



COFACE'S CORPORATE SOCIAL RESPONSIBILITY (CSR)

—
JUNE 30TH, 2017

AGENDA

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CSR WITHIN
COFACE

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A RESPONSIBLE
INVESTMENT
PORTFOLIO

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PROACTIVE
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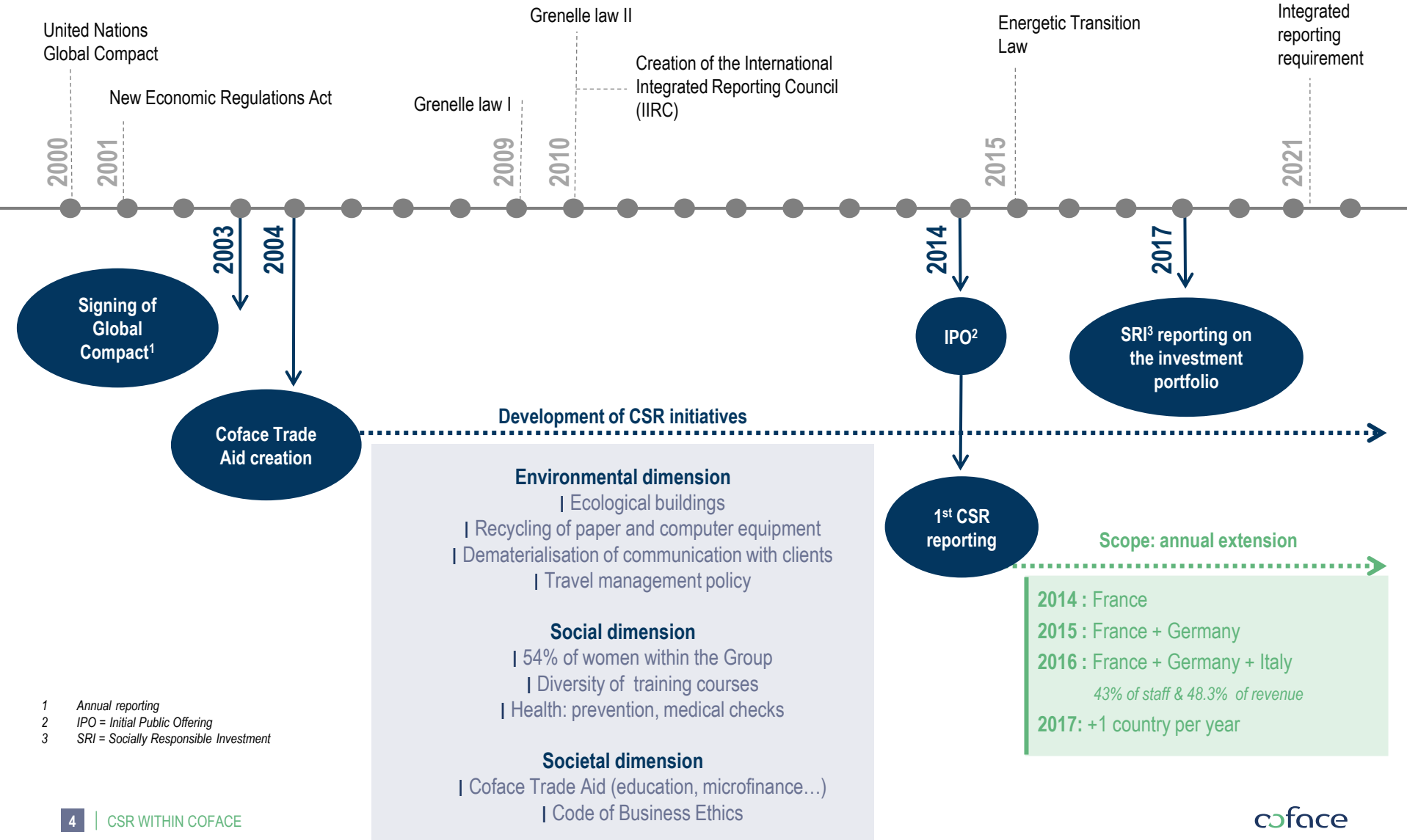
APPENDICES

COFACE'S CORPORATE SOCIAL RESPONSIBILITY

CSR WITHIN COFACE

SECTION 1

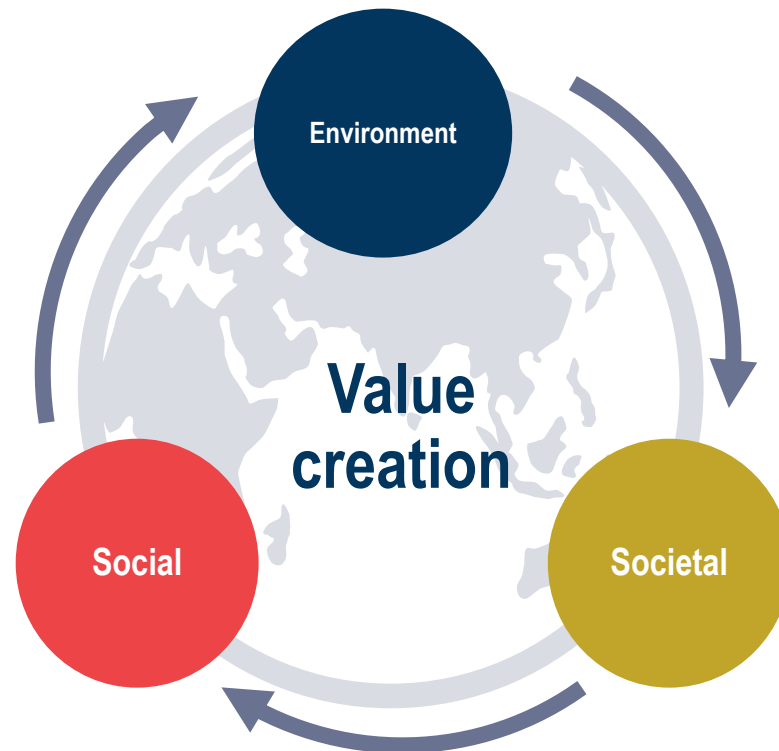
STEADY EVOLUTION OF OUR STRATEGY



1 Annual reporting
 2 IPO = Initial Public Offering
 3 SRI = Socially Responsible Investment

COFACE'S STATEMENT

- Monitor our energy results
- Quarterly report on carbon footprint of the investment portfolio

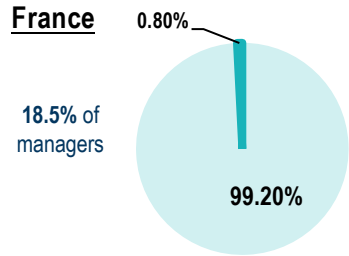


- Encourage international mobility among employees
- Train our employees

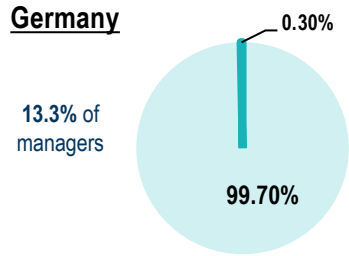
- Improve selection conditions for suppliers
- Keep our solidarity actions going via Coface Trade Aid

DIVERSITY

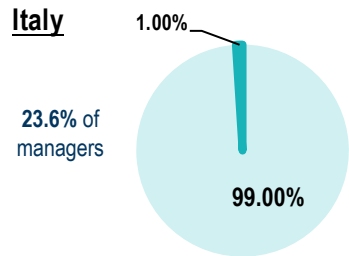
Social and societal data*



56% of women
42% of managers are women



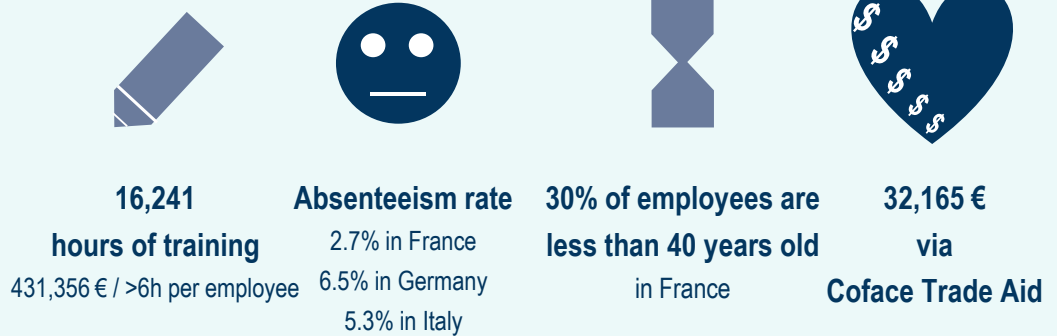
52% of women
15% of managers are women



49% of women
34% of managers are women

Fixed term contracts
 Open-ended contracts

75 nationalities within the Group



Talent development

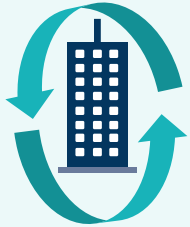
Creation of the CEO Growth Awards
September 2016

Women to Win Initiative
June 2017

* As at December 31st 2016, the reporting perimeter accounts for 48.3% of revenue & 43% of staff (France, Germany and Italy) – See Chapter 6 of the 2016 Registration Document for more information on the reporting standards and methods

SUSTAINABLE USE OF RESOURCES & CIRCULAR ECONOMY

Environmental data*



**French and German
headquarters certified HEQ**
(High Environmental Quality)



**7,731 Mwh
of energy consumed**
Electricity 6,360 Mwh ; 521 Teq.Co₂
Gaz 1,371 Mwh ; 297 Teq.Co₂



3,047 Teq.CO₂
Plane + Train + Fuel



**-6,4 % vs 2015
at constant
scope**

65.8 tons

of paper consumed

Purchase of PEFC certified or
FSC labelled paper



**-36 % vs 2015
at constant
scope**

28,587 m³

of water consumed

► The Group's activity does not lead to substantial pollution

- low direct impact on air, water or land
- no noise pollution

► Dematerialisation of data exchange with our clients

- online tools : CofaMove (app.),
Dashboard, *Cofanet*
- data security



► Waste management (garbage and food)

- selective sorting at a local level
- recycling programmes for end-of-life equipment



* As at December 31st 2016, the reporting perimeter accounts for 48.3% of revenue & 43% of staff (France, Germany and Italy) – See Chapter 6 of the 2016 Registration Document for more information on the reporting standards and methods

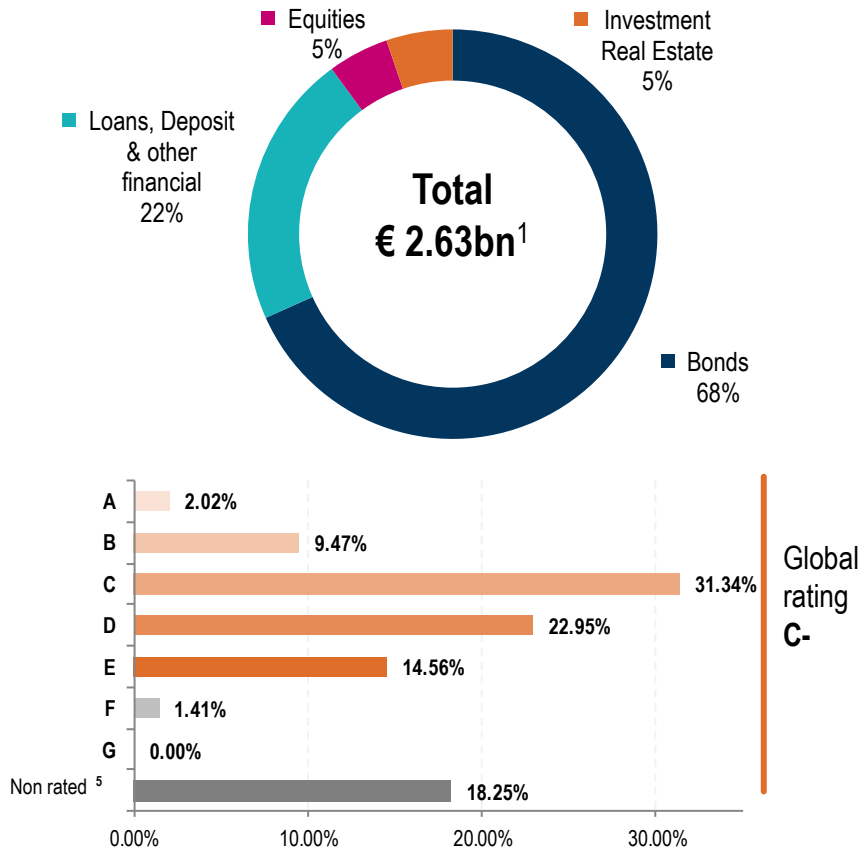
A RESPONSIBLE INVESTMENT PORTFOLIO

SECTION 2

SRI TO BETTER MANAGE OUR RISKS

A diversified and proactive strategy

Key figures² and ESG³ rating



RSE reporting's scope

- ▶ **Centralised asset management monitored by Amundi**
 - Amundi has signed the PRI⁴ and manages SRI (Socially Responsible Investment) funds and mandates

- ▶ **Coface has outsourced to Amundi:**
 - the carbon footprint monitoring (quarterly report)
 - the voting rights (annual report)
 - the ESG³ rating of the portfolio (quarterly report)

- ▶ **95% of the total investment portfolio is monitored by Amundi and therefore can be rated**

- ▶ **Global rating : C-**
 - environmental C-
 - social C
 - governance C-

¹ Excluding investments in non consolidated subsidiaries | ² As at December 31st, 2016 | ³ ESG = Environmental, Social and Governance | ⁴ PRI : Principles for Responsible Investment | ⁵ The Non-rated corresponds mainly to open funds (excluding Colombes and Lausanne funds), Real Estate, Real estate and infrastructure loans

SRI STRATEGY: 3 PILLARS

ESG factors



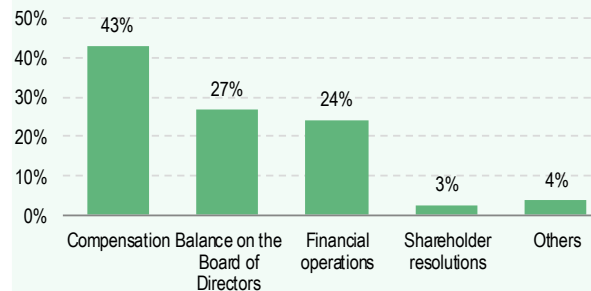
- ▶ **Goal #1 : risk management**
 - long term assets' value
 - exclusion of controversial companies : international lists for economic and financial sanctions (FATF, EU embargo, US embargo...), anti-personnel mine, cluster munitions
- ▶ **Goal #2 : reinforce our reputation**
 - 9 out of 10 fund managers have signed the PRI¹
 - Dialogue between Coface and its asset managers
- ▶ **81.7% of the investment portfolio has an ESG rating**
- ▶ **The ESG rating is provided on a quarterly basis**

Voting rights and commitments



- ▶ **Follow-up on Amundi's voting policy**
 - upstream dialogue with Amundi, then, if needed, with the shareholders
 - attendance to shareholders meetings
 - annual voting report
- ▶ **Follow-up on the UCITS voting policies from the investment portfolio**

Opposition vote on shares held directly



Carbon footprint measure

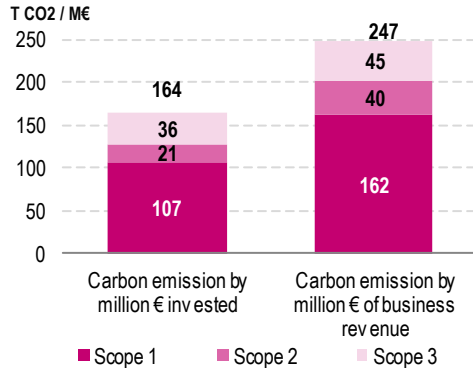


- ▶ **Monitor the carbon footprint risk**
- ▶ **Participate to sustainable development**
- ▶ **Quarterly reporting (via Amundi)**
 - carbon emission and carbon reserve
 - sector and geographical contributions
 - analysis by million € invested
 - analysis by million € of business revenue
 - 3 levels of scope³

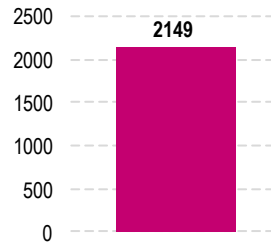
¹ PRI : Principles for Responsible Investment | ² Dedicated funds exposed to equity | ³ See Appendices for the methodology

CARBON FOOTPRINT : 5 KEY METRICS

Carbon emission



Carbon reserve

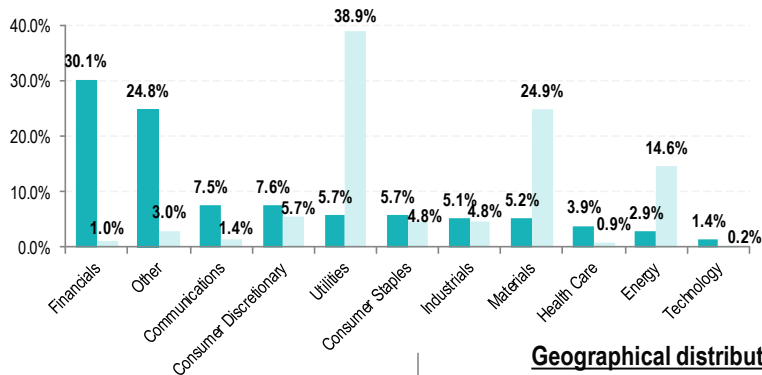


- ▶ **Rateable issuers account for 52% of the platform**
 - The total AuM of the rated issuers accounts for 76.3% of the total AuM of the rateable issuers

▶ **The 5 key metrics :**

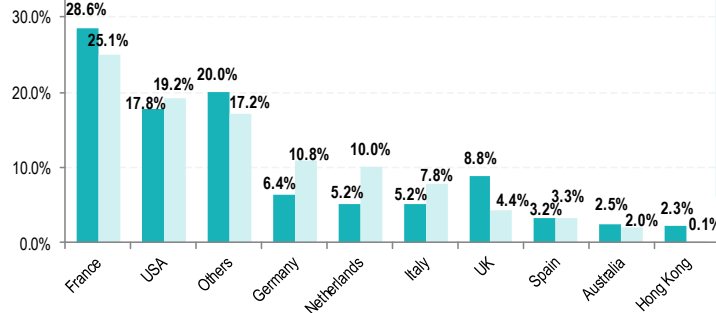
- Carbon emissions in TCo2 by M€ invested**
- Carbon emissions in TCo2 by M€ of business revenue**
- Carbon reserve**
 - they belong to materials, energy, and services sectors
 - the rating scope accounts for 1.48% of the investment platform
- Sector distribution of carbon emissions**
 - largest contributors : public services, materials and energy
 - smallest contributors : finance, communications, health and technologies
- Geographical distribution of carbon emissions**
 - as per the Group's largest exposure by country

Sector distribution of carbon emissions



Geographical distribution of carbon emissions

■ Notable Weight
■ CO₂ Footprint



Source: Amundi reporting as at June 30th 2017
See the Appendices for the Methodology

PROACTIVE GOVERNANCE

SECTION 3

CORPORATE GOVERNANCE DRIVEN BY LONG-TERM VISION



THE AFEP-MEDEF CODE AS A REFERENCE

Board of Directors

Composition and structure

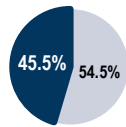
► 9 meetings in 2016

- Participation rate: 74.6%
- Director's fees : 400,000 €
- Director's fees distributed : 241,000 €

► Board's President \neq CEO

► Composed of 11 members

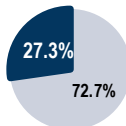
- **46%** are **women**



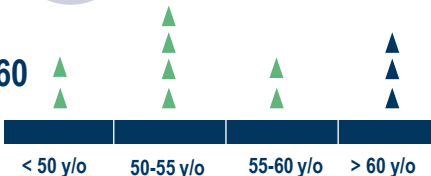
- **46%** are **independent**



- **27%** are **not French**



- **8** out of 11 are **less than 60**



Operations in 2016

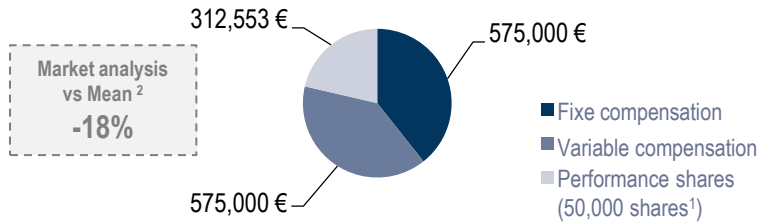
- Approval of the strategic plan and steering of Fit to Win
- Co-optation of 3 board members and reinforcement of the top management team
- Updating of the compensation policy
- Audit Plan for 2016 and steering of Solvency II
- Financial operations : implementation of a contingent capital line and transfer of the public procedures management business activity to Bpifrance
- Training workshop : lean management

¹ PCA : Président du Conseil d'administration, meaning Chairman of the Board of Directors

COMPENSATION LINKED TO PERFORMANCE

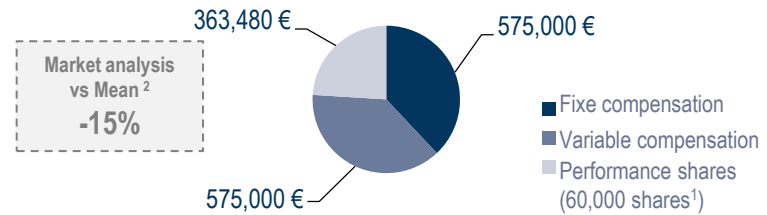
CEO compensation¹

2016 Target compensation



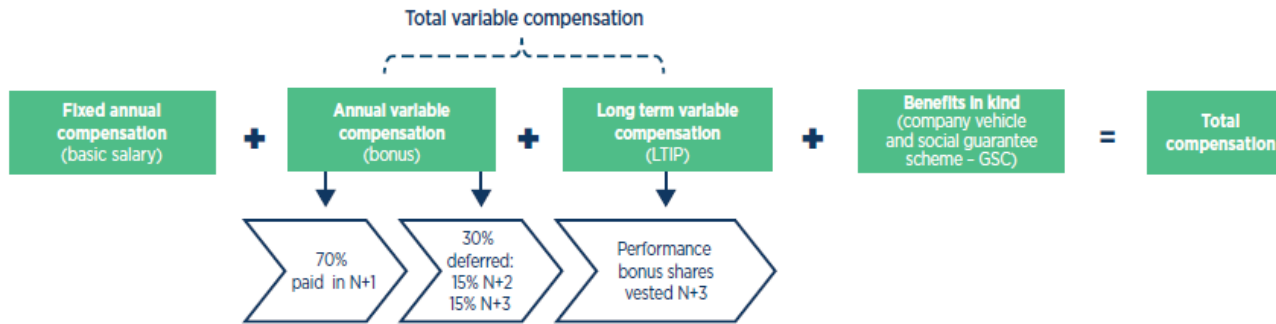
→ 1,463,553€ of global target compensation (amount perceived : 1,298,348€)

2017 Target compensation



→ 1,513,480€ of global target compensation

Explanatory scheme (2016 & 2017)



Claw back : in case of a loss observed prior to the payment date of the deferrals (N+2, N+3) for the year of performance N, no payment will be made for these deferrals

Status details (for 2016 et 2017)

- ▶ No employment contract
- ▶ No stock options
- ▶ No supplementary retirement scheme
- ▶ Payment by the Company of 62.5% of contributions due for the business managers and corporate officers social guarantee scheme (GSC)
- ▶ Covered by the collective life, disability and health insurance plans in force in the company
- ▶ Provision of a company car
- ▶ Compensation for termination of service subjected to performance conditions and limited to as much as two years of compensation (fixed and variable)

¹ Xavier Durand, CEO : Started his mandate on February 9th, 2016. The attribution of free performance shares within the Long Term Incentive Plan (LTIP) is subordinated to performance achievements (objectives) – See chapter 2 of the 2016 Registration Document.
² Source : Towers 2017. Panel of 35 companies belonging to the SBF 120, comparable to Coface in terms of turnover, workforce, or geographical area

ESG CONTRIBUTES TO ENHANCING VALUE CREATION AND TO BETTER MANAGING OUR RISKS

Compliance



- ▶ **Fight against money laundering, corruption, and financial fraud**
 - reinforcement of IT tools and controls
 - e-learning training courses for employees
- ▶ **Data security and confidentiality**
 - internalisation of IT activities to ensure security and keep in-house skills
 - choice of suppliers and data storage
 - implementation of process, firewalls, passwords, contractual clauses, business continuity plan (BCP¹)
- ▶ **Conflict of interest**
 - creation of the Business Ethics Code
- ▶ **In 2016, there was no litigation related to the environment, and no fee was paid pursuant to a court decision**

Risk management



- ▶ **An internal control and risk management system based on :**
 - a governance structure : 1st level operational committees, 2nd level control committees, 4 key functions (risk management, compliance, internal audit, actuarial service), the Coface Group Risk Committee...
 - management structures and control mechanisms
 - ▶ **Identification of 5 types of risk :**
 - strategic risk, credit risk, financial risk, operational and compliance risk, reinsurance risk
-
- ▶ **Risks related to climate change**
 - initiatives to reduce greenhouse gas emissions : travel and mobility policies
 - implementation of a socially responsible investment policy for the portfolio
 - monitoring carbon footprint



¹ In accordance with the BCP – Business continuity plan (PCA : *Plan de Continuité d'Activité*), all Group servers are hosted in 2 external data centres located in Paris region. The data is saved in a private cloud. In the event of failure of one of the site, the other one takes over in a transparent manner for all the users. The IT part of the BCP is tested once a year – See subsections 1.8.1 and 2.4.2.2.3.4 of the 2016 Registration Document

OUTLOOK

SECTION 4

OUR MID-TERM GOALS

Raise awareness on ESG issues (for clients and prospects)

- Through sectorial studies published on our website

Enhance our diversity policy

- Especially regarding the integration of handicapped people

Keep up our support to Coface Trade Aid projects

- Global reshaping of Coface Trade Aid strategy

Monitoring improvement of the investment portfolio ESG rating

- Monitor our carbon footprint

Extend the Group's reporting scope

- Integration of an extra country per year

APPENDICES

SECTION 5

METHODOLOGY (1/2)

Trucost provides the data on carbon emissions

- Annual emissions of the companies, in tonnes CO₂ equivalent
- Methodology based on the Greenhouse Gas Protocol
- Gathering the 6 greenhouse gas defined in the Kyoto Protocol, whose emissions are converted in CO₂ equivalent (in term of global warming potential)

The 6 greenhouse gas considered are :

- Carbon dioxide (CO₂)
- Nitrous oxide (N₂O)
- Per fluorinated Hydrocarbons (PFC)
- Methane (CH₄)
- Hydro fluorocarbons (HFC)
- Sulphur hexafluoride (CF₆)

Greenhouse gas emissions are classified by the Greenhouse Gas Protocol in 3 scopes :

- **Scope 1** : direct emissions of business activity
- **Scope 2** : indirect emissions of energy purchase (electricity, heating...)
- **Scope 3** : indirect emissions from first tier suppliers (« Scope 3 upstream first tier»)

MÉTHODOLOGY (2/2)

The carbon reserves of a company are calculated by Trucost as the sum of greenhouse emissions (mainly CO₂) that would result if the proven and probably fossil fuel reserves (coal, oil, natural gas) of the company were to be burnt (**Postdam Institute for Climate Impact Research method**).

Carbon emissions per million € invested:

This indicator enables quantification of carbon emissions resulting from investment in the portfolio. It is calculated using the formula below :

$$\text{Portfolio emissions} \left(\frac{\text{tCO}_2}{\text{M€ invested}} \right) = \frac{\sum_i^n \text{Emissions of company in the portfolio}_i(\text{tCO}_2)}{\text{AuM of the portfolio (M€)}}$$

With : Emissions of the company in the ptf_i(tCO₂) = Percentage participation (%) × Company emissions_i(tCO₂)

And : Percentage participation_i(%) = $\frac{\text{Sum invested in the company (equity or debt)}_i(\text{M€})}{\text{Value of the company (equity+debt)}_i(\text{M€})}$

Carbon emissions per million € of business revenue:

$$\text{Portfolio emissions} \left(\frac{\text{tCO}_2}{\text{M€ of turnover}} \right) = \sum_i^n \text{Weighting of the company in the portfolio}_i(\%) \times \frac{\text{Company emissions}_i(\text{tCO}_2)}{\text{Turnover}_i(\text{M€})}$$

Sector and geographical contributions :

$$\text{Share of the emissions of sectors/country}_p(\%) = \frac{\sum_j^m \text{Emissions of the firm in the ptf}_j^{s/p}(\text{tCO}_2)}{\sum_i^n \text{Emissions of the firm in the ptf}_i(\text{tCO}_2)}$$

With the companies from j to m belonging to the sector s / country p

Implicit assumption : Bond investments are supposed to be renewed

Same methodology for shares and bonds portfolios, avoiding double-counting the same firm in both the debt and the share pools

IMPORTANT LEGAL INFORMATION

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Readers are invited to complete this information with the Registration Document for the year 2016. The Registration Document for 2016 was registered by the *Autorité des marchés financiers* (“AMF”) on April 12th, 2017 under the No. R.17-016. These documents all together present a detailed description of the Coface Group, its business, strategy, financial condition, results of operations and risk factors.

This presentation contains certain forward-looking statements. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on Coface Group’s current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. The Coface Group is under no obligation and does not undertake to provide updates of these forward-looking statements and information to reflect events that occur or circumstances that arise after the date of this document.

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