 17, 2013. This building, which can host approximately 1,300 employees, is certified NF MQE (High Environmental Quality for Construction) and BREEAM (BRE Environmental Assessment Method). It thus incorporates current best practices in terms of the immediate environmental impact, construction materials and processes, and production of waste. This building has furthermore been certified "low consumption" (BBC); its standard energy consumption is thus limited. The building preserves natural resources, thanks to limited water needs for green areas due to rooftop water recovery, and low consumption exterior lighting.

In Germany, the main office located in Mainz is certified "Ökoprofit" for its sparing use of energy resources.

In compliance with European Regulations, Coface commissioned energy audits in France, Germany and Italy at the end of December 2015 and early 2016 for its buildings and vehicle fleets. The purpose of the audits was to study the energy use and greenhouse gas emissions of and from each building and vehicle fleet and draft recommendations for renovations to rationalise or reduce energy use. In France, the main energy saving measures recommended in the report were implemented in 2016.

### 6.3.2 WASTE MANAGEMENT AND THE FIGHT AGAINST FOOD WASTAGE

The Company's activity does not cause significant pollution. It has a very insignificant direct impact on the air, water and soil, and does not cause any significant noise pollution.

In Bois-Colombes, a local waste sorting policy, with dedicated waste containers for glass, paper and ordinary industrial waste (OIW), was established. A note was distributed to employees to raise awareness.

Several entities of the Company participate in programmes to recycle obsolete or out-of-use materials, and employees are called upon in some of them to participate by contributing materials to be recycled. This is how Coface US began participating in a programme to recycle obsolete computers. In 2014, more than 900 kg of hardware were thus provided for these purposes. The efforts were maintained by Coface US with 866 kg of hardware given for recycling in 2015 and despite the extensive renewal of IT tools the previous years, 278 kg of equipment were still recycled in 2016.

Since 2013, Coface Romania has taken part in a national scheme with the association Recolamp called the Green Corner, which brings together 8,600 companies with the aim of collecting spent electronic equipment, batteries, fluorescent lights and light bulbs for recycling. A partnership was also established by Coface Romania with the Foundation for the Promotion of Community Sanctions to recycle obsolete computer hardware.

Coface Chile joined an association (Sprapa) which promotes recycling.

Coface Romania also launched a forest protection initiative through a partnership with the Sistec association. As a result of this initiative, both confidential and non-confidential papers are stored and recycled, rather than thrown out. This

initiative has already saved several dozen trees over the two years of its existence.

In Peru and Ecuador, only recycled paper is used.

Coface Austria established a certain number of measures to decrease the use of plastic (water is served in glass bottles, installation of a purified water cooler, to prevent employees from purchasing plastic bottles).

To ensure the sorting and recovery of organic waste from food products on the Bois-Colombes site, the Company naturally sought the assistance of its mass catering company, Sodexo. Sodexo is fully committed to promoting corporate social responsibility. The well-being and health of people, diversity and inclusion as well as the environment are central to its business lines and concerns. In this respect, Sodexo intends to fully participate in helping to achieve the 17 sustainable development goals set by the United Nations in September 2015. Reducing food waste is part of the three goals considered by Sodexo as a priority with the fight against hunger and gender equality. Under its Better Tomorrow Plan, Sodexo has set up a global programme known as WasteWatch, which has allowed it to identify the causes of waste and define action plans. In concrete terms, kitchen employees collect three types of food waste; waste from surplus production, preparation and expired products. This waste is then measured, tracked and recorded using a centralised reporting tool. The goal is to reduce food waste by up to 45% within two to six months. These techniques were presented to Coface which is currently reviewing the various possible options in order to implement actions in 2017.

Since the Company's business does not release waste into the soil, no specific action was taken in that area.

### 6.3.3 CONSIDERATION OF NOISE DISTURBANCES

Coface's business does not cause noise pollution to third parties. Moving the head office to premises with an open floor plan led the Company to adopt a certain number of measures to preserve the calm, in the interest of its employees and customers.

The premises include numerous conference rooms or "bubbles" intended for professional discussions between

employees, in order to limit noise in the common spaces at all times. The best practices for life on an open floor plan are disseminated among employees, emphasising the various means which help limit noise disturbances: setting phones to go directly to messaging, adjustment or elimination of ring tones, favouring visual notifications, setting mobile phones to vibrate, and use of the bubbles.

### 6.3.4 SUSTAINABLE USE OF RESOURCES AND THE CIRCULAR ECONOMY

#### ◆ Water consumption

The Group only consumes water in the operation of its service-sector premises: air-conditioning, cooling of electronic equipment, cafeteria, maintenance, sanitary facilities and watering of green areas.

In 2016, water consumption totalled 28,587 m<sup>3</sup> versus 44,334 m<sup>3</sup> in 2015 for the entire reporting scope thanks to

the efficient control of the water distribution network and of maintenance.

#### ◆ Paper consumption

Coface is committed to reducing its consumption of paper. It has established a printing policy for its reporting scope which includes the following measures: setting printers to copy both sides of the paper by default, elimination of

individual printers, encouraging staff to print only essential documents and to favour “economical” printing layouts. On the reporting scope, the Group also encourages the purchase of environmentally-friendly paper, certified FEFC or carrying an FSC label.

Campaigns were undertaken in several countries to reduce paper consumption. In France, an audit was performed on all printers in 2016 to analyze the total costs and uses of these machines and determine areas for optimisation according to the functional needs of Coface employees. The significant reduction in consumption for several years now and the precise mapping of the total number of machines have revealed, by comparison to user rates per machine, the need to reduce the number of printers by nearly 40%. This would consequently lead to a substantial reduction in the costs linked to the operation of these machines for the Company. This measure will be implemented in 2017.

In the same vein, in 2016, the Group Legal Department chose to opt for completely paperless legal information by cancelling its “paper” subscriptions to legal magazines and updates to specialised publications. To address its commitments to promote the circular economy, a large portion of its paper-based document library, now replaced by an online document library, will be recycled or where appropriate, offered to organisations that have shown an interest.

The Group has likewise engaged for several years in a policy to make its exchanges with its policyholders paperless, by using several tools, such as CofaNet, a secure tool that allows its customers to manage their policies online. CofaNet is available in 56 countries and a mobile app version of the tool known as “CofaMove” has been rolled out to allow policyholders to apply for approval or consult their client portfolio from their smartphones.

The dematerialisation of exchanges between Coface and its multinational customers also entails the use of “Dashboard”, an exclusively online tool that offers policyholders a centralised monitoring of data for all trade receivables.

In 2016, Coface continued to innovate in the digital accessibility of its products for its customers, and will release a single electronic portal, the “Customer Portal”, which will allow each customer to access the information disseminated by Coface and to centralise all Coface applications previously used by the customer separately.

Coface’s total paper consumption in France has, therefore, reduced significantly in recent years thanks to the dematerialisation of exchanges with policyholders and also thanks to better monitoring of printing and the use of thinner paper. The drop was particularly significant in 2013, at 39 tons, a 28% drop compared to 2012, when it was 54 tons. Paper consumption in France amounted to 38 tons for 2014 and 42 tons for 2015; this increase can be explained by the fact that in 2015, as part of efforts to keep a tighter control on costs, Coface performed numerous reprography tasks in house, when such tasks were previously outsourced. Consumption fell by 36 tons, dropping to a new low in 2016.

Similarly in Germany, total paper consumption has fallen every year since 2012, from 48 tons, to 45 tons in 2013, 31 tons in 2014, 28 tons in 2015 and 24.8 tons in 2016, representing an overall reduction of 50% in five years.

Thanks to a strict implementation of the printing procedure described in the first paragraph of this section, Italy has a very low paper consumption rate.

On the reporting scope, paper consumption in 2016 therefore amounted to 65.8 tons.

PAPER CONSUMPTION	FRANCE		GERMANY		ITALY		TOTAL (REPORTING SCOPE)	
	(in tons)	CHANGE N/N-1 (as a %)	(in tons)	CHANGE N/N-1 (as a %)	(in tons)	VARIATION N/N-1 (as a %)	(in tons)	CHANGE N/N-1 (as a %)
2012	54		48		N/A	N/A	102	
2013	39	-28%	45	-6%	N/A	N/A	84	-18%
2014	38	-3%	31	-31%	N/A	N/A	69	-18%
2015	42	11%	28	-10%	N/A	N/A	70	1%
2016	36	-16.6%	24.8	-12.9%	5	N/A	65.8	-6.4%

◆ **Energy consumption**

The Group’s energy consumption concerns lighting, air-conditioning and heating of the premises.

The Group implements actions to reduce energy consumption, which translates to the environmental choices

made in terms of real estate (see the features of the building housing the head office and the main office in Germany) which has allowed energy consumption to be significantly decreased.

REPORTED ENERGY CONSUMPTION SINCE 2014 FOR THE REPORTING SCOPE

	2016 REPORTING SCOPE		FRANCE AND GERMANY 2015		FRANCE 2014	
	CONSUMPTION	CO <sub>2</sub> EQUIV.	CONSUMPTION	CO <sub>2</sub> EQUIV.	CONSUMPTION	CO <sub>2</sub> EQUIV.
Electricity	6,360 Mwh	521 CO <sub>2</sub> T eq.	5,802 Mwh	71 CO <sub>2</sub> T eq.	3,779 Mwh	78 CO <sub>2</sub> T eq.
Gas	1,371 Mwh	297 CO <sub>2</sub> T eq.	692 Mwh	130 CO <sub>2</sub> T eq.	575 Mwh	116 CO <sub>2</sub> T eq.
Surface area	67,823 m <sup>2</sup>	67,823 m <sup>2</sup>	63,431 m <sup>2</sup>	63,431 m <sup>2</sup>	30,900 m <sup>2</sup>	30,900 m <sup>2</sup>

The increase in greenhouse gas emissions in 2016 compared to 2015 can be explained by the inclusion of Italy in the reporting scope. This is because the energy mix in Italy relies quite heavily on fossil fuels unlike the French energy mix.

The percentage of renewable energy used by Coface in France since 2015 corresponds to 13.6% of its total consumption. Furthermore, the roof of its Bois-Colombes head office in France is covered by some hundred square metres of solar cells which reduce its gas consumption by reheating the water

supplied to sanitary facilities and to the restaurant. The cells, which have been operating since 2015, led to a 50% reduction in energy consumption over the April to October 2015 period compared to the same period in 2014 and a total reduction in gas consumption over the same period for 2016.

In Germany, electricity consumption does not generate any greenhouse gas emissions since Coface Germany has opted for an energy contract fully based on renewable energy sources with an offset system.

6.3.5 CLIMATE CHANGE

The Group has taken various initiatives to reduce its environmental footprint, in particular with regard to greenhouse gas emissions, thanks to the policies presented below and to its new socially responsible investment policy.

◆ Travel policy

In 2014, the travel policy for Coface employees was modified as follows:

- in France, only train travel is authorised over certain distances, beyond which it may be preferable to travel by plane;

- generally, travelling is limited and replaced by telephone conversations or video conferencing. All of the main Coface sites worldwide are equipped with the appropriate means. At the head office, a remote attendance room was installed which allows effective, simultaneous discussions to take place between the Group's seven regions.

Other local initiatives can be highlighted: for example in Colombia, employees are recommended to use public transport, which has led to a reduction in the number of parking spaces.

TYPE OF TRAVEL	TONS EQUIVALENT IN GREENHOUSE GAS EMISSIONS FOR THE REPORTING SCOPE IN 2016	TONS EQUIVALENT IN GREENHOUSE GAS EMISSIONS FOR THE FRENCH AND GERMAN SCOPE IN 2015	TONS EQUIVALENT IN GREENHOUSE GAS EMISSIONS FOR THE FRENCH SCOPE IN 2014
Aeroplane	533	373	268
Train	4.35	3.05	3.48

In Germany, travel by train does not generate any greenhouse gases owing to the fact that Coface Germany agrees to pay a surcharge when purchasing train tickets from its travel agent. The surcharge offsets the consumptions generated by the journey (offset system).

◆ Vehicle policy

Within the reporting scope, countries adopt initiatives to reduce fuel consumption, such as Coface in France which

regularly renews its vehicles and which has implemented a vehicle policy comprising a limitation of CO<sub>2</sub> emissions to an average of 105g for each listed vehicle. Since the beginning of 2015, the new vehicles used consume less fuel since their CO<sub>2</sub> is, on average for the entire vehicle fleet, limited to 94g per kilometre per listed vehicle.

In Germany, the fuel consumption reduction policy is governed by specific clauses specified in the contract drawn up with the vehicle leasing agency, providing for maximum fuel consumption thresholds per vehicle.

**TABLE OF 2014, 2015 AND 2016 CONSUMPTIONS**

NATURE OF FUEL	2016 REPORTING SCOPE		2015 REPORTING SCOPE		FRANCE 2014	
	LITRES	CO <sub>2</sub> TONS EQUIV.	LITRES	CO <sub>2</sub> TONS EQUIV.	LITRES	CO <sub>2</sub> TONS EQUIV.
Diesel	707,869	1,682	691,119	1,741	230,913	635
4-star premium fuel	3,746	9.7	2,519	6.0	2,969	7.0
<b>TOTAL</b>	<b>-</b>	<b>1,783</b>	<b>-</b>	<b>1,747</b>	<b>-</b>	<b>642</b>

Other initiatives were implemented to reach this goal. In Austria, non-polluting printers use paper that is neutral with regard to carbon dioxide emissions.

To date, Coface's contribution to reducing greenhouse gas emissions has translated to limiting CO<sub>2</sub> emissions

through the vehicle policy, and to limiting travel through the travel policy and in its new responsible investment policy implemented in 2016, which notably includes, as described below, taking regular measurements of greenhouse gas emissions from its financial investment portfolio.

### 6.3.6 PROTECTING BIODIVERSITY

The building that houses the Group's head office contributes to preserving biodiversity, to the extent that it has been established on a garden composed of plants from five continents. This garden, like the building itself, is respectful

of the environment. Its plants promote the development of ecosystems and birdhouses facilitate the return of birds.

In addition, the Group's business lines have no impact on biodiversity.

## 6.4 Societal information

### 6.4.1 REGIONAL, ECONOMIC AND SOCIAL IMPACT

#### ◆ 6.4.1.1 Support to customer development

The very nature of credit insurance contributes to the development of economic trade by offering companies safe commercial transactions. Coface, as a leading market player, strives to offer its customers products that are best suited to their needs, in support of their development. It has made innovation a strategic cornerstone of its development, as illustrated by the marketing since 2014 of the EasyLiner offer targeted at SMEs in France and abroad, and accessible for online subscription. It has also established a system throughout the Group allowing potential claims to be best identified and processed.

#### ◆ 6.4.1.2 Creation of links with the social fabric and local economy

With teams located in 63 countries for maximum proximity to the economic and social fabric, the Group favours the hiring of local employees, trained in the credit insurance businesses, and who have detailed knowledge of the business environment. It thus contributes to strengthening its expertise, while developing local players in the countries.

In addition to hiring employees and developing partnerships, Coface readily participates in local inter-company initiatives

to promote support for a number of social causes or proposes and supports initiatives intended for students, for example. This dialogue with universities and higher education takes various forms, such as courses taught by some of the Group's employees, the use of apprenticeship contracts and/or the establishment of partnerships.

In France, a specific partnership exists between Coface and the École supérieure du commerce extérieur business school (ESCE). For several years now, Coface has had a seat on the strategic orientation council of this school.

In partnership with the Université Paris-Dauphine (Master 218), Coface takes in final year students as interns each year, who can thus apply their education in a concrete way, and prepare themselves to take on a job within the Company, if the opportunity exists.

The links established with ESCE and Paris-Dauphine have likewise led several employees of the Company to teach in the context of the curricula. Lastly, these two institutions are beneficiaries of our apprenticeship tax payments.

Coface is also represented within Formatex, the organisation specialising in training companies in international business strategies and techniques, initially created by BUSINESSFRANCE and ESCE.



In the United States, an internship programme has been implemented to assist US students in getting to know the Company and to promote visibility of the brand. Close connections are established with student associations, meetings organised on campus, and internship offers disseminated online on the dedicated university sites. More than 350 students have applied. Since 2008, thirty students have taken part in this programme in the United States.

In 2016, Coface participated in an inter-company initiative alongside with the city of Bois-Colombes to promote support for the TÉLÉTHON, a charity created to finance research projects on neuromuscular genetic diseases. This event allowed numerous employees from the Coface head office and from other companies based in the area to meet around shared values of social cohesion and solidarity; all the funds collected were donated to the TÉLÉTHON association.

## 6.4.2 PARTNERSHIPS AND CORPORATE PHILANTHROPY

### ◆ 6.4.2.1 Academic relations: promoting careers at Coface

Each year, the Group strengthens its “academic relations” with a selection of universities. In 2015, for example, Coface participated in a workshop at the Duoc-UC university in Chile to present the basics of credit insurance to the students. In 2015, Coface also organised, with the French university Paris-Dauphine, a seminar in Hong Kong for a group of students enrolled on the “insurance and risk management” course, to introduce them to the specific features of the market in that region. Lastly, in Italy, three conferences were given in the universities of Sienna, LUISS in Rome and Carlo-Cattaneo-LIUCC in Castellanza, to introduce students, through different case studies, to the role of credit insurance in ensuring reliable commercial trade.

### ◆ 6.4.2.2 Coface Trade Aid

In 2004, Coface created a non-profit association, Coface Trade Aid, the aim of which is to promote solidarity actions consistent with Coface’s values. They are proposed by employees, whether they are individual initiatives or cooperative actions carried out with charities. These targeted actions aim to facilitate economic exchange, in particular between developed countries and emerging countries, and include initiatives aimed at education or integration into the employment world. They should allow for assisting populations that, due to their economic or social position, are prevented from participating in these exchanges under normal conditions.

Coface Trade Aid targets specific, identified micro-projects, aiming to track them and be involved from start to finish. The projects, which are proposed by employees, are selected for their utility, effectiveness and ambition. Financial transparency, dynamism and the involvement of associations are likewise important criteria for selection.

Initially begun in France, Coface Trade Aid has been gradually extended to all countries of the Group, with the same aim of supporting local initiatives based on education, the learning of a profession, micro-financing or the facilitation of economic exchanges. In 2013, for the first time, Coface organised the “Coface Trade Aid Week”, during which each Coface country was asked to mobilise its teams for the benefit of charities. This operation has since been renewed annually as a single day, with the participation of

most countries, and now constitutes a common, positive approach in all entities.

The associations supported by Trade Aid include:

- APER – Pour les Enfants des Rizières (Vietnam)  
*Purpose of the association:* assist disadvantaged children, construct a protection centre for children’s education.
- AVNES – Association Vietnam Entraide Solidarité (Vietnam)  
*Purpose of the association:* support local populations through projects based on sustainable development and micro-credit.
- Avenir et Partage (Burkina-Faso)  
*Purpose of the association:* provide educational assistance to children in difficulty, with adapted training curricula and support.
- Enfants du Mékong (Philippines)  
*Purpose of the association:* assist children in South-East Asia, establish development projects aimed at improving education and daily life.
- In Audio Veritas (France)  
*Purpose of the association:* re-educate profoundly deaf children with hearing aids and/or cochlear implants, with a view to their reinsertion into normal education.
- Les Amis de JNN (India)  
*Purpose of the association:* assist in the professional reinsertion of women from a slum in Mumbai.
- OSI – Orphelins Sida International (Benin and Côte d’Ivoire)  
*Purpose of the association:* assist the professional insertion of young AIDS orphans through the establishment of early childhood professional training.
- Pacha! (Bolivia)  
*Purpose of the association:* establish and support rural development projects in the Potosi region.
- Solidarité Technologique (Cameroon)  
*Purpose of the association:* promote work or self-employment for disadvantaged young people, thanks to the recovery of second-hand IT equipment.

Other solidarity or climate change defence initiatives were also started.

In Hong Kong, Coface participated in 2015 in the 22<sup>nd</sup> edition of the “Green Power Hike” to support renewable energy.

In 2016, the Coface branch in the Netherlands donated €7,500 to the Red Cross at an event organised by Dutch radio station 3FM Serious Request to raise awareness about the dangers of pneumonia for children.

In Poland in 2016, in collaboration with the Pożywienie – Darem Serca Foundation, Coface organised a school material and sports equipment collection campaign for underprivileged children in orphanages.

In South Africa, Coface supported “The Johannesburg Children’s Home” which provides a home to abandoned or traumatised children, through donations of food, clothes, toys and other children’s equipment.

In Austria, Coface also provided financial support to the Sterntalerhof orphanage by organising a collection of donations from employees.

Coface Spain supported the “Cooperación Internacional” NGO by participating in the 10<sup>th</sup> edition of the “Solidarity Day” in 2016 which brought together more than 6,500 volunteers from 134 companies, including Coface, around support activities for the most underserved communities.

Coface employees fund and monitor these actions, for which the Group matches donations. The amount of donations collected in France and paid to the associations was €44,000 in 2014, and €46,000 in 2015, more than half of which was paid by the Company. In 2016, although France’s contribution to Coface Trade Aid, in the amount of €32,165, is less than in previous years, the participation of Coface employees in France in charitable initiatives did not fall, since – in addition to Coface Trade Aid – employees also contributed to other solidarity projects such as the inter-company support project for the TÉLÉTHON.

All regions now participate in this project through various initiatives, associating staff. The number of countries participating in at least one project in this framework rose from 45 in 2012 to 54 in 2014 and has remained relatively stable since.

### 6.4.3 SUBCONTRACTING AND SUPPLIERS

The outsourcing of important or critical activities is strictly regulated by the regulation applicable to insurance companies since the entry into force of the Solvency II Regulation. In this respect, in 2016, the Company issued a Group policy aimed at identifying “material or critical” activities and defining the fundamental principles of using subcontractors, the terms of any contract drafted for such outsourcing and the control procedures related to the outsourced activities and functions.

This policy was approved by the Company’s Board of Directors at its 4<sup>th</sup> quarter 2016 meeting. Material or critical activities are defined as activities including (i) the following four key functions: the risk management function (especially the underwriting of credit insurance risk, the administrative processing of insurance operations, the issuance and custody of accreditations, the supply of information of any given company), the compliance verification function, the internal audit function and the actuarial function in addition to (ii) the other functions, whose interruption may have a significant impact on the Company’s business or on its capacity to efficiently manage risks or whose interruption is likely to undermine the conditions of its accreditation.

Coface and all its subsidiaries have therefore pledged, when certain material or critical activities are outsourced, to select service providers who meet the high quality service standards and have the qualifications and skills necessary to efficiently handle the outsourced service, by avoiding any conflict of interest and guaranteeing data confidentiality. They also agreed to inform the ACPR of their intention to outsource services that fall under the scope of the procedure. Any outsourcing contract to be signed

with any selected service provider should include certain mandatory clauses imposed by Coface and be approved by the Company’s Board of Directors prior to signature.

Multi-level checks described in the procedure are in place within the Group to ensure compliance with these requirements.

To date, the principle material or critical activities outsourced by the Group concern information supply activities, the Company’s financial investment management activity and risk underwriting activity in countries where Coface has no licence and acts through a locally accredited insurance company. They do not concern key functions.

Part of IT activities is also considered as material or critical. Although subcontracting was frequently used in this field, with less than 2/3 of the workforce concerned, the *Fit to Win* strategic plan defined in 2016 will gradually put an end to the use of outsourcing for these functions and have these activities dealt with internally, in order to ensure secured control of the IT systems and thereby help to anchor such skills within Coface.

With respect to activities that are neither material nor critical as defined by the French Insurance Code (*Code des assurances*), the fields where cooperation with third parties is used concern in particular, Coface’s commercial activity. Coface acts through a worldwide network of agents and partners who share the same goal of developing credit insurance solutions to facilitate domestic and export B to B trade on numerous markets by relying on its expertise and on its unique risk database. Selected for their competence and reliability, its agents and partners are required to follow

its commercial practices regarding product distribution; as such distribution must comply with the its defined rules and must be carried out under its control in accordance with its internal rules and procedures.

In the context of its relationships with suppliers in general, Coface established in 2015 an internal policy of best practices in the field of procurement and standardised its general terms for procuring supplies and services. These mostly include the best practices specified in its

procurement policy and attached to contracts signed with suppliers. Conditions for issuing calls for tenders were also standardised in 2015 to now include applicant assessment criteria based on the values upheld by corporate social responsibility. Lastly, Coface has set up a charter regulating its relationships with its suppliers. This charter includes a certain number of ethical principles, in particular respect for commitments similar to those that it has committed to adopt and promote as part of the United Nations Global Compact.

#### 6.4.4 SOCIALLY RESPONSIBLE INVESTMENT

In addition to the investment policy within the Group and in connection with Article 173 of the Law of August 17, 2015 on Energy Transition for Green Growth applicable to Coface, the Group defined in 2016 its responsible investment policy and the goals pursued in coherence with its role as credit insurer and protection of its reputational risk.

Being a Socially Responsible Investor for Coface primarily means including oversight and analysis measures in its investment policy in order to fulfil its corporate purpose<sup>(1)</sup> and integrating into its investment decisions, where appropriate, factors related to respect for the social, environmental and governance quality goals of the companies in which it invests (hereafter the “ESG” factors).

As the Group operates in an international environment with divergent socially responsible investment practices and standards, it sought to pay particular attention to dialogue practices with issuers in order to adopt a dynamic analytical position without seeking an approach that is exclusively geared towards a strictly positive selection or systematic exclusion of certain assets.

As an institutional investor, Coface's second priority is to seek to take long-term measures within its investment policy for better recognition of the underlying risks linked to ESG factors and to measure over time, the concrete effects of a denser integration of these factors in its portfolio management.

The Socially Responsible Investor strategy is thus based on three pillars with each one being the subject of a dedicated quarterly or annual report. The Group has entrusted AMUNDI, its dedicated global manager with the production of reporting elements and the analysis of potential impacts on the management of its investments.

Thus, in partnership with Amundi, Coface set up in 2016, a mechanism to address the regulatory requirements and to measure the carbon footprint of its portfolios with a view to reducing it. Accordingly, calculating and disclosing information on Coface's carbon exposure is the foundation of its commitment in this area.

**1/ ESG factors:** Integrate a sensitivity to these factors while maintaining a primary logic of risk and reputation management.

Amundi is supposed to produce a quarterly report on the average ESG rating of the Coface portfolio (A to G rating) and a breakdown of assets by ESG rating. The ratings will be provided in absolute terms and in relative terms with respect to the benchmark index of the assets concerned. Assessment based on ESG criteria will also be provided.

**2/ Voting rights and Commitment:** Taking part in voting at the Shareholders' Meetings of companies held in the portfolio through the delegated managers and encouraging dialogue with their management on best practices by relying on the practices implemented on these topics through the managers selected by Coface.

The reporting is planned to be annual and contain the following information:

- overall voting statistics for each of the Coface dedicated funds (with a focus on geographic breakdown, opposition rates and opposition topics),
- the list of meetings at which voting rights are exercised and during which an opposition voting right was exercised.

Before these votes, and if necessary, Coface can initiate discussions with Amundi's specialised teams to gather analyses on proposed resolutions and discuss the associated vote recommendations.

Amundi is supposed to update its voting policy annually to include the best corporate governance, social responsibility and environmental practices.

**3/ Measuring carbon footprint:** Protecting the Group against carbon risk and participating in international environmental protection and energy and ecological transition endeavours.

For this aspect, the policy requires quarterly reports to provide a breakdown of the carbon footprint and segment and geographic contributions to carbon emissions. The data provided should correspond to the annual emissions of the companies in the portfolio and be expressed in CO<sub>2</sub> tons equivalent. Including the six greenhouse gases defined in the Kyoto protocol whose greenhouse gas emissions are converted into global warming potential (GWP) in CO<sub>2</sub> equivalent, they will be presented in this report:

(1) Among the goals sought by the Group in its capital management, the priority for its investment management activity is to generate stable and recurring risk-weighted return, by protecting the value of the Group's assets in order to ensure that it has the capacity to indemnify its policyholders at all times.

- by millions of euros invested, which allows monitoring of the indicator of emissions caused by the investment in that portfolio,
- by millions of euros in revenue, which allows monitoring of the carbon intensity indicator of the value chain of companies in the portfolio.

The carbon reserves by millions of euros invested will also be presented in the report, as they represent an indicator of potential emissions, resulting from the combustion of fossil fuels, caused by investment in this portfolio.

#### 6.4.5 LOYALTY OF PRACTICES AND RESPECT FOR HUMAN RIGHTS

As part of the effort to control conflict of interests, the Group has drafted a code of business ethics for all Group employees, to promote the integrity values necessary for the proper implementation of their professional activities. This code notably emphasises the importance of treating customers fairly by avoiding conflicts of interest and not using information in an employee's possession against the interests of a customer, a potential customer, and co-contracting third parties.

The code of business ethics also draws employees' attention to the importance of avoiding any pressure that may come with expensive gifts, which should be reported to the Compliance Director.

With regard to lobbying, Coface does not habitually carry out any activity in this field and has no employee whose appointed duty or mission involves lobbying public or political entities. Nevertheless, any action undertaken in this respect should naturally be carried out in the context of the ethical rules laid down by Coface in the aforesaid code of business ethics, which includes a number of anti-corruption rules.

Within the context of combating money laundering and corruption, the Group strengthens every year the tools and roll-out of procedures that had been established since 2011, in order to best control all risks linked to financial security. These measures concern all entities, employees and customers of the Group.

An e-learning training programme was prepared in 2014 by the compliance and ethics teams in five languages and was rolled out in 2015 to employees with the aim of training them in detecting risks and attempts at fraud, fighting money laundering and acquiring the right reflexes when in doubt.

As concerns combating financial delinquency, the procedures that are regularly updated and locally transposed notably consist of a general procedure relating to the risk of money-laundering and to a KYC (Know Your Customer) procedure. These procedures are accompanied by several application sheets (sheet relating to the functioning of declarations of suspicion, sheet relating to the review of atypical transactions,

procedure relating to the transfers of cash flows in case of an embargo, or within the context of anti-terrorism). In addition, specific anti-money laundering procedures have been established, notably as concerns sales and debt collection processes, as well as in terms of the archiving of files.

The procedures are implemented by the international network of correspondents in charge of compliance within the Group. To this end, they dispose of a secure intranet and a tool for identifying, classifying and monitoring the customer portfolio across all entities. In 2015, this intranet was enhanced with a feature allowing the control and update of client portfolios with respect to KYC procedures.

In its business lines, the systematic implementation of the diligence procedures described above allow Coface to avoid operations that are deemed suspect. Moreover, restrictions are applied in the area of arms trade guarantees, prohibiting coverage for companies active in the manufacturing of cluster bombs and/or anti-personnel mines.

Coface's B to B activity does not require specific measures regarding the health and safety of consumers.

However, Coface pays great attention to the security and confidentiality of data concerning policyholders and their clients. This is demonstrated through its choice of service providers, the conditions in which it stores data on policyholders and their clients, its implementation of and compliance with the regulation and industry data protection standards (active and passive protection measures such as firewalls, and business continuity plans), and through the addition of specific contract clauses during both the pre-contractual and contractual phases.

As a member of the United Nations Global Compact, Coface follows the principles stated therein relating to the protection of human rights:

- to promote and respect protection of international human rights law in its sphere of influence; and
- to ensure that it is never complicit in human rights violations.

## 6.5 CSR initiatives envisaged in the medium term by Coface

Thanks to a discussion launched in the last quarter of 2014, which involved the participation of all its regions of business, the Company developed all along 2015 a medium-term CSR plan examined by the Board of Directors in December 2015. This plan includes the follow up of initiatives already existing at Group level and the launch of a certain number of new initiatives.

These initiatives concern corporate governance, clients and prospects in all its geographic regions of business, the Group's employees, its environmental footprint and its societal environment.

In this respect, a decision was made to strengthen Coface's CSR reporting by setting up a dedicated CSR page on the Coface website, which was completed in 2016.

The Company also made a commitment to appoint CSR correspondents in each region charged with regularly collecting CSR data from each Coface entity and subsequently reporting the collected information to the Group level CSR officer, which was also completed in 2016.

The Company has made a commitment to raise the awareness of its policyholders and prospects about relevant environmental, social and governance issues through segment-specific economic studies on its website, some of which will refer to CSR issues.

The Company will pursue and step up its social initiatives with a particular focus on defining a diversity policy that includes, in particular, the employment of people with disabilities.

Environmental reporting are extended each year to new countries to improve the monitoring of the Group's carbon footprint and identify the investments required for better energy consumption.

Lastly, Coface Trade Aid will continue to benefit the Company's societal environment with its charity actions for economically underprivileged populations, with the determination to refocus its actions on local economic development through micro-financing and education for children.