The Coface Group has made a commitment to cooperate in the field of corporate, environmental and societal issues for several years now. In 2003, it joined the United Nations Global Compact, through which it supports in its sphere of influence the 10 principles of the Global Compact relating to 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 contributes to 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 very limited direct impact on the environment. Nonetheless, the Coface Group is committed to environmental protection and sustainable development issues, and works on its indirect impacts, particularly with the management of its assets.

Carrying these principles even further, in 2015, Coface's general management created the role of Group corporate social responsibility (CSR) manager, which is handled by the Corporate Secretary to ensure the monitoring of actions undertaken and those to be undertaken in this field by all Coface entities worldwide. In 2015, the Coface Group also 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 in the coming years.

This year, the provisions of the new Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code (*Code de commerce*) make it possible to look at a business' corporate social responsibility through the non-financial performance report (*déclaration de performance extra-financière*, DPEF), which now replaces the CSR report. This year is a transition year for rolling out these new regulations.

Certain areas that were covered in detail in previous years under the Grenelle II Act are no longer presented under the new regulations. In fact, the Company's business has a very limited impact in terms of waste in general, as well as food waste. The same is true for noise pollution for third parties and biodiversity protection. The Coface Group has therefore decided to no longer cover these areas, while focusing more on others with greater impacts on society.

In accordance with requirements for the non-financial performance report, the Company presents its business model this year in the section entitled "Overview of Coface" (Chapter 0), as well as the main non-financial risks and challenges relating to its business (see next page).

To further strengthen and integrate its responsibility approach at the heart of operations for its activities, the Coface Group carried out its first mapping of non-financial risks in 2018. Alongside the risk maps already monitored by the Group (strategic risk, credit risk, financial risk, operational and non-compliance risk, reinsurance risk, see Section 5.1.3 "Definition and measurement of risks"), this process has made it possible to identify the main non-financial risks throughout its value chain.

The risk mapping approach has been carried out in three stages:

1. definition of the scope for non-financial risks: identification of risks and challenges with potentially significant impacts on the Group, or which the Group represents for society in general.

   This scope has been defined based on the findings from its CSR reporting for the last few years, consulting with the Risk Department. A restricted scope of risks and challenges was then defined by the Group to ensure the consistency of its mapping with its business sector, geographic locations and core challenges;
2. assessment of the risks: each risk was assessed using an approach consistent with the one deployed by the Group's Risk Department. All risks were rated based on two criteria: the inherent level of the risk occurring and the level of control over this risk;
3. prioritisation of risks: based on the assessments carried out, the Group identified and ranked 10 priority non-financial risks, which were approved by the Group's General Secretary.

These risks, most of which were already identified and monitored by the Group, are presented in the following table. The Group's policies to protect itself against them, and details of the actions and results, are presented throughout this document.

In 2019, the Coface Group plans to refine this approach.

Significant non-financial risks	Description of the risk and impact	Policies and actions to mitigate the risk	Registration document reference
Attracting and retaining talent	◆ Management of talent and employee well-being ◆ Impact on quality of service and loss of value for the business	In 2017 and 2018, Coface measured its employees' satisfaction and commitment with a commitment survey. This enables it to draw up action plans and work in line with a continuous improvement approach. Coface has put in place action plans to attract and retain talent, as well as training plans for all its employees. Coface is committed to various solidarity measures, maintains ongoing corporate dialogue with its employee representative bodies and has set up a series of initiatives supporting its workplace wellness policy. Coface is developing several programmes to ensure gender equality in the workplace.	Section 6.1.1
Committed employees	◆ Employee engagement ◆ Need to recruit skills ◆ Training to adapt employees' skills in line with the Group's changes ◆ Impact on quality of service and loss of value for the business		
Diversity and equal opportunities	◆ Diversity and equal opportunities ◆ Impact on quality of service and loss of value for the business		
Extraordinary risks	◆ Extraordinary event (acts of terrorism or events) ◆ Impact: disruption of Coface's business	Coface has insurance coverage and business continuity plans.	Section 5.2.4
Risks relating to any failure to respect human rights	◆ Respect for human rights among our policyholders ◆ Impact on the Company's image and reputation	Since 2003, Coface has been part of the United Nations Global Compact and does not cover any companies involved in manufacturing cluster bombs and/or anti-personnel mines.	Section 6.1.1
Risks relating to corruption	◆ Acts of corruption ◆ Impacts: disputes, penalties or withdrawal of the right to operate under licence	Coface has put in place an anti-corruption code of conduct, supported by a training and awareness programme for all employees, procedures for assessing business partners and accounting controls.	Section 6.3.5
Risks relating to tax evasion	◆ Transfer of assets to a country where the tax burden is lower in order to avoid a tax expense ◆ Impacts: penalties against the Company	The KYC (Know Your Customer) procedure and monitoring approach are strengthened when the local entity is located in a tax haven. Coface complies with the tax laws applicable in the jurisdictions where the Group operates.	Section 6.3.5
Risks relating to data protection and cyber-security	◆ Access to the integrity and confidentiality of data and information ◆ Impacts: unauthorised access or cyber-attack leading to the disclosure of information or disruption of activities	Coface has put in place an IT charter, which is included in the internal regulations setting out all the rules comprising Coface's security system.	Section 6.3.5
Risks relating to failure to adapt the activity to environmental challenges	◆ Setting up an in-house environmental policy (water, energy, paper) ◆ Impacts on the Company's image and reputation	Coface is committed to reducing its water, energy, paper and fuel consumption.	Section 6.2
Risks relating to the failure to adapt to changes in asset management practices	◆ Socially responsible investment policy ◆ Impacts on the Company's image and reputation	Coface has set up reporting systems to measure and reduce its investment portfolio's carbon footprint.	Section 6.3.4

4,131 employees in 63 countries

Over 800 participants in the **My Voice** groups, with a total of **550** initiatives launched

Continuity with the global gender **equality** initiative

285 participants in Lead Together, representing **50** countries

39 V.I.E (international intern in a company) in 2018

Coface Trade Aid

97% of assets covered by **SRI**

6.1 SOCIAL INFORMATION

6.1.1 Human Resources and performance development policy

Each year, the Group Human Resources (HR) Department 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 Talent Reviews and succession plans, the compensation policy and HR support for businesses.

Introduction

In various ways, the Fit to Win plan has covered most of the Company's functions, all of its key processes and the vast majority of its teams. Against a backdrop of the transformation of tools, organisations and management, this transformation needed to be supported by a cultural reference, built around Coface's values, as redefined in 2016.

Alongside this, in line with the focus on risk and control functions, such as compliance, skills have been further strengthened in these areas, which has also required extensive cultural support, in order to build awareness and ramp up training on these management practices.

One of the driving forces for the cultural transformation has been the roll-out of a different organisation, in January 2017. Shortly after Fit to Win was launched, the control functions, *i.e.*, the department in charge of ensuring compliance, risk management and the audit functions, adopted an integrated organisation, with a direct reporting line between the Group departments and the regional departments. This realignment of the organisation made it possible to very quickly align the objectives for these functions in all the Group's companies, distributing the desired changes in practices in these various areas with a more direct approach.

One key driving force has been the work carried out to strengthen the managerial culture, which the Company wanted to be more agile, more client-centric and more closely aligned with its employees' cultural diversity.

Reflecting this drive to strengthen the culture, a number of managers have arrived from international companies, with transformation experience. One third of the Senior Manager positions have been filled with new arrivals, making it possible to strengthen and enrich the managerial culture over the last three financial years. The Executive Committee has also benefited from an in-depth renewal.

An ambitious leadership development programme Lead Together has also been launched. This programme, headed up by the Executive Committee and Group HR and supported by the expertise of an outstanding partner, will cover 500 of the Company's managers between 2018 and 2019, representing nearly 15% of Coface's workforce, and all of its Senior Managers and mid-level managers.

The launch of an employee commitment survey in 2017, then 2018, has made it possible to take a further step forward with the cultural transformation. The survey's findings revealed an extraordinarily high participation rate (92%), with a level of engagement below the industry benchmark, and showed us the areas requiring progress and the priorities for improving our management practices.

The strengthening of managers' role in developing their employees is one of the priorities and has led to broader objectives being set for annual appraisals to include employee development.

Coface has also chosen to involve employees in the review processes looking at how to improve commitment: we have set up action groups, made up of volunteers, and asked them to work on proposals for actions and their implementation. Large numbers of employees have been involved in these groups, which have met a number of times, around brainstorming sessions, involving different hierarchical levels and working on a positive agenda for improving day-to-day life. This new and informal way of working in groups has clearly contributed to the cultural change.

The cultural transformation has also been reinforced with a strong focus on international mobility and talent development in order to distribute best practices between countries and benefit from diverse ideas and practices from the Group's various companies. In 2018, the number of international transfers was 2.4 times higher than the average for the past five years.

Lastly, in terms of talent management, we have focused on gender equality and specifically development opportunities with the Women to Win programme. This initiative, which is still a long way from being completed, is already opening up positive cultural changes.

A real asset: our diversity

The following data come from the Group's HR reporting tool, available online. The database is updated in real time, and receives a steady flow of data from local HR managers in the countries. Consolidation of this information occurs on the last business day of the month, which allows monthly scorecards to be produced. This reporting includes the individual contract, activity, business and length of service data for each legal entity in the Group and information on the hierarchical links between the various positions.

The tool also serves as a strategic planning tool for staff, as it makes it possible to manage recruitment actions and internal transfers within the context of a reference budget. The breakdown of Coface's workforce is presented below:

Strong international dimension

At December 31, 2018, the Group employed 4,131 people based in 63 countries, compared with 4,078 at December 31, 2017.

The following table presents the geographic breakdown of the Group's workforce since December 31, 2016:

Workforce	2018	2017	2016	% of total 2018
Northern Europe	701	713	771	17%
Western Europe	987	974	1,175	24%
Central Europe	687	715	721	17%
Mediterranean & Africa	768	763	760	19%
North America	192	125	112	5%
Latin America	390	388	366	9%
Asia-Pacific	406	400	377	10%
TOTAL	**4,131**	**4,078**	**4,282**	**100%**

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), and Spain and Portugal in Mediterranean & Africa (previously part of Western Europe), which resulted in certain changes in the regions concerned.

Changes in the workforce in Western Europe between 2016 and 2017 were partly due to the transfer of the State guarantees management business to Bpifrance Assurance Export.

The changes in the workforce in North America are partly linked to the integration of commercial agents into Coface's internal workforce in 2018.

Due to the nature of its activities and their geographic coverage, the Coface Group is multicultural, with a strong international focus. For the financial year ended December 31, 2018, 72 nationalities were represented in the Group; this diversity is strengthened by the frequent integration of employees from other countries into the teams; currently, 244 employees work outside their country of origin. This diversity guarantees that the Group reflects the diversity of the business communities and clients that it serves. For example, there are 24 different nationalities among employees based in France.

Young talents are also a priority for Coface. To enhance its ability to attract the new generation to its entities abroad and renew its talent pool, Coface has given added impetus to its V.I.E (international intern in a company) scheme by orienting V.I.E assignments towards key roles in the Company's development, where the young persons selected can develop their talent in full. In total, nearly 30 participants in the V.I.E scheme form this unique talent pool each year.

In 2018, Coface welcomed 39 volunteers in 14 countries. In 2019, Coface plans to extend this scope to include 17 countries.

Activities across diverse sectors

The table below presents the breakdown of the Group's workforce by activity type since December 31, 2016:

Workforce	2018	2017	2016	% of total 2018	Change 2018 *vs* 2017
Sales & Marketing	1,390	1,315	1,308	33.7%	5.7%
Support	1,413	1,382	1,595	34.2%	2.2%
Information, litigation, debt collection	1,003	1,040	1,040	24.3%	(3.6%)
Underwriting	325	341	339	7.9%	(4.7%)
TOTAL	**4,131**	**4,078**	**4,282**	**100%**	**1.3%**

In 2018, 1,390 employees were assigned to sales and marketing, 1,413 to support functions, 1,003 to information, litigation and debt collection and 325 to underwriting.

For reference, changes in the workforce for support functions between 2016 and 2017 were in large part due to the transfer of the State guarantees management business.

The increase in the Sales and Marketing workforce factors in the targeted strengthening of sales forces, with the Sales Force Effectiveness programme, as well as the integration of commercial agents who were previously external, in the US.

Different types of employment contracts and changes in the workforce

In France, Germany, Italy, Spain and the UK, the total workforce at December 31, 2018 was 1,794 employees and broke down as follows according to the type of contract:

		Permanent contracts	Fixed-term contracts	Supervising managers
France	2018	97.8%	2.2%	23.1%
	2017	98.4%	1.6%	22.0%
	2016	99.2%	0.8%	18.5%
Germany	2018	99.5%	0.5%	15.1%
	2017	99.7%	0.3%	13.9%
	2016	99.7%	0.3%	13.3%
Italy	2018	99.5%	0.5%	28.6%
	2017	99.5%	0.5%	25.9%
	2016	99.0%	1.0%	23.6%
Spain	2018	100%	0%	26.3%
	2017	97.8%	2.2%	28.6%
United Kingdom	2018	99.0%	1.0%	21.0%

Coface employs people almost exclusively on permanent contracts.

In addition, the percentage of supervising managers is up in most of the countries from the reporting scope, which clearly illustrates the drive to further strengthen Coface's managerial culture. This is particularly true for the functional departments at the Bois-Colombes head office: the strengthening of certain functions, such as compliance, risk or the Finance Department, have proportionally increased the number of supervising managers in France.

In 2018, the Company hired 124 new employees in France, Germany, Italy, Spain and the UK, with 249 departures, including 105 resignations, 53 contracts ended due to retirement and 23 dismissals. It is important to note a slight change in the methodology applied, because fixed-term contracts are recorded for arrivals and departures from this year.

For reference, the transfer of the State guarantees management business to Bpifrance Assurance Export gave rise to 249 departures in 2017.

Different age ranges

At December 31, 2018, the age ranges of employees in France, Germany, Italy, Spain and the UK were as follows:

Age ranges	Percentage of staff in the UK	Percentage of staff in Spain	Percentage of staff in Italy	Percentage of staff in France	Percentage of staff in Germany
< 30 years	13.0%	8.4%	5.3%	14.5%	4.0%
30 to 40 years	32.0%	28.9%	23.3%	25.6%	22.4%
40 to 50 years	24.0%	43.7%	48.1%	27.7%	31.9%
> 50 years	31.0%	18.9%	23.3%	32.2%	41.7%

Historically, France and Germany have had an age pyramid with a large proportion of the workforce over the age of 50 and a limited staff turnover rate, reflecting both team loyalty and the Company's willingness to recognise and retain the expertise of its employees. However, Coface France decided in 2017 to support employees nearing retirement age by offering them a pre-retirement scheme enabling them to bring forward their departure by a maximum of up to two years prior to their full retirement date. As part of this, Coface undertook significant support and transition work to ensure that skills are transferred as smoothly as possible, in an extension of the provisions under the generation contract adopted in 2013. These departures resulted in a partial renewal of the teams.

To facilitate collaboration, Coface France also organised an "Intergenerational Collaboration" conference at the Bois-Colombes site in September 2018, with very positive feedback from Coface's employees.

Relatively balanced gender breakdown

The male/female balance (just over 53% women throughout the Group in 2018, and 38% female managers), 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 internal mobility and access of its employees to roles of responsibility.

The table below shows the change in female representation in countries within the reporting scope since 2016:

		% women among total workforce	% women among managers
France	2018	50.5%	37.4%
	2017	50.7%	37.0%
	2016	56.0%	41.6%
Germany	2018	53.6%	18.4%
	2017	53.0%	17.1%
	2016	52.2%	14.9%
Italy	2018	50.8%	44.4%
	2017	48.7%	40.8%
	2016	48.7%	34.0%
Spain	2018	64.7%	42.0%
	2017	64.3%	40.4%
United Kingdom	2018	41.0%	23.8%

Female representation is on the rise in Germany, and in management positions in Italy. The fall in France is explained in large part due to the transfer of the State guarantees management business, an activity with a high level of female representation, outside the scope of Coface.

At December 31, 2018, female representation within the governance bodies was as follows:

- Board of Directors: five women out of 11 directors, *i.e.*, 45.5%;
- Executive Committee: five women, *i.e.*, one third of the members of the Executive Committee;
- Management Committee: two women, *i.e.*, one quarter of the members of the Management Committee;
- Senior Manager category (top 180): 54 women out of 181 (Coface all regions and head office) and 28 out of 88 (for the scope covering the five countries in the report), *i.e.*, approximately one third.

In addition to this diversity within our teams, Coface has diverse products and clients. At Coface, our employees' day-to-day work is enhanced by the diversity of the teams they work with and the clients they meet.

Coface's talent management policy aims to promote the diversity of this human capital to support the Company's capacity for innovation and its ability to position itself as a learning company that is constantly striving for more agility. It also aims to enable each individual to develop in line with their aspirations and aptitudes, capitalising on the Group's scale and its presence in more than 60 countries. A certain number of initiatives, detailed below, are contributing to these goals, from gender equality with the Women to Win programme to the international mobility policy making it possible to share skills between the Group's countries and the LEAD together programme to develop leadership, looking to build a shared managerial culture by bringing together managers from various countries for exchange sessions supported by external coaches.

On track for a cultural transformation

Since launching Fit to Win, Coface has ramped up the opportunities for employees to be visible and to contribute, through their ideas, to improving processes, tools, offices and more generally their day-to-day life within the Company.

In addition to this, the opportunities given to employees to contribute to the agility, client focus or change management objectives have enriched the day-to-day activities of many of them, further strengthened their sense of belonging and contributed to Coface's rationale.

This has been achieved by the LEAN process improvement groups deployed, the exchange workshops organised with the Fit to Win Days and hosted by employees in 2017 and 2018, as well as the My Voice working groups in 2018.

New ways of working

In 2018, Coface carried out extensive work to improve the levels of engagement among its employees, notably setting up the My Voice Action Teams. In total, over 800 employees in more than 40 different countries actively contributed to these working groups over a period of some six months. Approximately 550 initiatives have been launched, at every level throughout the organisation. The workplace environment and development opportunities aspects have been reworked in particular. Various initiatives, such as "Coffee with the CEO" or meetings with country directors, have been launched in most of Coface's countries, including France, Spain, Italy, Germany, Austria, Serbia, Peru and even Russia, to build stronger links with the management team. In most of its countries, the Central Europe region has set up plenary meetings, which bring all the local employees together, or invites all the region's employees to take part in webinars with the country director and management team members. These monthly or quarterly meetings aim to communicate on the Company's results and strategy, while ensuring regular communication with management.

These events are also opportunities to get valuable direct feedback from Coface's employees. In addition, France has set up a digital and physical suggestions box to collect this feedback from employees.

One of the challenges highlighted by the My Voice commitment survey was to build better understanding of each individual's role within the organisation and with the deployment of the Fit to Win strategic plan. Employees expressed a need for links between the various functions. A number of initiatives have been launched in response to this issue, including My Job Day, in France, for instance. This initiative, presenting the various professions available in a given function, has also made it possible to present the department's vacancies and request applications from internal candidates, with possibilities for functional transfers. Coface Chile and Italy have organised "live my life" role plays enabling participants to understand their colleagues' day-to-day work, as well as their recurring issues and constraints, with a view to improving coordination between the teams.

Flash Training sessions were also organised in France, aiming to provide employees with information or training on Coface products and the organisation's key tools and initiatives. For example, the requirement to put in place a KYC process - ensuring knowledge of our clients' identity to prevent money-laundering and terrorist financing - was presented with a Flash Training approach. In the US, this same requirement was covered with Lunch and Learn conferences looking at specific topics.

The results from My Voice France also showed that employees felt a need for better knowledge of their clients' requirements. Initiatives have been set up for "double listening" to clients and arranging meetings in the field with prospects, clients or brokers.

A dedicated wall for My Voice communications has also been created in a number of countries.

This way of operating with working groups, set up widely across the Group's various countries, has not only made it possible to find concrete solutions for improvements, built with employees, but has also introduced a new way of working thanks to a more bottom-up and collaborative approach; holding inter-department meetings, organising regular meetings and actively engaging employees in these improvements, making them accountable for My Voice actions.

For its part, the Group HR Department has mapped out a global action plan including work on career development, the definition of Coface's Employer Brand following work on the Company's rationale and the building of an onboarding programme for new employees, ensuring "a minimum experience" for new arrivals within Coface worldwide. Already launched in 2018, this action plan will be deployed more widely in 2019. France has launched this work on integrating new employees at country level by offering presentations of the various departments for new arrivals.

In September 2018, Coface once again measured the satisfaction and commitment of its employees using a new engagement survey prepared and conducted with AON Hewitt, called My Voice. With its rich experience and benchmark of 14 million respondents this year, this service provider was able to guide Coface in its choice of questions and protect the anonymity and confidentiality of the responses.

This year, six questions were added to the questionnaire, primarily covering senior leadership, client focus and follow-up on the results and actions from My Voice 2017. The survey contained 42 questions, including two open questions.

In 2018, My Voice was conducted in 12 different languages (four new languages compared with 2017) and once again obtained a participation rate of over 92%, demonstrating employees' strong attachment to Coface and a desire for constructive improvement.

The total commitment score shows a year-on-year increase of six points, reflecting a significant improvement with six months of actions. However, the results are still generally below the AON benchmark, and Coface needs to continue building on the work carried out in order to further strengthen its implementation of a continuous improvement approach.

The My Voice 2018 results were presented by region, country and function in December 2018. Working groups will be set up in early 2019 to define action plans at every level within the organisation, on all the topics highlighted by the survey as requiring improvement.

Coface plans to repeat this survey in 2020 in order to allow time to put in place sustainable actions and then measure the impact of its action plans.

In 2017, Coface also launched Yammer, its company social network, to facilitate communications between departments and countries and exchange information more efficiently. This tool was also widely used in 2018, particularly to communicate on follow-up on the My Voice actions.

Across the Group, Coface has sought to incorporate agility into its organisation through these new ways of working, and it hopes to see these bottom-up initiatives continue to develop in 2019.

The Lean management approach, aiming to optimise processes, tools and organisational aspects and free up resources for stronger value-added tasks with a view to increasing Coface's operational efficiency, is another vehicle for bottom-up initiatives, because employees, who are at the heart of the business, are trained to resolve problems.

When the My Voice action plans were drawn up in the various countries, employees also expressed strong needs for ramping up the number of Lean initiatives, as well as strengthening training in this area.

In this way, many countries have incorporated this Lean management dimension into their My Voice action plans, including the whole of the Mediterranean and Africa region, which organised a Train the Trainer initiative on this topic, as well as Israel and Romania, which have reviewed their work processes to improve productivity. In France, a dedicated Flash Training course was organised on these Lean initiatives within Coface.

A pleasant environment

In 2018, Coface also focused on flexibility at work with new agreements for teleworking in France and the adoption of flexible working arrangements in many countries in the reporting scope and outside of Europe.

In fact, in France and Austria, negotiations concerning the introduction of teleworking were completed in 2018 and led to an agreement being signed with the employee representative bodies. Eastern Europe has also set up a policy for working remotely in most of the countries where this is allowed by local legislation.

Germany, which has opened talks with its works councils to offer teleworking for all its employees, won the "Work and Family Compatibility" award for the third year running, thanks to its simple access to childcare, flexible hours, special leave arrangements, etc.

Mexico has also worked on this flexible working as part of the My Voice actions, offering a shorter day on Fridays, possibilities for everyone to work remotely and even a rest day for each employee's birthday.

It should be noted that 8% of the Group's total workforce chooses to work part time to meet their personal needs. This figure stands at 12% within the reporting scope; furthermore, as part of its working hours agreements, the Company offers employees the opportunity to organise their work hours according to selected times. No employees in France, Germany, Italy, Spain or the UK work in shifts or at night.

This year, our UK entity continued with its workplace wellness initiatives, notably organising yoga classes or making available baskets of fruit for employees, ensuring a healthy and welcoming workplace environment year round. Coface Spain also organises an annual campaign including information sessions on nutrition and healthy lifestyle habits. Working groups on healthcare and sports are also organised as part of this.

Other Coface offices are also endeavouring to create pleasant working conditions; Coface offices in Spain and Portugal renewed their initiative for the 8th consecutive year to celebrate "Friendship and Affection Day" with handwritten cards distributed to friends and colleagues. More than 1,800 cards are exchanged each year.

Coface also encourages regular physical activity in its various countries. This year, for instance, Coface Austria took part in an inter-company race and organised a yoga class on its office roof. Romania and Slovakia went even further by taking part in a marathon, while Lithuania and France took on a challenge to count the number of steps taken by their employees. In France, with the Global Challenge, more than 570 participants were provided with connected watches and took part in a number of challenges over 100 days, in teams of seven people. The France Communications Department's initiative to offer teams combining various departments, for those who were interested in this, has also enabled employees from Bois-Colombes to get to know their colleagues better.

Germany has also organised Pilates classes to promote employee well-being at work. In addition, Coface Germany has introduced "JobRad", a new programme to encourage people to cycle to work. This programme makes it possible to benefit from significantly discounted prices for buying a new bike, which has resulted in orders for more than 35 bikes.

One of the My Voice groups is also working to set up collaborative spaces on each floor at the Bois-Colombes site in France. Working with the Facilities Management Department, the first room was set up in December 2018 to enable Coface employees to meet up in a more colourful, modern and inspiring space, as an alternative to conventional meeting rooms. It is now also possible to find breakout rooms for employees in Brazil and Argentina.

In India, employees have also redecorated their offices together, with the theme of Coface's values. In addition, Coface Bangalore is working on a proposed relocation for the end of January 2019, with a view to improving employee well-being, security arrangements and collaboration between the teams by grouping the employees together in the same offices. In Spain, employees plan to expand their facilities in order to benefit from a more comfortable space for their lunch breaks.

To promote the diversity of our teams and the various cultures represented, the teams celebrate many different local festivals around the world. In India, numerous festivals were celebrated, with competitions organised between teams. The Mediterranean and Africa region also celebrated a number of local festivals, such as in Dubai for instance.

In Central Europe and Latin America, countries are encouraged to organise one event each quarter. For instance, "Family Day", "Children's Day", Easter, Valentine's Day and Women's Day events were all opportunities for celebrations. Germany also organises after work sessions on the last Thursday of every month.

New managerial culture for the entire Group

At the start of 2018, a ground-breaking initiative was launched for Coface: setting up a joint programme for all the Group's entities aiming to develop managers' abilities to take on board Coface's new requirements, help their teams find their bearings during the current transformation period and meet the new expectations by developing their sense of initiative, their ability to communicate with impactful messages, to ensure a sense of purpose for each individual's actions, to work with the various internal and external stakeholders, and to give feedback. This programme is based on the principle that each individual, from employees to managers, has a significant impact responsibility within the Company, with an even stronger focus for managers considering their role in relation to the teams.

"LEAD Together" was chosen as the name for this programme following a creativity workshop involving a dozen managers and employees. Learn, Empower, Achieve and Develop summarise the cycle through which managers develop their skills and those of their teams to achieve the objectives set by the Company. "Together" represents not only the Collaboration value as a key success factor for the Company, but also the desire to share experiences and learn from one another in order to further strengthen Coface's collective capabilities to drive its transformation forward.

LEAD together was built in a few months in partnership with the executive coaching firm Turningpoint. The target population for 2018 and 2019 is made up of managers: approximately 200 Senior Managers, Region or Group-level department managers, or country heads; then 300 mid-level managers who report to them. The programme initially involves preparatory work (videos and articles to read, questionnaire to analyse their Leadership profile, collection of feedback to identify their individual Leadership development challenges). This is followed by a three-day face-to-face session, hosted by coaches from Turningpoint. Lastly, a half-day co-development session (peer coaching) is held a few weeks later, in addition to an individual coaching session for Senior Managers.

The programme includes a key contribution by representatives from Coface (HR and management), who present the Group's ambitions and each individual's expected contributions to achieve them, as well as sharing their vision and talking about Leadership. Each group of trainees is mentored by a representative from the higher management level, who can share their vision and directly hear questions and feedback from each individual, making it possible to identify the key issues to be escalated to the Executive Committee and addressed at the highest level within the organisation. During the Senior Manager sessions, Xavier Durand dedicated one hour to discussions with participants sharing his journey as a leader and the experiences through which he has built his career, as well as his vision of Leadership and his advice for the participants. During the sessions dedicated to mid-level managers, members of the Executive Committee perform this role in relation to participants, who appreciate these ground-breaking opportunities for discussion.

The programme is being rolled out across all the countries. The Senior Manager sessions brought together participants from all of Coface's Regions and businesses, in Paris, with groups of 20 to 25 people. Seven sessions were held between May and September 2018 for the face-to-face section, covering 163 participants in total. Deployment for mid-level managers was launched in November, and a session was held in each Region, bringing together participants from the region's various countries and various professions. In total, 122 managers took part in these sessions. The programme will continue to move forward in 2019 based on the same principles, with a view to reaching over 500 beneficiaries in total.

Feedback from participants has been very positive, with an overall satisfaction score of 4.7 out of 5. They particularly appreciate the very pragmatic approach, centred around the behavioural and interpersonal dimension, as well as the creation of an international network of Leaders united around the same goals and ambitions. Lastly, the sharing of experiences between peers, looking to develop the capacity to support one another, is a real asset. The programme also makes it possible to identify collective development issues, to which the Group's Executive Committee pays particular attention, such as the ability to break the global strategic vision down into more specific expectations for an entity or team, as well as the ability to give clear and regular feedback to employees, enabling them to position themselves and maintaining good levels of motivation.

Talent management and compensation policy

Alongside LEAD together, Coface has various cross-functional initiatives in place to develop the collective skills required to achieve the Group's ambitions, while also recognising, developing and valuing each individual based on their contribution to our collective performance and their ability to grow within our organisation.

Skills development

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 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 clients 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 client 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 the behaviour expected in the responsibilities linked to their job.

The Group continued using the 360 Learning platform in 2018 in order to continue sharing business, regulatory or even behavioural know-how. Following the pilot launched in 2017, the Commercial School was rolled out in 41 countries, enabling a population of 650 sales staff and underwriters to develop their knowledge of Coface's processes, products and tools, particularly among new arrivals. Individual programmes have been created, enabling each person to access specific content tailored to their role. From a regulatory perspective, anti-corruption, risk management, IT security and other modules linked to the new general regulations for protecting employees' data were set up during the year to enable each employee to gain the knowledge required and adopt the expected behaviours in terms of how we do business. A module has also been set up covering the code of conduct more generally at Coface. Lastly, an initial personal development module, looking to raise awareness of managing unconscious biases, has been offered for all employees on a voluntary basis. This course is based on three ideas. Firstly, that we all have unconscious biases that we often use to help us interpret the world around us. Secondly, that these biases are sometimes a disruptive element, leading us to make incorrect judgements concerning certain employees or clients. Thirdly, that there are uniting behaviours that we can adopt directly, on a day-to-day basis, to prevent the unintended consequences of unconscious biases. This module's deployment was notably triggered by the Women to Win programme and the need to tackle prejudices relating to women within the business, which can lead to behaviours and decisions that penalise their career development.

In 2018, the average use of the e-learning platform continued to progress, climbing to over 10,000 connections per month on average, compared with 2,900 in 2017.

In addition to e-learning, Coface has continued to train its employees with face-to-face sessions, such as the LEAD together programme. The training plan on annual appraisals has been further strengthened to cover all new arrivals, both managers and employees, in the various countries. In addition, the improvements made to the process have been systematically shared in team meetings with managers by the HR correspondents in order to ensure they are effectively taken on board by everyone. They have been given a communications kit so they can inform their employees directly and take on responsibility for the distribution of best practices and rules. Lastly, a career management module has been set up in the various regions to enable employees to take control of their career development and start looking at their aspirations and abilities before their discussions with their manager or dedicated HR correspondent. For the MAR and LAR regions, these workshops have already been deployed in virtually all the countries, with very good feedback from participants, who appreciate realising that they have a bit "more control over their development" than previously.

Investment in training is monitored via the number of hours of training delivered, the number of employees trained and the budget dedicated to training. The detailed indicators are as follows:

Country	Number of training hours 2018	Number of people trained 2018	Budget spent *(in €)* 2018
France	8,801	713	511,249
Italy	3,256	185	71,020
Germany	9,878	572	120,160
Spain	6,551	195	140,287
United Kingdom	1,449	113	56,127
TOTAL	**29,935**	**1,778**	

Training therefore covers more than 99% of employees in France, Germany, Spain, Italy and the UK, with an average of 17 hours of training per person trained, up five hours per person compared with 2017.

Training costs are reported based on the amounts invoiced for each country and in line with local regulations or practices. Consolidated data for the entire reporting scope will therefore be able to be provided once the methods for calculating this budget have been standardised.

It is important to note that the full 2018-2019 Lead Together programme represents a very strong additional training investment of over €1 million. This cost is primarily invoiced at corporate level; it does not appear in the country budgets presented above.

As mentioned previously, the overall increase in the number of hours of training is linked in part to the launch of the LEAD together programme. This could also be linked to a slight change in the reporting methodology, because Coface has decided to record coaching support when justified with a nominative invoice, training objective and specific timeframe.

This year, Germany significantly increased its number of hours of training with the launch of the various Group Compliance training modules, approved by the local works councils at the end of 2017. A major training effort has also been made with English e-learning modules and a series of "OrgaShaker" working groups involving more than 100 participants over an average of two and a half days.

Career management

With the career management training module, Coface has launched an approach to support individual career management, which will continue to progress with a Group policy set up to strengthen internal mobility and retain talents through improved development opportunities, in response to the expectations identified with the My Voice employee survey, in particular. Without waiting for 2019, various other initiatives have also been launched. First of all, the annual appraisal has been modified in order to better identify employees' aspirations and their manager's vision, enabling the HR teams to better define priorities in terms of managing individual development.

The Talent Review process has been deployed very widely within the organisation and structured around key areas for career management: identification of employees' potential for development, definition of professional aspirations and identification of a pool of employees open to international transfers.

The Group's intranet has also been adapted to make it possible to publish vacant positions in all the countries: this gives employees access to open positions for international transfers throughout the organisation.

Lastly, a short-term assignment policy has been drawn up to make it possible to share experiences and skills between countries with assignments lasting less than one year, while supporting individual employee development.

Following these actions, 27 international mobility transfers were set up in 2018, 17 of them starting before the end of the year, a significant increase in activity compared with previous years. In 2018, the Group had over 50 employees on international transfers.

Alongside this, Coface is continuing to develop the V.I.E (international intern in a company) programme to help build more diverse and dynamic teams. This public initiative supporting the French economy's international development offers opportunities for young Europeans under the age of 28 to undertake a professional assignment abroad on behalf of a French company for 6 to 24 months.

The V.I.E programme enables the Group to develop its pool of international young talents who are trained up on the Company's key activities and have good knowledge of its organisation. It is an effective springboard for young graduates who would like to embark on international careers with Coface.

Other key projects are being carried out to further strengthen our ability to attract and retain the talent that Coface needs. On the one hand, extensive work has been launched on the Employer Brand, following on from Coface's more general repositioning. Who are we as an employer? What qualities do we want to be known by on the job market? How can we further strengthen our reputation? A study has been carried out with various stakeholders and influencers (top management, new recruits, candidates who refused job offers, etc.). Above all, in-depth work has been carried out during workshops, bringing together over 80 employees around the world, making it possible to collect each individual's vision and identify the Company's attractive features and core expectations. In early 2019, the findings from this work will make it possible to define a shared visual identity and series of supporting arguments for all the Group's entities, in order to better recruit the profiles Coface needs, as well as to better engage teams around a shared project.

More specifically, the Employer Brand will be incorporated into the new onboarding process for new arrivals, which the Group is currently putting in place, as well as the materials to be used in this context. This project aims to provide all new arrivals, wherever they may be based in the world, with the keys needed to understand the Group as a whole, their role in it and the opportunities available to them.

Lastly, Coface has developed its women's mentoring programme to facilitate access to positions of responsibility for more women. While 53% of Coface's workforce are women, they represent just 38% of the managerial community and 28% of the top 200. A pilot initiative will be rolled out in the first quarter of 2019. Ten women representing various functions and different levels of responsibility have been identified to take part. They will be supported by a male or female mentor, who will help them develop themselves in various areas, such as taking charge of a team for a new manager, improving interpersonal relations, preparing for the next steps in their careers or even integrating into a new culture following an international transfer. All of them will follow a specific training course in early 2019, then the programme will start up and run for 6 to 12 months. It will then be extended to cover other regions and populations.

Performance management

Coface has adapted its HR processes, especially its annual appraisals, to establish its values as a key success factor and to serve as a foundation for individual development initiatives.

Since 2013, an annual appraisal process has been rolled out using an online tool in 22 languages in all of the countries where the Group is active, to determine strategic priorities and share standardised criteria for employee performance assessment. At the start of 2018, 98% of annual appraisals had been conducted, illustrating the need of employees to exchange views with their manager and discuss clear individual objectives for the coming year, based on a sharing of the major strategic priorities for each entity and function. Simplification of the process and the online tool has been appreciated by both beneficiaries and the HR teams. The training programmes launched at the end of 2017 were also greatly appreciated, enabling employees and managers to better understand expectations and how the information is used, particularly as a point of entry for Talent Reviews, as well as to initiate career reviews.

Compensation policy

In accordance with regulatory requirements applicable to the insurance sector since 2016 (Solvency II), Coface's compensation policy is reviewed each year to align it with the Group's strategic objectives and ensure effective risk management within the Company.

This policy is set out in detail in Section 2.3.1 "Compensation Policy", and aims:

- to attract, motivate and retain the best talent. Each year since 2016, the Group has awarded 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 variable compensation must be deferred, and to certain key employees as part of the retention policy. The vesting period for this scheme is set at three years;
- to encourage individual and collective performance and seek to be competitive on the market, while respecting the Group's financial balance. In 2017, the Group Human Resources Department launched a global compensation survey project with a compensation consultancy firm expert in the financial services sector. This two-year project aimed to further strengthen the Group's knowledge of market practices and ensure clear compensation management within the Group during a period of significant change. It concerned 36 countries between 2017 and 2018, thus covering nearly 90% of the Group's functions;
- to comply with the regulations in force and guarantee internal fairness and professional equality, particularly between men and women. As part of its annual compensation review, the Compensation Department ensures that the distribution of budgets for pay rises respects gender balance throughout all the Group's entities. In France, the Human Resources Department has committed to correcting any pay-related inequality between men and women by the end of 2019; lastly
- to be consistent with the Group's objectives and support its development strategy in the long term. The bonus policy is therefore reviewed and validated each year by the Management Committee with regard to the Group's priorities. In 2018, an objective linked to management's ability to be exemplary with their application of the Group's values, to be a driving force for change and to support the Group's transformation was incorporated into the bonuses for Senior Management.

The Coface compensation policy is managed by the Group HR Department and transmitted by the HR function to all of Coface's regions and countries.

Coface: Operating responsibly within its environment

Rich social dialogue

The Group maintains on-going corporate 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 France, there are three bodies, which are elected: the works council, made up of nine permanent members; staff delegates, comprising 11 permanent members and five alternates; and the Hygiene, Safety and Working Conditions Committee (CHSCT), made up of nine members. These bodies will be replaced by the Social and Economic Committee (CSE) at the start of 2019.

In Germany, three works councils exist: the works council for the Coface Germany branch (Coface Deutschland) and Coface Rating GmbH (EIC), composed of 11 members and representing some 500 employees; the works council for Coface Finanz GmbH, composed of five members and representing approximately 110 employees; and the works council for Coface Debitorenmanagement GmbH, composed of three members and representing some 45 employees.

In addition, the Board of Directors of Compagnie française d'assurance pour le commerce extérieur includes four directors who represent employees (*i.e.*, one third of the Board members) and one director representing the works council.

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

In France during 2018, 13 meetings of the works council, 11 meetings of the staff delegates, two CHSCT meetings and 11 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, strategic orientations and their corporate consequences, renovation of premises, reorganisation of departments, staff changes and professional training).

In Germany, over 50 works council meetings took place this year, *i.e.*, significantly more than the number of mandatory meetings.

The European Works Council ("CEE") meets at least once per year to set out 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 European Works Council now has 14 permanent members representing employees in the 23 European countries.

European Council members received support to prepare for the Central European Council meeting in June 2018.

The Group believes that corporate dialogue is an important driver for mobilising employee commitment. In an effort to create conditions for its sustainable development, it is working to reconcile the Company's performance with a process of corporate progress. Progress on the Fit to Win strategy and My Voice, an engagement questionnaire for employees, was the subject of specific presentations at the plenary meeting of the European Works Council in 2018, as well as a number of presentations with the local works councils.

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 regulation, 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 regards company-level agreements, 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. In 2018, management signed four agreements with the union organisations concerning the introduction of teleworking, employee profit-sharing and professional elections for the economic and social committee.

The collective agreements for teleworking and flexible working have impacts on the working conditions of Coface's employees and their economic performance for the Company. Detailed information on these agreements and Coface's efforts to facilitate flexible working is presented above (section relating to "A pleasant environment").

It should be noted that in Germany, discussions and negotiations on the Fit to Win plan (internal reorganisation) were conducted in close collaboration with the trade unions throughout the year.

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

In 2017, the observed absenteeism rate was 2% in France, 4.98% in Germany, 2.26% in Italy, 4.29% (including maternity leave) in Spain and 1.13% in the UK. In each of the countries within the reporting scope, the absenteeism rate is monitored according to local calculation methods. The calculation method in Italy, for example, has changed, as it now includes only sick leave (as opposed to sick leave, maternity leave and leave for long-term illness in 2016). Therefore, communication of consolidated data for the whole of the reporting scope will be possible after alignment of the calculation methods for this rate.

Workplace 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 entities.

Concerning employment in the service sector, the identified risks more specifically concern the 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 days, medical, dental and eye check-ups, etc.).

Employees are trained in first-aid and emergency building evacuation drills are regularly organised in many countries from the reporting scope, such as France, Germany and Italy, as well as outside of Europe, such as India, for instance, to ensure employee safety.

Flu vaccination campaigns are also organised for Coface employees and sometimes their families, particularly in France or Hong Kong.

Coface Spain and India offer all employees a health assessment each year. In India, employees have access to consultations with doctors or nutritionists.

In the wake of the Paris terror attacks, a Vigipirate security plan was activated at 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.

In France, Germany, Italy and the UK, 14 workplace accidents leading to days off were reported in 2018: six in France, five in Germany, two in Italy and one in the UK. No occupational illnesses were reported in France.

In conjunction with the occupational physician, the Hygiene, Safety and Working Conditions Committee (CHSCT) and the commission for the prevention of psychosocial risks, a set of indicators is monitored to spot trends, learn lessons and implement actions. Hence, when renovating the premises of the head office, specific arrangements were made in the building to reduce noise generated by working areas (partitioning off of social areas, installation of plants and the addition of partitions between office areas).

Coface's management maintains regular dialogue with employee representative bodies regarding matters in connection with working conditions and safety. In this respect, during meetings with the CHSCT, the single document on risk prevention for employee health and safety was updated with the cooperation of the occupational physician.

Anti-discrimination measures: disability

The Group is centred on the consulting, analysis and client relations businesses, and is thus able to welcome employees with disabilities. The Group ensures that employees with disabilities are integrated into all its businesses 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 led to an agreement in 2017. In 2017, the first person took part in this programme, with very positive feedback from the participant, works councils and managers. This programme's benefits include a specifically adapted office, an orthopaedic chair or reduced working times in certain cases. In 2018, 13 employees were interviewed with a view to better understanding how to facilitate their day-to-day work. Two of them were able to benefit from an adapted integration process.

Coface France is currently working in collaboration with the occupational physician and social services on communication to clarify the implications and in particular the interests of the recognition process for the employee with disability status under French law.

In order to enhance the working conditions of employees with disabilities, Coface France intends to offer all employees the possibility of teleworking.

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.

Gender equality

Coface has maintained its very strong focus on equal opportunities for men and women, and seeks to create the necessary conditions to guarantee fair treatment for everyone based on their experience and skills, as well as working conditions that enable their personal and professional fulfilment. In addition to the women's mentoring and unconscious bias e-learning initiatives already presented in the previous sections, the Group ensured that all the regions are continuing to roll out a programme to guarantee equal opportunities for men and women, building on the actions taken in 2017.

In Germany, a women's leadership development programme was launched in September 2018, based on workshops followed by conferences, of two days each. It will continue in 2019, with the female participants receiving support from members of the NER region's management team to help them gain exposure in-house and develop their networks. By the end of the year, the aim is to have 30% of management roles held by women, compared with just over 18% currently.

At CER, a major initiative aims to share portraits of women leaders with all employees each month, looking at the unexpected facets of their personalities. The idea is to highlight their outstanding human features and make them inspiring, encouraging other women to follow in their footsteps.

In Latin America, three women based in Colombia, Peru and Mexico and recognised for their outstanding contributions to the business were selected by a regional committee from among 12 female candidates to take part in the major *Mujeres de Éxito* (Women who Succeed) conference in Mexico over three days.

In Asia, the creation of women's networks has been encouraged in all the countries, with a pilot initiative in Hong Kong. This network's first meeting was sponsored by the region's head, and an external speaker was also invited to give a motivational speech. The country heads themselves are sponsoring the networks developed locally.

Lastly, in France, a measure was launched to ensure fair pay for men and women. The pay gaps were analysed in January 2018, then presented to management, and a dedicated budget has been allocated to eliminate any "unjustified" gaps within two years. With help from HR, managers were able to take realignment decisions as part of the pay rise process in April 2018. The second phase is planned for 2019 with a view to achieving fair pay.

Two initiatives, from France and Germany, were rewarded by the Group during an awards ceremony attended by Senior Managers from around the world and organised as part of the Leadership Meeting in Lisbon in July.

Respect for the fundamental conventions of the International Labour Organization

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 freedom 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.

6.1.2 Agreement providing for employee share ownership in the capital of the Company

As part of its stock market listing, the Company carried out a capital increase operation reserved for employees in June 2014. Nearly 50% of eligible employees participated in this offer and became shareholders, either directly or through the Coface Actionnariat FCPE mutual fund.

6.2 ENVIRONMENTAL INFORMATION

As a service company, Coface's CSR policy consists primarily in making conscious real estate choices that help to lower its environmental footprint by reducing its greenhouse gas emissions, as well as its energy and paper consumption. The development of these action plans is intended to mitigate potential (i) risks linked to the activity not adapting to environmental challenges and (ii) consequences in terms of climate change for the services produced by the Group.

6.2.1 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, particularly 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.

In Israel, Sweden and the UK, the Coface teams moved into more modern premises in 2018, more in line with the new environmental regulations.

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, the main aspects of which are presented in Section 6.4 below. Part of this plan's objectives has been achieved since 2016.

In 2018, as in previous years, 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.

Measures to raise employee awareness

In order to fully include employees in this process, various actions were undertaken to raise employee awareness. Therefore, each year the Group activity report features a section devoted to raising Coface employee awareness about environmental challenges, and the best practices booklet distributed to all employees upon their arrival at the Bois-Colombes premises emphasises in particular the importance of daily actions for sustainable development, and in particular of reducing paper consumption and sorting waste.

A presentation on legal obligations in CSR issues and measures implemented inside the Group was given to the European Works Council meeting in 2016. This was an opportunity to make the European employee representative body aware of CSR issues. Moreover, CSR issues and specifically social issues (such as the My Voice findings and the resulting action plans) are looked at each year with the employee representative body at European level.

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 2013. This building, which can host approximately 1,200 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, solar panels situated on the roof 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, Italy and Spain at the end of December 2015 and in 2016 for its respective buildings and vehicle fleets. The purpose of the audits was to study the energy use and greenhouse gas emissions for each building and vehicle fleet and draft recommendations for renovations to optimise or reduce energy use. In France, the main energy saving measures recommended in the report were implemented in 2016. To ensure the Company's alignment with the best standards in this area, while continuously looking to improve performance, further audits are planned for countries from the reporting scope within the next few years.

6.2.2 Sustainable use of resources

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 2018, water consumption represented 31,368 m^3. It is up slightly this year, linked in particular to the extended reporting scope. Water consumption totalled 27,081 m^3 in 2017, versus 28,587 m^3 in 2016 for the entire reporting scope, due to efficient control of the water distribution network and maintenance.

Paper consumption

Coface is committed to reducing its paper consumption. It has established a printing policy for its entire reporting scope which includes the following measures: setting printers to print on both sides of the paper by default, eliminating individual printers where possible, encouraging staff to print only essential documents and to favour "economical" printing layouts. Across the reporting scope, the Group also encourages the purchase of environmentally-friendly paper, certified PEFC 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 analyse 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 usage rates per machine, the need to reduce the number of printers by nearly 40%, consequently leading to a substantial reduction in the costs linked to the operation of these machines for the Company.

The Group has engaged for several years in a policy to make its exchanges with its policyholders paperless, and strives to continually improve its clients' digital experience. A number of web services, such as Dashboard, CofaMove, CofaServe and CofaNet Essentials, have been developed in recent years.

In 2018, Coface rolled out electronic signature software for documents. This software facilitates the electronic exchange and approval of contracts and documents, significantly reducing paper consumption.

The move to paperless exchanges between Coface and its multi-national clients also includes the use of the Dashboard, an exclusively online tool that offers policyholders centralised monitoring of data for all their trade receivables.

Coface's total paper consumption in France has, therefore, been reduced significantly in recent years thanks to the move to paperless exchanges with policyholders and to better monitoring of printing as well as the use of thinner paper. 2018 saw a slight increase as the stock of paper was built up again.

Likewise in Germany, total paper consumption has fallen every year since 2016, when it stood at 24.8 tonnes, to reach 11.9 tonnes in 2017. Consumption increased in 2018, following an adjustment of the method for calculating paper consumption, with another type of paper added to total paper consumption.

Italy, Spain and the UK consume little paper thanks to a strict implementation of the printing procedure described in the first paragraph of this section.

Across the reporting scope, paper consumption in 2018 therefore amounted to 44 tonnes.

	France		Germany		Italy		Spain		United Kingdom	Total (reporting scope)	
Paper consumption	*(in metric tonnes)*	**Change N/N-1** *(in %)*	*(in metric tonnes)*	**Change N/N-1** *(in %)*	*(in metric tonnes)*	**Change N/N-1** *(in %)*	*(in metric tonnes)*	**Change N/N-1** *(in %)*	*(in metric tonnes)*	*(in metric tonnes)*	**Change N/N-1** *(in %)*
2016	36	(16.6%)	24.8*	(12.9%)	5	-	-	-	-	65.8	(6.4%)
2017	17.5	(51%)	11.9	(46.6%)	5	0%	2.5	-	-	36.9	(43.9%)
2018	20.0	+15%	15.6	+30%	3.7	(25%)	1.9	(23%)	3	44.2	+19%

* *In 2017, paper consumption was corrected in Germany for the 2016 financial year. Consumption in 2016 totalled 22.3 tonnes, not 24.8 tonnes.*

6.2.3 Climate change

The Group has taken various initiatives to reduce its environmental footprint, in particular with regard to greenhouse gas emissions, through the policies presented below and its new socially responsible investment policy – SRI (see Section 6.3.4).

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 have allowed energy consumption to be significantly decreased.

Reported energy consumption since 2016 for the reporting scope

	2018 reporting scope France, Germany, Italy, Spain and UK		France, Germany, Italy and Spain 2017		France, Germany and Italy 2016	
	Consumption	CO_2 equiv.	Consumption	CO_2 equiv.	Consumption	CO_2 equiv.
Electricity	6,562 MWh	719 CO_2 T.eq.	6,825 MWh	632 CO_2 T.eq.	6,360 MWh	521 CO_2 T.eq.
Gas	1,503 MWh	355 CO_2 T.eq.	1,463 MWh	316 CO_2 T.eq.	1,371 MWh	297 CO_2 T.eq.
Surface area	73,159 m^2		72,026 m^2		67,823 m^2	

The percentage of renewable energy used by Coface in France since 2015 corresponds to approximately 14% of its total consumption. Furthermore, the roof of its Bois-Colombes head office in France is covered by some 100 square metres of solar panels, which reduce its gas consumption by reheating the water supplied to sanitary facilities and to the restaurant. In place since 2015, these sensors made it possible to save six to seven months of gas consumption per year, depending on the years, from 2016 to 2018. Since September 1, 2018, the surface area of the head office in France has been reduced by nearly 40%, reducing its energy consumption levels.

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.

The optimisation of electricity and gas consumption made it possible to achieve a general reduction across the majority of the countries from the reporting scope in 2018.

Travel policy

The travel policy for Coface France employees was adapted and rolled out for the Group in 2018.

To better understand its procedure for business travel and its greenhouse gas emissions, the Group now works with one dedicated travel agency.

With the travel policy, travel is generally limited and replaced by telephone or videoconferencing, where available and relevant, given the situation. In addition, all the main Coface sites worldwide are equipped with the appropriate means. At the head office, several videoconference rooms and a telepresence room allow effective, simultaneous discussions to take place between the Group's seven regions.

In addition, to limit the carbon footprint, only train travel is authorised over certain distances, beyond which it may be preferable to travel by plane.

Type of travel	CO_2 metric tonnes equivalent for the 2018 reporting scope France, Germany, Italy, Spain and UK	CO_2 metric tonnes equivalent for France, Germany, Italy and Spain in 2017*	CO_2 metric tonnes equivalent for France, Germany and Italy in 2016*	CO_2 metric tonnes equivalent for France and Germany in 2015
Aeroplane	675	673.6	509	373
Train	18	14.5	5.6	3.05

* *The data was corrected with regard to the 2016 registration document: 533 CO_2 T.eq. (air travel) and 4.35 CO_2 T.eq. (train).*

In 2018, the limited increase in the consumption of greenhouse gases relating to air travel is the result of the UK being added to the reporting scope the same year. The distances travelled by plane increased by just 3% this year, with the corresponding CO_2 emissions stabilising.

As regards the increase in the consumption of greenhouse gases in connection with train travel in 2018, this increase is not due to any specific increase in the number of kilometres travelled by train in the countries within the reporting scope, but rather to the inclusion of the UK in the reporting scope and to the Spanish energy mix, which is heavily reliant on fossil fuels.

Vehicle policy

Within the reporting scope, countries adopt initiatives to reduce fuel consumption, such as Coface in France, which regularly upgrades its vehicles and selects them based on a number of criteria, including CO_2 emissions per kilometre travelled. The average for the vehicle fleet in France was 102.87 g/km in 2018, compared with 101 g/km in 2017, and greenhouse gas emissions increased by 1.42% over three years between 2016 and 2018. New executive-grade vehicles have been added to the fleet with high emission levels due to their engine options.

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 consumption since 2016

Fuel: Diesel and 4-star premium fuel	2018 reporting scope France, Germany, Italy, Spain and UK	2017 reporting scope France, Germany, Italy and Spain	2016 reporting scope France, Germany and Italy
Litres	622,592	696,043	711,615
CO_2 metric tonnes equiv.	1,561	1,778.5	1,691

* *Note on methodology: in 2017, the data reported for Diesel consumption in Germany for 2016 has been corrected. The correction of the German data (704.6 CO_2 metric tonnes equiv. reported in 2016 instead of 1,058.67 CO_2 metric tonnes equiv.) has led to correction of the end result, which should have been equal to 2,036 CO_2 metric tonnes equiv., instead of 1,691.*

To date, Coface's contribution to reducing greenhouse gas emissions has resulted in a limitation of CO_2 emissions through the vehicle policy, and limiting travel through the travel policy and its responsible investment policy, which notably includes, as described below, taking regular measurements of greenhouse gas emissions from its financial investment portfolio.

6.3 SOCIETAL INFORMATION

6.3.1 Regional, economic and social impact

Support for client development

The very nature of credit insurance contributes to the development of economic trade by offering companies secure commercial transactions, as presented in Section 1.3.1 (Description of the credit insurance business). Coface, as a leading market player, strives to offer its clients 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 offering 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.

Forging of links with the local social and economic fabric

With teams located in 63 countries for maximum proximity to the economic and social fabric, the Group favours the hiring of local employees, who are trained in the credit insurance businesses and 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 with universities and business schools (see Section 6.3.2), Coface takes part in local inter-company initiatives to support certain social causes and proposes or supports student initiatives, for example.

Each year since 2016, Coface has participated in an inter-company initiative jointly with the city of Bois-Colombes, where its head office is situated, to promote support for 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 (€3,258 in 2018) were donated, as they are every year, to the TÉLÉTHON association.

6.3.2 Partnerships and corporate philanthropy

Academic relations: promoting careers at Coface

Coface has strong links with the local communities; thanks to the relations it has built with schools and universities in the countries where the company operates. Coface has established strong partnerships with national universities or schools and puts together a pool of talent each year with interns or trainees (particularly in Spain, France, Italy and even Mexico). This best practice will not be developed this year, as the Group has chosen instead to focus on other priority areas of its HR strategy.

Coface Trade Aid

In 2018, a Group-wide charter was created for all Coface entities. This charter is intended to define a framework for the actions taken under the Coface Trade Aid umbrella worldwide to ensure their consistency with Coface's values and mission to help businesses to develop safely and sustainably. To ensure that these actions are relevant and truly benefit the charities in terms of financial donations, it was decided this year that the number of charities supported would be limited to one per country.

Coface Trade Aid's mission is to provide local support for charity projects, to work for sustainable economic development around the world, particularly through: helping for people to return to work to remain in employment, assistance in setting up businesses, supporting innovation, micro-credit and professional training.

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

Initially launched 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 exchange. 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, with the participation of most countries, and now constitutes a common, positive approach across all entities.

In the framework of Coface Trade Aid, solidarity initiatives are organised in the various countries where Coface is present. Examples include:

- since 2010, Coface UK has taken part every year in the London 10k race in partnership with the charity Changing Lives, which helps homeless people and those suffering from severe addictions;
- in France, a new partnership has just been set up with the Association pour le droit à l'initiative économique (ADIE), which enables people who are excluded from bank credit to obtain loans, primarily to start a micro-enterprise. In 2018, €23,000 were collected for this charity;
- in Australia, since 2017, Coface has supported Yalari, a not-for-profit organisation that offers secondary education scholarships at leading Australian boarding schools for indigenous children from regional, rural and remote communities.

  In June 2018, Coface took part in Yalari's annual fundraising dinner in Sydney, contributing $2,500.

  In October 2018, Coface invited Yalari's former pupils to speak at the Company's annual celebration evening and share their fascinating and inspiring stories with the brokers and our partners;
- in India, Coface donated 624,270 rupees to Manav Sena Sanidhi, a charity supporting the well-being and education of underprivileged children from this region;
- in Spain, Coface works with the Adecco Foundation. €8,943 were donated in 2018, with 70% going to support families of our employees facing disabilities, with specific projects enabling them to facilitate their future integration into the world of work and society in general;
- in Portugal, Coface has been working for several years with Vale de Acór, whose mission is to find jobs for former drug addicts;
- in Germany, employees organised various activities, making it possible to raise €2,168.30. The Company topped up this amount to reach a total of €5,000. These funds were donated to the new German Trade Aid project, Eliya, an organisation enabling children in Sri Lanka to receive an appropriate education, while providing jobs for local communities in Tangalle;
- in Mexico, employees have helped support the development of local micro-enterprises by providing training on Excel for staff in these businesses, as well as for unemployed people, in partnership with the Franco-Mexican Chamber of Commerce;
- In Lithuania, employees raised a total of €1,000 with employees to support the Mstislav Rostropovich Foundation, which helps talented children in need;
- in Romania, Coface raised funds for children with cancer being cared for at the Marie Curie paediatric hospital. The children are able to benefit from psychosocial support through various treatments from their first day in hospital up until to their successful integration into society once their treatment is complete;
- in 2017, Coface Hungary set up a partnership with the Autistic Art Foundation, which offers residences for autistic people in Hungary. This year, employees volunteered to take part in essential gardening work at the various residential homes;
- in Austria, Coface doubled the amount raised by employees with a donation of €2,000 to support research into immune disorders through the MedUni Vienna association, one of Europe's best medical institutions in terms of research performance.

6.3.3 Subcontracting and suppliers

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

This policy, approved by the Company's Board of Directors in 2016 and reviewed annually ever since, considers the following as constituting material or critical activities, pursuant to the applicable regulations: (i) the following four key functions (see also Section 5.1.2 "Organisation"): the risk management function, the compliance verification function, the internal audit function and the actuarial function; as well as (ii) the other functions comprising the core credit insurance business, the interruption of which is likely to have a significant impact on the Company's business or its ability to effectively manage risks, or jeopardise the conditions under which it obtained its approval.

Coface and all its subsidiaries have therefore pledged 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 French Insurance Regulator (the ACPR) of their intention to outsource services that fall within the scope of the procedure, pursuant to the applicable regulations. Any outsourcing contract to be signed with a service provider should include certain mandatory clauses imposed by Coface and be approved by the Company's Board of Directors prior to signature.

To date, the main material or critical activities outsourced by the Group concern the Company's financial investment management activity and, in a few limited countries, the risk underwriting activity. Key functions are not outsourced.

The Fit to Win strategic plan defined in 2016 has sought to limit the outsourcing of certain IT functions, such as Group-wide IT development functions; the purpose of limiting the use of outsourcing is to gradually insource these activities within a special Coface entity, in order to ensure the secure control of IT systems as well as the perpetuation of skills within the Group.

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 Coface's commercial activity in particular. In fact, 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 its unique risk database. Selected for their competence and reliability, these agents and partners are required to follow Coface's commercial practices regarding product distribution; as such, distribution must comply with the rules laid down by the Group, under the latter's 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 and include applicant assessment criteria based on the values upheld by corporate social responsibility. As a continuation of this policy, in June 2017 Coface signed the *Charte Relations Fournisseurs Responsables* (responsible supplier relationship charter) of the *Médiateur des Entreprises* and the Conseil national des achats, two French associations. This charter consists of 10 commitments for a responsible purchasing policy towards suppliers. It enables Coface to apply, in concrete terms, its willingness to foster fair and transparent relationships with its suppliers.

In accordance with the French "Sapin 2" Act of December 10, 2016 concerning transparency, anti-corruption and the modernisation of economic life, Coface has set up an assessment of suppliers looking at the corruption risk.

6.3.4 Socially responsible investment (SRI)

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, in 2016 the Group defined its responsible investment policy and the goals pursued consistent with its role as credit insurer and the protection of its reputational risk. In accordance with the transparency goals set by this regulation, the Group provides qualitative and quantitative information on the implementation of this policy.

Being a Socially Responsible Investor, according to Coface, means both including oversight and analysis measures in its investment policy in order to fulfil its obligations towards its policyholders, 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").

Evolving as it does in an international environment where SRI practices and standards diverge, the Group strives to pay particular attention to the dialogue it conducts with issuers. It also aims to foster a dynamic analysis of investment opportunities, without seeking an approach solely focused on a strictly positive selection or the systematic exclusion of certain assets.

As an institutional investor, Coface seeks to adopt long-term measures through its investment policy for better recognition of the underlying risks linked to ESG factors and to measure over time the concrete effects of a more comprehensive integration of these factors into its portfolio management.

The SRI 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 producing reporting elements and analysing potential impacts on the management of its investments. Thus, in partnership with AMUNDI, in 2016 Coface set up a mechanism to address the regulatory requirements and to measure the carbon footprint of its portfolios. Accordingly, calculating and disclosing information on Coface's carbon exposure is the foundation of its commitment in this area.

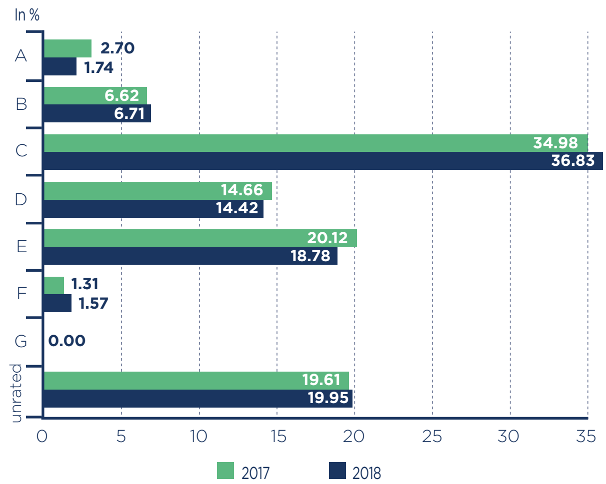
The three pillars of Coface's Socially Responsible Investor strategy are as follows:

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

   Since the 1st quarter of 2017, AMUNDI has produced a quarterly report on the average ESG rating of the Coface portfolio (A to G rating) and a breakdown of assets by ESG rating.

   As of December 31, 2018, the overall ESG rating of the investment portfolio was C-, stable compared with the end of 2017. In 2018, Coface decided, in line with Amundi's policy, to not invest directly in any securities from issuers with a G rating or issuers with more than 30% of their turnover linked to coal mining.

ESG rating of the investment portfolio



Source Amundi.

N.B. : The portfolio monitored by AMUNDI represents 97.3% of Coface's total portfolio.

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.

AMUNDI provides an annual report on Voting Rights, containing the following information:

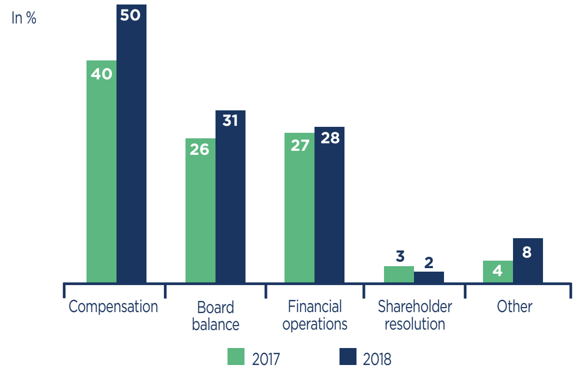
- overall voting statistics for each of the Coface dedicated funds (with a focus on geographic breakdown, opposition rates and major opposition topics);
- the list of meetings at which voting rights are exercised and during which an opposition voting right was exercised (with a breakdown per company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

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

AMUNDI transmits its voting policy annually to the Group, to include the best corporate governance, social responsibility and environmental practices.

The percentage of opposition votes exercised by AMUNDI on behalf of Coface at Shareholders' Meetings held in 2018 are presented below, by topic:

Opposition votes on share positions held directly



Source Amundi.

According to AMUNDI, truthful, comprehensive and transparent financial information constitutes an essential right of shareholders and a prerequisite for exercising voting rights in a considered manner. Hence, opposition votes mainly come from the following considerations:

- with regard to the compensation policy: AMUNDI considers that aligning senior managers' interests with those of the shareholders is a vital factor in corporate governance. The Company's compensation policy must contribute to this balance;
- with regard to balanced membership of the Board: AMUNDI considers that the Board is a strategic body and that its decisions determine the future of the Company and the responsibility of its members. Thus, according to AMUNDI, its actions must be governed by transparency, responsibility, efficiency and availability;
- with regard to financial transactions: AMUNDI considers that minority shareholders must be wary of excessive dilution of the capital.

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

AMUNDI provides a quarterly carbon report including:

a) A presentation of carbon emissions (per million euros invested and per million euros in revenue) and carbon reserves (per million euros invested).

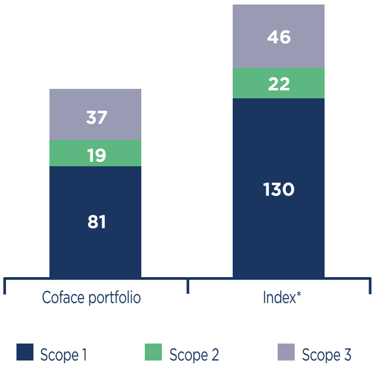
All data is presented in absolute and relative terms with regard to a benchmark index determined according to the strategic allocation of the platform.

The carbon reserves per million euros invested constitute an indicator of potential emissions, resulting from the combustion of fossil fuels, caused by investment in the portfolio.

This presentation is drawn up for three different levels of scope:

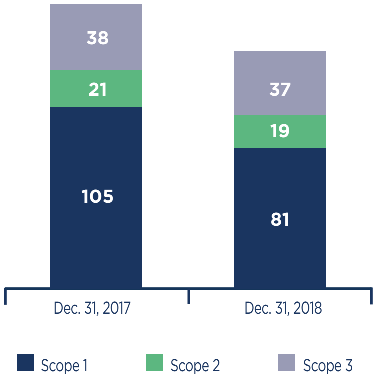
- Scope 1: all direct emissions from sources owned or controlled by the Company;
- Scope 2: all indirect emissions resulting from the purchase or production of electricity, steam or heat;
- Scope 3: all other indirect emissions upstream and downstream of the value chain. Only emissions upstream and via first-tier suppliers are presented in the report.

Carbon emissions per million euros invested (TCO_2/€m)



Source Amundi.
** Index:*
85% ML EURO BROAD+ 10% MSCI EMU + 5% THE BOFA ML GLOBAL.

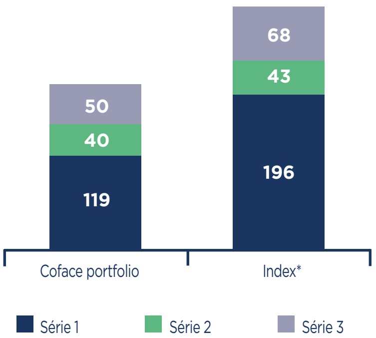
Carbon emissions per million euros invested at December 31, 2018



Source Amundi.

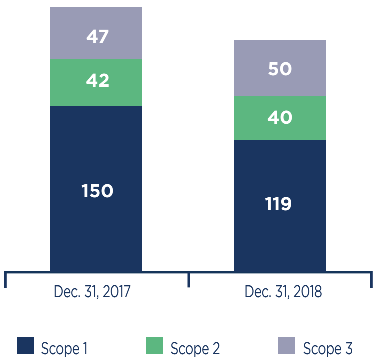
This indicator measures emissions from the portfolio in metric tonnes of CO_2 equivalent per million euros invested. It is an indicator of emissions resulting from investment in the portfolio. It is down for the year, primarily for emissions from Scope 1. Carbon emissions per million euros invested were less than those of the benchmark index.

Carbon emissions per million euros of revenue



Source Amundi.
** Index:*
85% ML EURO BROAD+ 10% MSCI EMU + 5% THE BOFA ML GLOBAL.

Carbon emissions per million euros of revenue at December 31, 2018

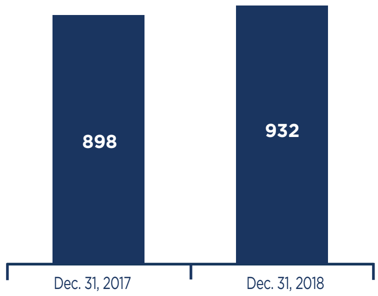


Source Amundi.

This indicator measures average emissions in metric tonnes of CO_2 equivalent per unit of revenue generated by the companies (in millions of euros). It is an indicator of the carbon intensity of the value chain of companies in the portfolio. It fell by 13% over the year. Carbon emissions per million euros of revenue were also less than those of the benchmark index.

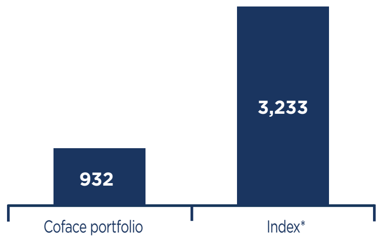
N.B. : The portfolio monitored by AMUNDI represents 97.3% of Coface's total portfolio. 34.5% of the monitored portfolio is rated. This 34.5% represents 88.5% of rateable outstanding amounts.

Carbon reserves per million euros invested at December 31, 2018 *vs.* December 31, 2017



Source Amundi.

Carbon reserves per million euros invested at December 31, 2018



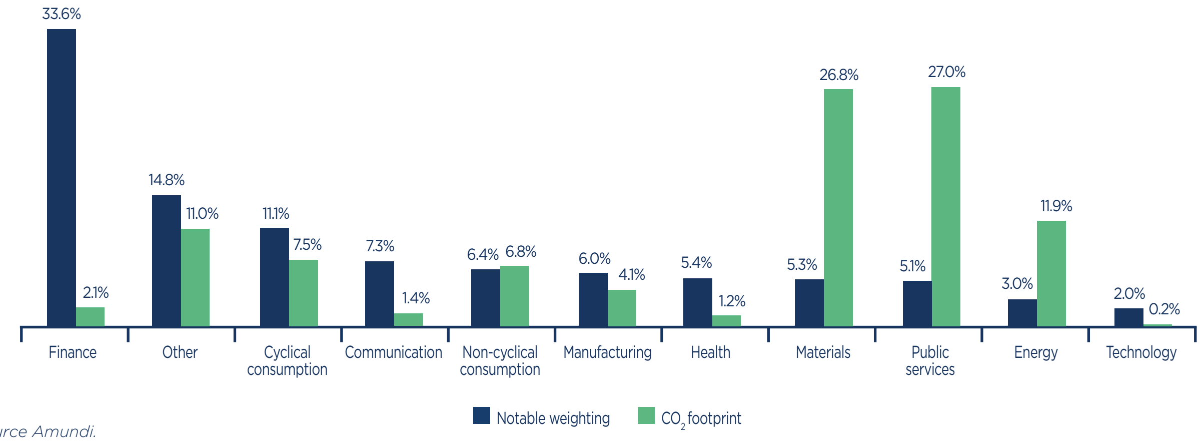
Source Amundi.
** Index:*
85% ML EURO BROAD+ 10% MSCI EMU + 5% THE BOFA ML GLOBAL.

These graphs measure carbon reserves from the portfolio in metric tonnes of CO_2 equivalent per million euros invested. They represent an indicator of potential emissions, resulting from the combustion of fossil fuels, caused by investment in this portfolio.

N.B.: The portfolio monitored by AMUNDI represents 97.3% of Coface's total portfolio. 1.1% of the monitored portfolio is rated. This 1.1% represents 2.83% of rateable outstanding amounts.

b) Sectoral and geographical contributions to carbon emissions

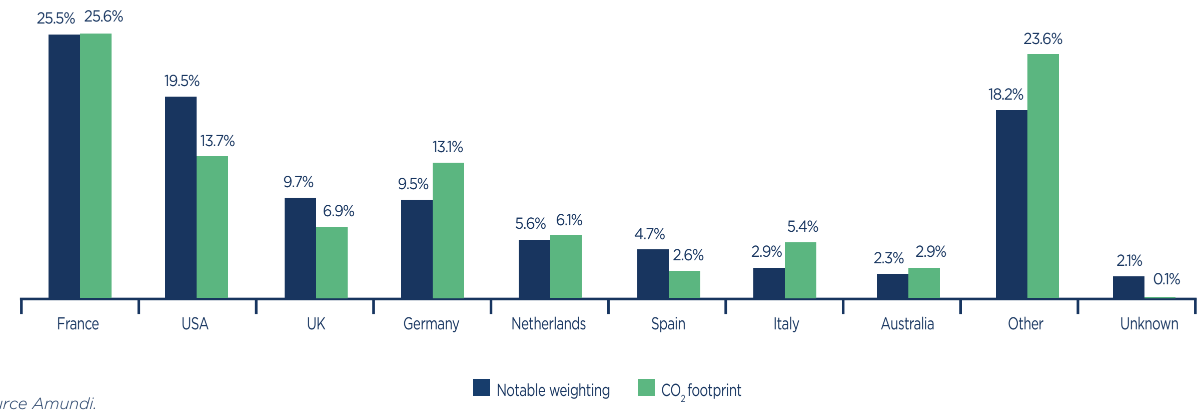
Sectoral contributions at December 31, 2018



Source Amundi.

The biggest contributors as of the end of 2018 were public utilities, materials and energy. The smallest contributors were finance, communications, health and technology.

Geographical contributions at December 31, 2018



Source Amundi.

The countries with the greatest exposure in the Group were France and the United States.

N.B.: The data on carbon emissions provided correspond to the annual emissions of companies in the portfolio and are expressed in metric tonnes of CO_2 equivalent, including the six greenhouse gases defined in the Kyoto protocol whose emissions are converted into global warming potential (GWP) in CO_2 equivalent.

6.3.5 Fair practices and respect for human rights

The importance of compliance in general is crucial for the management team and is highlighted during each conference or presentation for employees. More specifically, during each top-200 annual conference, the CEO always mentions the importance of integrity and ethics in his speech. In addition, employees' ethical commitments are one of the essential aspects monitored by the executive leadership team through the annual satisfaction survey covering all the Group's employees.

As part of managing non-compliance risks, Coface's code of conduct, which was created for use by all Group employees, was revised in 2018 to reinforce for all employees promotion of the values of integrity necessary for the proper conduct of their professional activities. This code notably emphasises the importance of treating clients fairly by avoiding conflicts of interest and not using information in an employee's possession against the interests of a client, a potential client and co-contracting third parties.

The code of conduct 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 directly or 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 conduct, which includes a number of anti-corruption rules.

Within the context of combating money laundering and corruption, every year the Group strengthens the tools and roll-out of procedures to best control all risks linked to financial security. These measures concern all the Group's entities, employees and clients.

The Coface Group has adopted a zero tolerance policy for corruption in all its forms. This policy has been provided to all of the Group's employees, particularly through the Anti-Corruption Code and the code of conduct, which are both prefaced by the CEO. These two documents have been translated into the Group's main languages (specifically French, English, German, Spanish, Italian and Portuguese). They have been made available to all employees and can also be accessed in electronic format on the Group's intranet site.

Since 2017, Coface has focused on implementing the provisions set out in the "Sapin II" law on transparency, anti-corruption and modernisation of the economy. More specifically, the Compliance Department has worked to put in place an Anti-Corruption Code, which includes three sections: a summary of the general guidelines, specific guidelines and practical advice. The general guidelines set out the Coface Group's zero tolerance policy for corruption. They provide definitions of corruption, unfair advantages and the beneficiary concept, as well as the legal framework for corruption. The specific features of corruption involving public agents are also explained. The section on specific rules presents the guidelines for sensitive issues in terms of corruption: gifts and invitations, facilitation payments, political contributions, lobbying, charities and sponsoring.

This Anti-Corruption Code is being supported by:

- the roll-out of a programme to train and raise awareness among all Group employees; E-learning courses on the Anti-Corruption Code and the code of conduct have been set up for all employees. Each course has been rolled out in the main languages to ensure better understanding by employees;
- a mapping of corruption risks, drawn up for each Coface Group entity and per function within each entity. The identification of corruption risks has focused on nine risk situations: sales to public entities, gifts, accommodation and travel costs, use of the Company's assets (benefiting third parties for non-commercial purposes), charitable and political donations, sponsoring, employment of people related to civil servants, obtaining of all types of licences, permits and regulatory authorisations, cross-border movement of goods and related activities, governmental lobbying for policies, legislation and/or regulations;
- a global framework for assessing third parties, which is currently being rolled out. For clients, the KYC (Know Your Customer) procedure already defined the processes for client identification and knowledge and the due diligence measures to be applied, as well as the monitoring and control processes. For suppliers and intermediaries, a control system for third parties was set up in 2018. This is based on a third parties evaluation procedure, which notably describes the scope and controls to be applied with third parties, as well as the governance model;
- an ethical whistleblowing system. Coface has put in place an internal whistleblowing system, as described in the Anti-Corruption Code and the code of conduct. The internal whistleblowing system was presented in a dedicated and detailed procedure in January 2018, notably based on the following core principles: the people concerned must be able to choose between several channels for reporting and communicating; employees who report incidents in good faith must be protected and their identity must, in principle, remain confidential; alongside this, first-level accounting control procedures were deployed within the Group in 2018, and the 2019 audit plan includes controls by internal audit to check the anti-corruption arrangements.

As part of the implementation in 2017 of a revised KYC evaluation grid, a communication campaign was carried out targeting sales staff on warning signs regarding money laundering, concerning the Company (address, activity, change in turnover given the client sector, number of employees, etc.), the transaction (complexity, unusual behaviour by the client, etc.), the Company representatives (negative information, politically exposed individual, etc.) or problems in obtaining the mandatory documentation. An e-learning training course to combat money laundering was rolled out for all employees in 2018. Each course has been made available in the main languages to ensure better understanding by employees.

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 a KYC procedure. These procedures, revised each year, 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 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 for sales and debt collection processes.

The procedures are implemented by the international network of correspondents in charge of compliance within the Group.

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.

In order to complete its measures regarding international and local sanctions, Coface began rolling out an automated filtering tool for all Group entities in 2018 to further strengthen both controls for establishing relationships with new clients and controls on existing clients. Apart from sanctions, the tool also makes it possible to identify negative information on clients (such as involvement in crimes or offences such as corruption or fraud) and strengthens Coface's management of any reputation risk relating to its clients.

Coface's B-to-B activity does not require specific measures regarding consumer health and safety.

Coface pays great attention to the security of its IT systems and the confidentiality of data concerning policyholders and their clients. An IT charter incorporated into the internal regulations contains all the rules comprising Coface's security system, of which all employees are reminded annually in order to prevent any breach or threat to the data and systems (viruses, cyber-attacks, information leaks, identity theft, hacking, phishing, whaling, etc.). Attention to information system and data security is also demonstrated through the Group's choice of suppliers, 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 – see also Section 1.8 "Information systems and processes"), and through the addition of specific contract clauses during both the pre-contractual and contractual phases.

As part of its implementation of EU Regulation No. 2016/679, the "General Data Protection Regulation" (GDPR), Coface adapted its information systems and processes in 2018 with a view to complying with the stricter requirements in terms of personal data protection, including the:

- appointment of a Data Protection Officer (DPO);
- formalisation of data processing registers;
- inclusion of GDPR clauses in contracts with its clients and suppliers;
- communication of the "Privacy Notice" to Coface clients;
- choice of the CNIL, the French data protection agency, as the lead authority for cross-border processing within the European Union.

Coface has also launched a project to set up Binding Corporate Rules (BCR), as defined in Article 47 of the GDPR, with a view to setting a global framework for transfers of data outside the European Union.

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.

Coface complies with the tax law applicable in the jurisdictions where the Group operates and ensures compliance with international principles, notably the principles from the OECD's BEPS (Base Erosion and Profit Shifting) project, including the requirement for country-by-country reporting (CBCR). This requirement was introduced by the French Finance Act for 2016 and applies to groups established in France with consolidated annual revenue excluding tax of over €750 million. The country-by-country report must include various elements, such as revenue, tax paid and number of employees. As the ultimate entity of the consolidated group that Coface is part of, BPCE produces and submits country-by-country reports to the French tax authorities, which are shared with the foreign tax authorities that have signed the Multi-lateral Competent Authority Agreement.

Coface has dedicated teams to monitor changes in tax laws and their application within the Group. Coface also works with well-known advisers to review the compliance of its practices and tax position in accordance with the rules applicable.

Lastly, Coface's Know Your Customer procedure includes strengthened vigilance measures when transactions involve one or more entities located in non-cooperative States and territories for tax purposes, as defined by Article 238-0 A of the French Tax Code (*Code des impôts*) [(1)], or in a country that could create a reputation risk for Coface (even if this country is not specifically included in the list of non-cooperative States and territories under the jurisdiction of the Coface entity that issued the policy).

(1) At January 1, 2010, non-cooperative States and territories are defined as those whose position regarding the transparency and exchange of information for tax purposes has been reviewed by the Organisation for Economic Cooperation and Development and which, to date, have not signed an administrative assistance agreement with France allowing the exchange of any information required for the application of the parties' tax laws, or have not signed such an agreement with at least 12 jurisdictions.

6.4 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 throughout 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 and improved in 2017 by the addition of new content.

The Company has made a commitment to raising 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 refer to CSR issues. As it does every year, Coface's Economic Research Department published several studies in 2018 on the economic situation in emerging countries ("A new deal of cards for emerging markets" and "Country and sector risks barometer" published each quarter) and the renewable energy sector (Wind energy: how long will the wind stay in the industry's sails?).

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 is 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 has continued to benefit the Company's societal environment with its charity actions for economically underprivileged populations, with a determination to refocus its actions on local economic development as conveyed by the Company's values and missions.

In 2018, discussions took place on the integration of CSR into Coface's business model, in order to meet the new requirements resulting from the transposition of EU Directive 2014/95/EU into French law.

6.5 REPORTING FRAMEWORKS AND METHODOLOGY

The non-financial performance report has been drawn up to meet the requirements of Articles L.225-102-1 and R.225-104 to R.225-105-2 of the French Commercial Code.

General organisation of the report

In 2018, Coface further strengthened its non-financial reporting guidelines to ensure a unique and consistent framework across the reporting scope.

The information presented in this document was produced internally on the basis of information provided by the heads of each area concerned. The corporate 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 were 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 last three categories of information were coordinated by the Group Legal Department.

Reporting period

Unless stated otherwise, all figures refer to financial year 2018, corresponding to calendar year 2018. Comparable data, on a like-for-like basis, is sometimes presented for previous years for 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, with an illustration of the policies, processes, tools, initiatives and actions at Group level.

Since 2014, the Group has extended its reporting scope during each new reporting year, as presented in the table below. The Group plans to continue this extension to make its reporting as representative as possible with regard to the Group's workforce and revenue.

Workforce figures are always reported for the Group scope.

Financial year	Reporting scope	Information regarding the scope added	Scope representativeness with regard to the Group's workforce	Scope representativeness with regard to the Group's revenue
2014	France	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 11 employees based in Switzerland.	24%	20%
2015	France and 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.	40%	36%
2016	France, Germany and Italy	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.	43%	43%
2017*	France, Germany, Italy and Spain	Spain includes the insurance branch and a service entity, Coface Servicios España.	42%	53%
2018	France, Germany, Italy, Spain and UK	The UK includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface UK Holdings Ltd and a service entity, Coface UK Services Ltd.	43%	56%

* *Although the reporting scope was significantly extended in 2017, its workforce representativeness decreased due to a reduction in the workforce in France. This decrease was due largely to the transfer of the State guarantees management business to Bpifrance Assurance Export on January 1, 2017, which resulted in 249 departures.*

Methodological details on the information communicated

Corporate

- The corporate indicators, excluding the Group's workforce, concern the French, German, Italian, Spanish and UK scope in 2018. 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 at December 31, 2018 on permanent or fixed-term contracts (including expatriates and people who have temporarily left the Company), excluding people who have permanently left the Company, interns, trainees, V.I.E (international intern in a company) participants, temporary staff, consultants and sub-contractors.
- Cases of long-term sick leave (over three months) are now classed as "employees who have temporarily left the Company".
- Employee arrivals include all employees recruited on permanent and fixed-term contracts since 2018.

  Contract renewals are not recorded as new arrivals. However, any person who was not part of the recorded workforce (consultant, intern, etc.) and is awarded a fixed-term or permanent contract must be recorded as a new arrival.
- The number of departures includes all the reasons for departures for people on permanent and fixed-term contracts: resignation, dismissal, termination by mutual agreement, end of probation period initiated by the employee and/or employer, retirement or death, until December 31 of the year (inclusive). Cases when fixed-term contracts have ended are not included in the list of departures.
- The indicator for the "percentage of female managers" takes into account the percentage of female managers in the workforce at December 31, 2018, *i.e.*, the number of women in management positions among the workforce (numerator) over the total number of employees in manager positions (denominator).
- The following employees must be recorded as managers:
  1/ General management;
  2/ Middle management and managers.
- Workplace accidents and data on disabilities are reported in accordance with local regulations.
- Training for France, Germany, Italy, Spain and the UK includes internal training, external training and e-learning, referring to initiatives to develop employees' skills and including an educational objective and a supporting document to record the training period. The figures show the number of trainees benefiting from training in 2018, including employees who took part in a training course before leaving the Company. An employee who has taken part in several training courses is counted only once.

- This year, coaching support that complies with the definition of training given above will be included in the number of hours of training and the number of people trained.
- Concerning the number of hours of training, in the absence of information from the trainer (internal or external) on the exact number of hours of training provided, the reported length of one day of training is equal to seven hours. E-learning language programmes are included in the training reporting.
- The indicator counts the number of hours of training provided for employees. For group courses, the number of participants needs to be multiplied by the number of hours of training (*e.g.*, 15 people trained with a 7-hour course = 15*7 = 105 hours of training).
- Long training programmes spread over two calendar years must be prorated based on the hours carried out. The hours carried out in year N-1 must be recorded in the reports for N-1, with the hours carried out in year N recorded in the reports for N.
- The number of training hours reported corresponds to the hours delivered (and not the hours planned), traceable based on an attendance sheet. E-learning programmes must only be recorded when their level of progress is 100%.
- The reported length of an e-learning module is the theoretical length indicated in the training programme, except for e-learning courses accessible for an unlimited amount of time during a given period, which depend on the time invested by the learner and for which the effective length is reported (for example, the length of a foreign language e-learning course, accessible for an unlimited amount of time for three months, may vary from one user to the next).

Environmental

- 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, Cologne, Karlsruhe, Stuttgart and Munich;
  - Italy, composed of two sites, the main office being located in Milan and the other in Rome;
  - Spain, composed of eight offices, the main office being located in Madrid. The other offices are located in San Sebastián, Alicante, Valencia, Seville, Pamplona, Barcelona and A Coruña;
  - the UK scope, with four sites: London, Watford, Birmingham and Manchester.

  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 CO_2 emission conversion factors reported by local suppliers – primarily for electricity – or the CO_2 emission conversion factors available in the French agency for sustainable development (ADEME) Base carbone® database, with regard to fuel consumption;
  - for transport, based on the CO_2 emission conversion factors reported by suppliers and/or based on the CO_2 emission conversion factors available in the ADEME Base carbone® database.
- The emission factors relating to fuel consumption have been standardised at Group level and are as follows:
  - Petrol: 2.28 kg CO_2e/litre (ADEME); and
  - Diesel: 2.51 kg CO_2e/litre (ADEME).
- 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. In 2018, the method for calculating paper consumption was adjusted for Germany, adding letterhead paper to all of its consumption reported up until then.
- Water consumption corresponds to the consumption of the Bois-Colombes head office (France), the offices in Mainz (Germany), Milan (Italy) and Madrid (Spain), as these four sites are the main buildings in the reporting scope; data for 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.
- Part of the distance travelled by train in the UK is not reported because some of the staff do not use the dedicated travel agent's services.

As the Company's activity has a limited impact on the areas listed below, they have not been covered:

- tackling food waste;
- combating food insecurity;
- respect for animal welfare;
- responsible, fair and sustainable food; and
- circular economy.