

Communication on Progress (COP)

2014/2015



United Nations Global Compact

Advanced Level

December 2015



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

About Eurazeo PME:

Eurazeo PME is an investment firm and subsidiary of Eurazeo, dedicated to majority investments in French SMEs with an enterprise value of less than €200 million. Eurazeo PME acts as a long-term shareholder, providing its portfolio companies with all the financial, human and organizational resources they need for a sustained transformation. With an investment horizon generally ranging from five to ten years, it guides portfolio companies in creating sustained and, hence, responsible growth. This commitment is formalized and deployed through a CSR (Corporate Social Responsibility) policy.

In 2014, Eurazeo PME generated €482 million in consolidated revenues, and is a shareholder in eight soundly positioned companies: Dessange International, Léon de Bruxelles, Péters Surgical, Colisée, Vignal Lighting Group, Flash Europe and The Flexitallic Group, and Fondis Bioritech as a minority shareholder. These companies are firmly established on their market and are led by experienced management teams.

About Eurazeo PME's CSR commitment:

Eurazeo PME is convinced that CSR is an essential factor for company's transformation, sustainable growth, and thus value creation. In an increasingly complex environment, Eurazeo PME also believes that the implementation of a CSR approach is an integral part of its role as a responsible shareholder. Eurazeo PME's teams provide portfolio companies with both the time and the resources necessary for their transformation, while combining economic development, the reduction of environmental impacts, social progress and balanced governance.

A forerunner as early as 2008 of the CSR approach in the private equity sector in France, Eurazeo PME factored these issues into its business through the creation of a Sustainable Development department and then in 2010 integrated CSR into the investment and reporting process. 2014 marked the beginning of a new phase in Eurazeo PME's CSR progress and ambition, with the definition of a CSR strategy comprising quantified objectives for 2020. This strategy comprises four pillars, with the third pillar consisting of a roadmap for investments.

Eurazeo PME also signed the United Nations Principles for Responsible Investment (PRI) in 2009, and the United Nations Global Compact in 2014.

Learn more about Eurazeo PME's CSR commitments and strategy in the following documents, available both in English and in French at Eurazeo PME's website (<http://www.eurazeo-pme.com/>):

- Eurazeo PME 2014 Annual Report (Integrated Report).
- "Responsibility": the CSR section of the Eurazeo PME's corporate website.

Statement of Continued Support



As professional, responsible shareholders, we are convinced that the optimal value of a company depends not only on its financial performance, but also and especially on the sustainability of its development. A forerunner since 2008 of the integration of Corporate Social Responsibility (CSR) into the private equity business, Eurazeo PME continues its roll-out at the very heart of its model with the aim of linking economic, social, societal and environmental variables.

We were one of the first companies to publish a Corporate Social Responsibility report in 2008, and we are innovating once again in 2014 by joining the global integrated reporting movement, which converges financial and non-financial information.

2014 marked the beginning of a new phase in Eurazeo PME's CSR progress and ambition with the definition of a CSR strategy, comprising quantified objectives for 2020. This strategy comprises four pillars, with the third pillar consisting of a roadmap for portfolio companies.

As a reflection of our commitment to sustainability and our conviction that companies have a key role to play in its promotion, Eurazeo PME signed the United Nations Global Compact in 2014.

As Chairman of the Executive Board of Eurazeo PME, I am proud to renew my support for the United Nations Global Compact and its 10 principles, in the areas of Human Rights, labour, environment, and anti-corruption.

We look forward to continuing to share our progress with you, our stakeholders and the international community.

Olivier Millet

Chairman of the Executive Board - Eurazeo PME

Table of Contents

Implementing the Ten Principles into Strategies & Operations

Criterion 1: The COP describes mainstreaming into corporate functions and business units	p. 5
Criterion 2: The COP describes value chain implementation	p. 10

Robust Human Rights Management Policies & Procedures

Criterion 3: The COP describes robust commitments, strategies or policies in the area of Human Rights	p. 13
Criterion 4: The COP describes effective management systems to integrate the Human Rights principles	p. 14
Criterion 5: The COP describes effective monitoring and evaluation mechanisms of Human Rights integration	p. 15

Robust Labour Management Policies & Procedures

Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour	p. 16
Criterion 7: The COP describes effective management systems to integrate the labour principles	p. 18
Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration	p. 19

Robust Environmental Management Policies & Procedures

Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship	p. 20
Criterion 10: The COP describes effective management systems to integrate the environmental principles	p. 22
Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	p. 24

Robust Anti-Corruption Management Policies & Procedures

Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption	p. 26
Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle	p. 29
Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	p. 30

Taking Action in Support of Broader UN Goals and Issues

Criterion 15: The COP describes core business contributions to UN goals and issues	p. 31
Criterion 16: The COP describes strategic social investments and philanthropy	p. 33
Criterion 17: The COP describes advocacy and public policy engagement	p. 35
Criterion 18: The COP describes partnerships and collective action	p. 37

Corporate Sustainability Governance and Leadership

Criterion 19: The COP describes CEO commitment and leadership	p. 39
Criterion 20: The COP describes Board adoption and oversight	p. 40
Criterion 21: The COP describes stakeholder engagement	p. 41

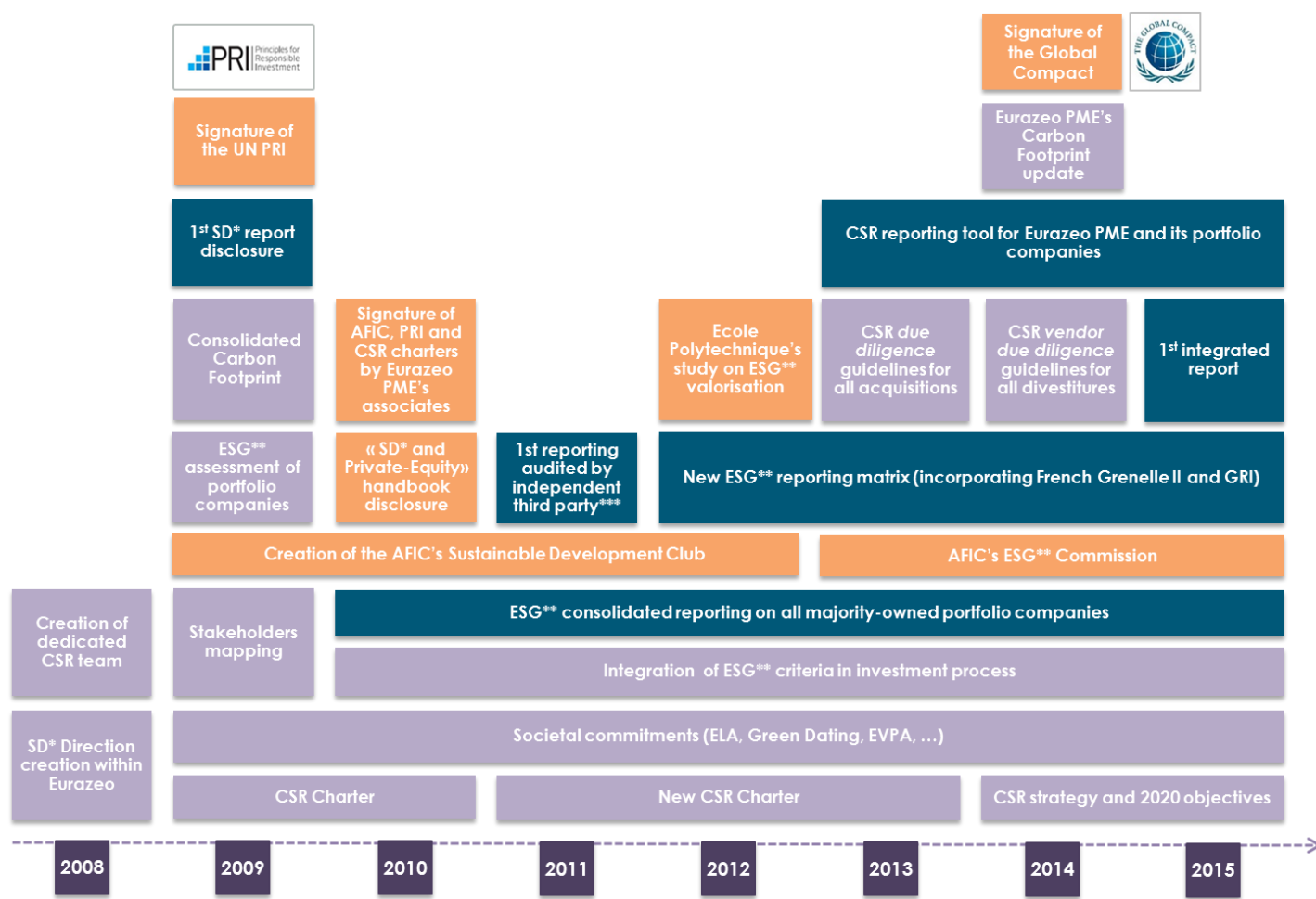
Criterion 1: The COP describes mainstreaming into corporate functions and business units

- *Any relevant policies, procedures, and activities that the company plans to undertake to fulfil this criterion, including goals, timelines, metrics, and responsible staff*
- *Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy*
- *Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary*
- *Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts*
- *Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) ensuring no function conflicts with company's sustainability commitments and objectives*
- *Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs*
- **Other established or emerging best practices**

Eurazeo PME's objective is to transform SMEs and unleash their potential as a committed shareholder alongside company management teams. Eurazeo PME is convinced that Corporate Social Responsibility (CSR) is an essential factor for companies' transformation and sustainable growth, and thus a fundamental component of the Eurazeo PME model, reflected by **value creation**.

In an increasingly complex environment, Eurazeo PME considers that the implementation of a CSR approach is an integral part of its role as a responsible shareholder. This commitment is realized through a **concrete approach**, providing portfolio companies with both the time and the resources necessary for their transformation, while combining economic development, the reduction of environmental impacts, social progress and balanced governance.

For more than seven years, Eurazeo PME has formalized and strengthened its commitment to CSR in a practical approach, focused on **continuous improvement**. A forerunner as early as 2008 of the CSR approach in the private equity sector in France, Eurazeo PME factored these issues into its business through the creation of a Sustainable Development department. The same year, an initial environmental assessment of the entire portfolio was carried out. Since then, Eurazeo has accelerated the deployment of CSR tools and objectives.



* Sustainable Development

** Environment, Social, and Governance

*** auditors - only for portfolio companies integrated in the French Grenelle reporting scope of Eurazeo.

In 2009, Eurazeo PME became a signatory to the United Nations Principles for Responsible Investment (UNPRI), and then in 2010 integrated CSR into the investment and reporting process. CSR is currently integrated into the entire Eurazeo PME investment cycle (please refer to Criterion 2 for more details).

Eurazeo published its first CSR report in 2011, with a voluntary external evaluation by an independent auditor, and prior to its obligation to report under France's Grenelle II Act. The same year, a CSR charter was published, a shared framework for Eurazeo and its portfolio companies, encouraging progress on various Environmental, Social, Societal and Governance (ESG) issues it addresses.

2014 marked a new stage for Eurazeo, with the disclosure of a **comprehensive CSR strategy incorporating quantified targets**. This strategy is based on four actions: invest responsibly, establish exemplary governance, create sustainable value and be a vector of change in society.

1 INVEST RESPONSIBLY	CSR to be integrated into every stage of the investment process	2020 OBJECTIVES	<ul style="list-style-type: none"> • 100% of due diligence in the advanced study phase of acquisitions to incorporate a CSR Section • 100% of portfolio companies to perform CSR reporting • 100% of divestments to be subject to CSR disclosures
2 ESTABLISH EXEMPLARY GOVERNANCE	All companies to have exemplary governance bodies	2020 OBJECTIVES	<ul style="list-style-type: none"> • 100% of companies to have at least 40% women directors on their Supervisory Board or Board of Directors • 100% of companies to have at least 30% independent directors • 100% of companies to have an Audit Committee and a Compensation Committee
3 CREATE SUSTAINABLE VALUE	All companies to have a CSR progress plan	2020 OBJECTIVES	<ul style="list-style-type: none"> • 100% of portfolio companies to have deployed Eurazeo's "CSR musts" • 100% of portfolio companies to have quantified CSR progress targets • 100% of portfolio companies to be involved in at least one CSR acceleration program
4 BE A VECTOR OF CHANGE IN SOCIETY	All companies to improve their social footprint	2020 OBJECTIVES	<ul style="list-style-type: none"> • 100% of portfolio companies to improve the protection and well-being of employees • 100% of portfolio companies to associate their employees with value creation or company results • 100% of portfolio companies to reduce their environmental impact

Each of the 4 pillars of the CSR strategy owns ambitious quantitative objectives by 2020, which reflect Eurazeo PME's commitment to patient capitalism which takes a long-term view of a company's development. Eurazeo PME will publish a progress report about these objectives, on an annual basis.

The CSR strategy includes a **CSR roadmap** (as third part) distributed to all portfolio companies to be adapted to their specific structures and sectors, in order to facilitate the implementation of CSR into their activities. This CSR roadmap provides an operational frame of references for the companies in the portfolio. The aim is to see it implemented in all companies by 2020.



Eurazeo has defined a CSR strategy that responds to the most stringent CSR requirements and includes the specificities of its investor activity. It reflects our belief that sustainable development and value creation go hand-in-hand, and our ambition to combine value enhancement and responsibility throughout the investment cycle.

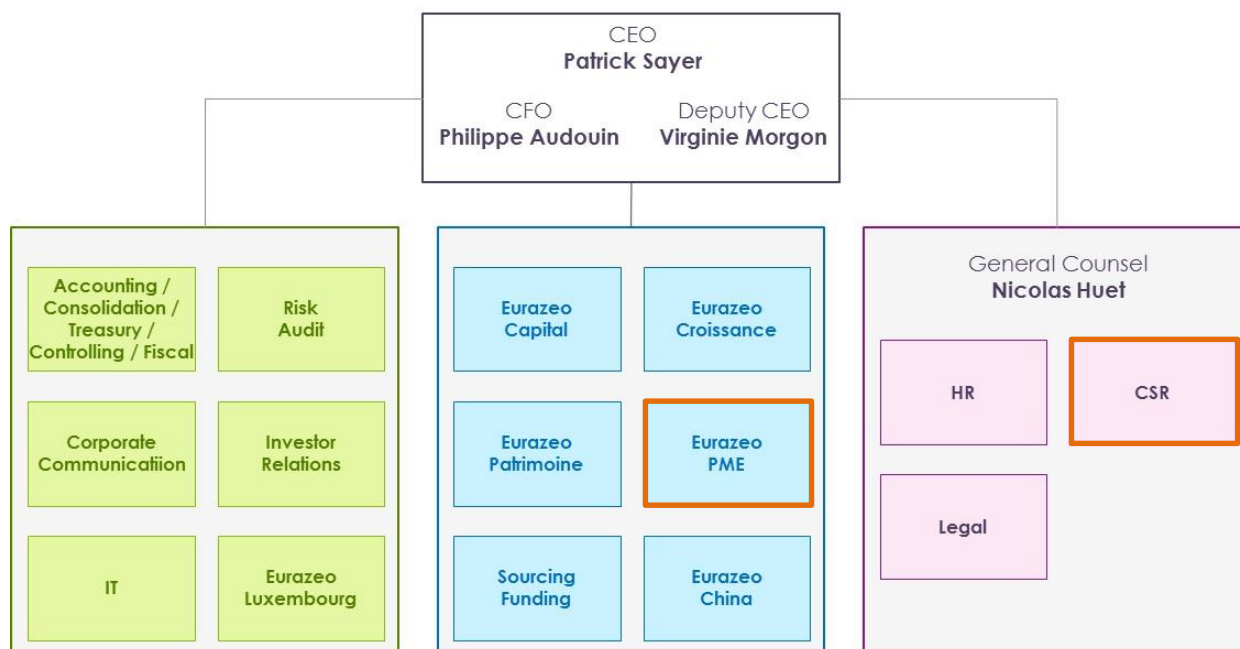
In 2015, Eurazeo PME published its first **integrated report**, the first of its kind globally in the private equity sector and a pioneer in France. The adoption of integrated reporting aims to communicate transparently on the approach to integrate CSR at the heart of its business model and to provide a comprehensive overview of the company's financial and non-financial performance.



This report provides insight into Eurazeo PME's vision and the challenges it faces. It enables an understanding of its strategy and the resources made available to prepare its own future and that of its portfolio companies. With this integrated reporting, Eurazeo PME seeks to provide a holistic view of its business and its portfolio companies. This new framework invites stakeholders to share their comments, as part of an ongoing progress approach.

Within Eurazeo PME, through the creation of a **Sustainable Development department** in 2010, a dedicated CSR officer was recruited. Since 2013, a CSR Director leads the Sustainable Development department. The Sustainable Development department is under the management of Nicolas Huet, Secretary General of the Eurazeo's Executive Board.

Nowadays, the dedicated CSR team is composed of 2 persons, and works closely with each of other departments at Eurazeo PME, including the Investment, Finance, Human Resources, and Communication teams.



Dialogue between the CSR Director, Eurazeo PME's internal teams, and the portfolio companies is a key feature of Eurazeo PME's CSR implementation. Because CSR staff is a sign of CSR maturity and an important way to accelerate progress, Eurazeo also actively encourages its portfolio companies to appoint dedicated staff.

See also:

- "Eurazeo PME launches integrated reporting" section of Eurazeo PME's 2014 integrated report (page 4).
- "CSR at the heart of Eurazeo PME's value creation model" and "CSR: a source of sustainable performance" sections of Eurazeo PME's 2014 integrated report (pages 18 and 19).
- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- "Eurazeo PME's CSR Approach" section on Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Eurazeo-PME-s-CSR-Approach>)
- "Strategy and objectives" section on Eurazeo PME's website ([http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/\(onglet\)/319](http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/(onglet)/319))
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).

Criterion 2: The COP describes value chain implementation

- *Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts*
- *Communicate policies and expectations to suppliers and other relevant business partners*
- *Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence*
- *Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners*
- *Other established or emerging best practices*
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

At the heart of Eurazeo PME's value creation model, **CSR is integrated into the entire investment cycle**. CSR is now integrated into every stage of the investment process: phase of identification of investment opportunities, during the transformation phase, and at the exit phase. Eurazeo PME thus develops and uses several CSR tools to analyse its activity both upstream and downstream through its value chain.



Upstream, during the **detection of investment opportunities**, CSR provides a twofold contribution:

- the consideration of environmental, social and societal developments enriches the prospective analysis of different sectors and economic trends. This helps identify new opportunities in areas as diverse as energy, the service economy, recycling and waste treatment;
- the appraisal of a target acquisition in respect of environmental, social, societal and governance issues can help improve the understanding of the risks and opportunities, thereby increasing the ability to forge strong convictions in the selection of investments.

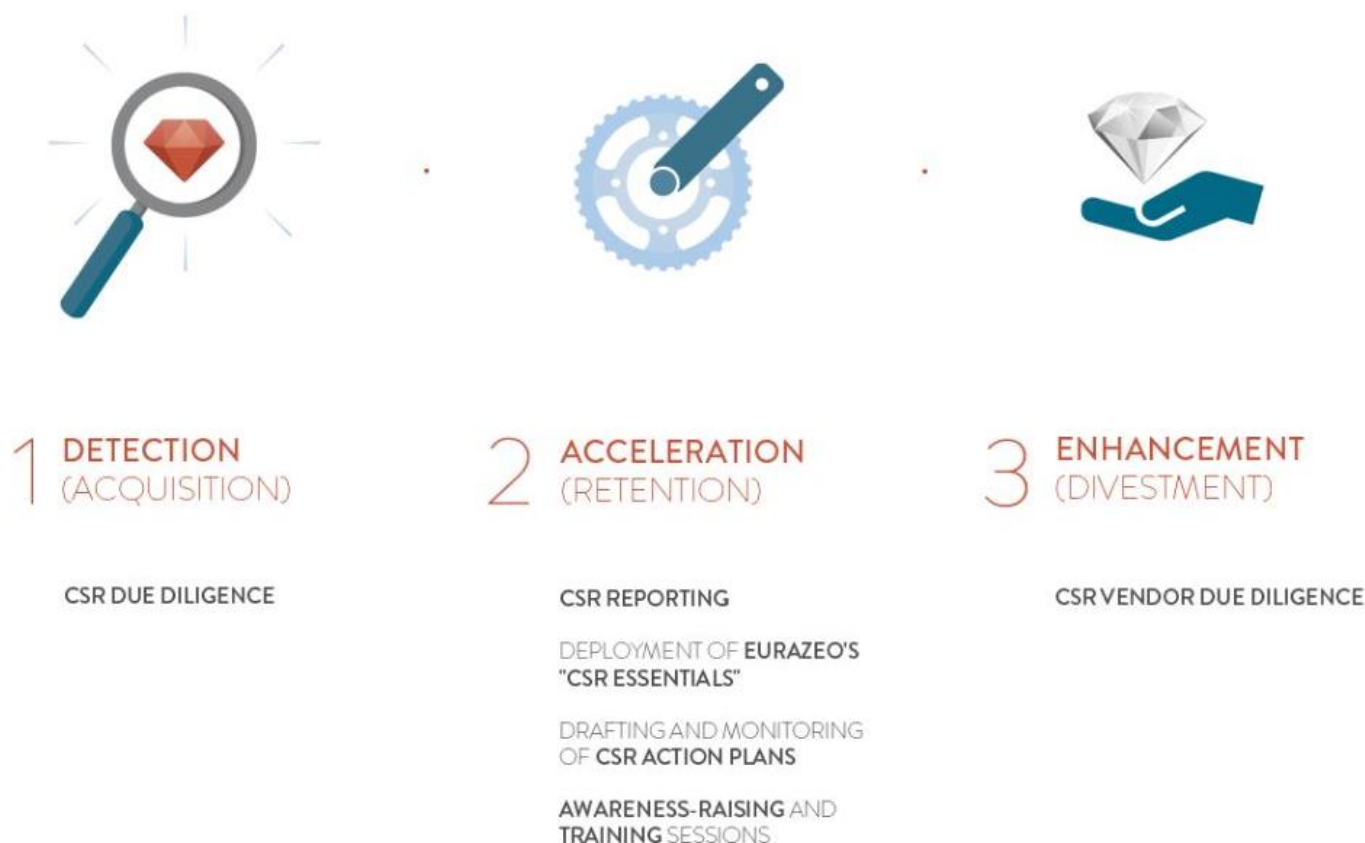
In 2013, specific analysis guidelines were developed and formalized. These guidelines are now systematically used when conducting CSR due diligences. Eurazeo PME conducted CSR due diligence on all acquisitions made in 2014, and on 67% of prospective acquisitions.

During the **transformation phase**, Eurazeo mobilizes a full range of human, financial and technical resources to accelerate change within its portfolio companies and help them achieve their full potential. This process is especially accompanied by assistance in the implementation of CSR policies, source of performance and value creation for companies.

This support is adapted to the degree of the company's maturity with respect to CSR issues and the means at its disposal on the subject. It also depends on the specific challenges of each company and the resources it is able to mobilize. Expertise is communicated to portfolio companies through discussion seminars, work meetings, the sharing of good practice and the regular monitoring of performance indicators. Eurazeo PME also initiated CSR awareness sessions for its portfolio companies.

The follow-up of achievements and progress made in the field of CSR was made reliable thanks to the deployment of a reporting system, used by 7 companies of the portfolio in 2014. The CSR reporting results of each company are given to their management teams and diverse boards, on the basis of which are established plans of progress and quantitative targets.

Lastly, during the **divestment phase**, CSR assessments are performed to measure CSR outcomes achieved while the company was part of the portfolio. In 2014, a CSR vendor due diligence was realized for the Gault & Frémont divestment: this analysis highlights the progress achieved by the company since its acquisition by Eurazeo PME. For the sale of Cap Vert Finance that occurred in 2015, Eurazeo PME also communicated a CSR information to potential buyers.



As every year, Eurazeo has its processes for consolidating extra-financial information checked by an **independent third party**. Consolidation processes have been facilitated by the installation of an ad hoc IT tool for compiling and consolidating information. As Eurazeo PME and its entire portfolio are included in the Eurazeo's scope of application, a few companies of Eurazeo PME's portfolio is thus included every year in the verification process done by the independent third party.

For FY 2014, companies checked through the audit process of a third party are the followings: Léon de Bruxelles (on social indicators) and Cap Vert Finance (on environmental indicators).

Eurazeo PME also looks to implement sustainability factors further along the value chain. As part of its 2020 CSR Strategy, Eurazeo PME portfolio companies participated in a **Responsible Procurement working group**, organized by Eurazeo, which brought together the managers responsible for purchasing from each portfolio company. By providing a space to share best practices and define goals, this working group aims to accelerate the implementation of responsible purchasing throughout Eurazeo PME's portfolio. During the programme's launch in November 2015, Eurazeo unveiled its own Code of Conduct for Business Partners. Eurazeo plans to organize three such sessions a year.

See also:

- “CSR at the heart of Eurazeo PME's value creation model” and “CSR: a source of sustainable performance” sections of Eurazeo PME's 2014 integrated report (pages 18 and 19).
- “Non-financial information” section of Eurazeo PME's 2014 integrated report (page 36).
- “Eurazeo PME's CSR Approach” section on Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Eurazeo-PME-s-CSR-Approach>)
- “Strategy and objectives” section on Eurazeo PME's website ([http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/\(onglet\)/319](http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/(onglet)/319))
- “Eurazeo's CSR vision and strategy” section of Eurazeo's 2014 Reference Document (pages 18-24).

Criterion 3: The COP describes robust commitments, strategies or policies in the area of Human Rights

- *Commitment to comply with all applicable laws and respect internationally recognized Human Rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) (BRE1 + ARE1)*
- *Integrated or stand-alone statement of policy expressing commitment to respect and support Human Rights approved at the most senior level of the company (BRE 1 + BRE5 + ARE 1 + ARE 5)*
- *Other established or emerging best practices*
- *Statement of policy stipulating Human Rights expectations of personnel, business partners and other parties directly linked to operations, products or services (BRE 1)*
- *Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5)*
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

Eurazeo PME is strongly committed into the protection of Human Rights. Although Eurazeo PME's only office is located in Paris (France) and does not directly encounter Human Rights risks, some Eurazeo PME's portfolio companies operate in different countries around the world. Eurazeo PME thus works to ensure that these portfolio companies have the support needed to ensure that Human Rights are respected, including in the companies' supply chains.

Judging by the index published by the NGO *Freedom House* on freedom of association, and that of the International Labour Organization (ILO) on forced and child labour, Eurazeo PME and its portfolio companies operate mainly in areas with low risk. Nonetheless, several portfolio companies have supply chains that are at risk for Human Rights abuses. Eurazeo PME takes these risks extremely seriously, and works closely with its portfolio companies to minimize them.

Eurazeo PME promotes compliance with the International Labour Organization conventions, and encourages its portfolio companies to join the United Nations Global Compact and/or to adopt a Code of conduct or Code of ethics.

In 2015, Eurazeo PME published a Code of ethics, which includes commitments to respect and support Human Rights. This Code of ethics has been signed by all Eurazeo PME's employees.

Moreover, Eurazeo's Code of Conduct for Business Partners, published in 2015, includes clauses on the respect of Human Rights. These clauses covers issues such as child labour, forced labour, fair wages, decent working hours and discrimination and harassment in the workplace. This Code of Conduct for Business Partners has been especially designed for suppliers and business partners.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).

Criterion 4: The COP describes effective management systems to integrate the Human Rights principles

- **On-going due diligence process that includes an assessment of actual and potential Human Rights impacts (BRE 2 + BRE 3 + ARE 2 + ARE 3)**
- **Process and programs in place to support Human Rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action (BRE 6 + ARE 6)**
- **Process to ensure that internationally recognized Human Rights are respected**
- **Internal awareness-raising and training on Human Rights for management and employees**
- Operational-level grievance mechanisms for those potentially impacted by the company's activities (BRE 4 + ARE 4)
- Allocation of responsibilities and accountability for addressing Human Rights impacts
- Internal decision-making, budget and oversight for effective responses to Human Rights impacts
- Processes to provide for or cooperate in the remediation of adverse Human Rights impacts that the company has caused or contributed to (BRE 3+ BRE 4 + ARE3 + ARE 4)
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME pays close attention to the respect of Human Rights by its portfolio companies. The respect of Human Rights is ensured in three main ways:

- through due diligence procedures carried out in the detection and/or divestment phase. CSR due diligence guidelines for detection phases have been developed in 2013. These guidelines include Human Rights topics, such as child labour, forced labour, or fair wages. Eurazeo PME conducted CSR due diligence on all acquisitions made during 2014 year.
- through continued interactions with portfolio companies' teams;
- and through the annual CSR reporting. Results of the CSR reporting are annually analysed by the CSR department, investment teams, and the management of portfolio companies.

One of Eurazeo PME's 2020 objectives included in its CSR strategy is to perform a new social barometer every three years for 100% of portfolio companies. Eurazeo PME helps and monitors portfolio companies in reaching this objective. To perform a social barometer, although more closely tied to the labour principles, is an essential tool for enforcing the respect of Human Rights.

Moreover, Virginie Morgon, Chairwoman of Eurazeo PME's Supervisory Board, is an active member of the *Human Rights Watch's* support committee. Human Rights Watch is a leading independent international organization dedicated to the protection and defense of Human Rights. Eurazeo also gives annual financial support to *Human Rights Watch*, and has supported this association since 2012. Having a visible internal figure bringing Human Rights issues to the forefront, combined with Eurazeo PME's own support of these issues, contributes to all employees' awareness.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).

Criterion 5: The COP describes effective monitoring and evaluation mechanisms of Human Rights integration

- **Other established or emerging best practices**
- **System to monitor the effectiveness of Human Rights policies and implementation with quantitative and qualitative metrics, including in the supply chain (BRE3 + ARE3)**
- Monitoring drawn from internal and external feedback, including affected stakeholders
- **Leadership review of monitoring and improvement results**
- Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4)
- Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue (BRE4 + ARE4)
- Outcomes of integration of the Human Rights principles
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible

Human Rights related stakes are included in Eurazeo PME's CSR reporting and CSR due diligence procedures. Thus, Eurazeo PME makes regular visits to the sites of its portfolio companies, to ensure proper working conditions and respect for Human Rights.

Additionally, Eurazeo PME encourages portfolio companies, that are most exposed in terms of risks in the area of Human Rights violations, to subject themselves to voluntary audits, preferably carried out by an independent third party. Eurazeo PME also encourages the use of external ethics auditors, in order to evaluate the performance and exposure of portfolio companies' supply chains, as well as risk mapping analysis, that includes Human Rights topics.

The Eurazeo's Code of Conduct for Business Partners, edited in 2015, includes control tools development recommendations, such as audits by third parties, to ensure that commitments are met. Moreover, the Responsible Procurement working group allows portfolio companies to work together to ensure respect of Human Rights along their supply chains, and share experiences and best practices.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).

Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour

- *Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies*
- *Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation*
- *Other established or emerging best practices*
- *Reflection on the relevance of the labour principles for the company*
- *Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national).*
- *Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners*
- *Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges related to labour standards in the countries of operation, possibly in a tripartite approach (business – trade union – government).*
- *Structural engagement with a global union, possibly via a Global Framework Agreement*
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

With 4,639 employees in its 2014 reporting scope, Eurazeo PME recognizes its responsibility to encourage its portfolio companies to provide the best labour conditions possible. Eurazeo PME ensures that all portfolio companies have policies in place to promote quality labour relations. Labour conditions, including quality of social dialogue and collective agreements, rates of absenteeism and turnover, accident rates, and gender equality are all included in Eurazeo PME's social reporting.

Among 2020 objectives included in its CSR strategy, Eurazeo PME encourages portfolio companies to improve the protection and well-being of employees. For example, through the CSR reporting system, the number of companies at which 100% of employees to have access to social insurance, and/or number of companies that have reduced the number of days of absence can be tracked. Eurazeo PME also promotes the creation of systems that allow portfolio companies to share value created or company profits with employees. For example, through the CSR reporting system, the number of portfolio companies with employee shareholders, and the number of portfolio companies to have implemented a profit-sharing scheme can be reported.

As part of its commitment toward implementing the labour principles, Eurazeo PME promotes compliance with the ILO conventions, and encourages its portfolio companies to join the United Nations Global Compact and/or to adopt a Code of conduct. Eurazeo PME also aims to extend voluntary initiatives, such as employee surveys, to all portfolio companies.

Besides, Eurazeo launched in 2014 "Eurazeo Pluriels", a gender equality network in which Eurazeo PME and its portfolio companies are active participants. *Eurazeo Pluriels* was created to take action at three levels: internally, at Eurazeo and Eurazeo PME; with portfolio companies; and with society at large. In view of the large number of employees in its portfolio companies, Eurazeo PME has an important role to play in ensuring that men and women have equal professional opportunity and enjoy the same working conditions. Eurazeo Pluriels provides a framework with which to work with portfolio companies to make measurable progress toward professional gender equality.

Eurazeo PME's Code of ethics, covers several issues related to quality of the workplace, health and safety, talent development, discrimination, freedom of association and representation at the workplace.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Social information" section of Eurazeo's 2014 Reference Document (pages 25-31).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).

Criterion 7: The COP describes effective management systems to integrate the labour principles

- **Allocation of responsibilities and accountability within the organization**
- **Risk and impact assessments in the area of labour**
- **Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards**
- **Internal awareness-raising and training on the labour principles for management and employees**
- **Active engagement with suppliers to address labour-related challenges**
- *Grievance mechanisms, communication channels and other procedures (e.g., whistle-blower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers*
- **Other established or emerging best practices**
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

With 15 employees as of 31/12/2014, the implementation of labour principles within Eurazeo PME is facilitated by its small size, and the proximity between management and employees at all levels. The CSR department conducts annual social reporting for Eurazeo PME's team, as well as for portfolio companies included in Eurazeo PME's CSR reporting scope.

Among 2020 objectives included in its CSR strategy, Eurazeo PME encourages portfolio companies to improve the protection and well-being of employees. For example, through the CSR reporting system, the number of companies at which 100% of employees to have access to social insurance, and/or number of companies that have reduced the number of days of absence can be tracked. Eurazeo PME also promotes the creation of systems that allow portfolio companies to share value created or company profits with employees. For example, through the CSR reporting system, the number of portfolio companies with employee shareholders, and the number of portfolio companies to have implemented a profit-sharing scheme can be collected.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Social information" section of Eurazeo's 2014 Reference Document (pages 25-31).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).

Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

- *System to track and measure performance based on standardized performance metrics*
- *Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards*
- *Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future*
- *Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices*
- *Outcomes of integration of the Labour principles*
- *Other established or emerging best practices*
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

The social section of Eurazeo PME's annual CSR reporting allows a detailed monitoring of working conditions. This reporting included 67 quantitative indicators and 23 qualitative indicators in 2014. Eurazeo PME and its portfolio companies that fall within the Grenelle II Act reporting scope all report on social dialogue and collective agreements, in addition to other topics such as rates of absenteeism and turnover, accident rates, and gender equality.

A formal debriefing of CSR reporting results for individual companies is annually conducted with the top management of each company, as well as with the Supervisory Boards. These results are used as the basis for building progress plans and defining quantitative objectives.

Besides social reporting, Eurazeo PME is attentive to the implementation of policies and measures promoting quality labour relations within its portfolio companies. It aims to extend voluntary initiatives, such as employee surveys, to all portfolio companies. Performing employee barometers at least once every three years is although part of the CSR roadmap set out for portfolio companies (as third pillar of Eurazeo PME's CSR strategy). Employee surveys and social barometers are key tools for assessing employees' perceptions on topics related to life in the company (quality of life at work, compensation, measurement of commitment, etc.) and their understanding and appropriation of the company's strategy. As such, these measures are essential instruments of labour relations in companies.

Moreover, Eurazeo PME makes regular visits to the sites of its portfolio companies, to ensure proper working conditions. Companies are encouraged to perform or to undergo social audits, and to put in place measures such as social barometers.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Social information" section of Eurazeo's 2014 Reference Document (pages 25-31).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).

Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship

- **Written company policy on environmental stewardship**
- **Reflection on the relevance of environmental stewardship for the company**
- **Other established or emerging best practices**
- Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)
- **Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners**
- **Specific commitments and goals for specified years**
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

The preservation of the environment is a performance and longevity factor for companies. As a responsible investor, Eurazeo PME is witness to the growing impact of environmental issues on economic models, and believes that natural resources represent a precious form of capital. Throughout the world, the availability of energy and water is the sine qua non of human, economic and industrial development. Their accessibility and cost will determine whether companies can sustain and develop their activities, and more largely, create conditions conducive to progress.

In order to further integrate these challenges in the development activities and policies of its portfolio companies, Eurazeo PME actively supports the deployment of strategies, processes and indicators covering all environmental impacts. Eurazeo PME also encourages its investments to consider these impacts in their innovation process.

Thus, in its CSR strategy, Eurazeo PME aims to reduce the environmental footprint by 2020 for 100% of portfolio companies, as part of its CSR strategy (fourth pillar). To this end, Eurazeo PME monitors portfolio companies on several performance indicators:

- Number of portfolio companies to have decreased their carbon emissions as a proportion of EBITDA
- Number of portfolio companies to have decreased their water consumption as a proportion of EBITDA
- Number of portfolio companies to have increased their recycling rates

In the CSR road map (third pillar of the CSR strategy), Eurazeo PME is developing a specific program, called *Environmental footprint program*, which will allow portfolio companies to better take into account environmental impacts and opportunities. For example, Dessange International launched a life cycle analysis of the environmental impacts of its organization in 2014. The results have been published in the end of 2015 year.

Eurazeo PME also aims to be exemplary on its own scope, and is strongly committed to reducing its environmental impacts. Regarding energy consumption, the new offices have BREEAM and HQE certifications, and motion detectors have been installed for lighting. The carpet was also replaced with a product containing 70% polyester recycled from plastic bottles. Moreover, Eurazeo PME tested a new water filtration system in its office, allowing the company to reduce its plastic bottles consumption and thus minimise its waste production.

Moreover, wishing to proceed further with one of the major sustainable development challenges, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian,

LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

They thus recognize that climate change will have material impacts on the global economy, human societies and ecosystems. They believe that these consequences will generate both risks and opportunities for the companies in which they invest. The IC20 signatories have thus launched a long-term approach to reducing the greenhouse gas emissions of their portfolio companies and securing sustainable performance.

PUBLIC, CONCRETE AND MEASURABLE COMMITMENTS

The five signatories of the **Initiative Carbone 2020** have decided to:

- ◆ Measure the direct and indirect carbon footprint (scopes 1, 2 and 3) based on a sample of 30 portfolio investments using an accessible and effective estimation methodology.
- ◆ Include the climate issue in their investment process as of 2016, so as to gradually extend a climate strategy to all the companies they control.
- ◆ Publish the carbon footprint of these same companies as of 2020.

Specifically, the methodological approach for the **Initiative Carbone 2020** will be three-pronged:

- ◆ During the investment phase: assessment of the carbon issue in the company's future development.
- ◆ During the holding phase:
 - ▶ Climate -change awareness-raising for the management teams;
 - ▶ Materiality analysis of the company's carbon impacts;
 - ▶ Based on the challenges, a thorough calculation followed by the definition of an action plan to reduce emissions and adapt to climate change.
- ◆ During the disposal phase: capitalize on the most significant improvements made major progress achieved.

The signatories hope to share both the methodology and the commitments with all sector players that wish to participate in the fight against global warming.

The **Initiative Carbone 2020** "is an integral part of the pledges that were undertaken by the Paris financial market and co-signed by the AFIC." The signatories wish to make this pragmatic and operational contribution so that the private equity asset class, a major growth player in France, can be a driving force in building an eco-conscious world.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Environmental information" section of Eurazeo's 2014 Reference Document (pages 32-41).
- IC 20 press release (available online: https://www.eurazeo.com/wp-content/uploads/2015/11/151125_PR-Initiative-Carbone-2020-FINAL.pdf)
- IC 20 manifesto (available online at <http://www.eurazeo-pme.com/index.php/>)

Criterion 10: The COP describes effective management systems to integrate the environmental principles

- **Environmental risk and impact assessments**
- **Internal awareness-raising and training on environmental stewardship for management and employees**
- **Assessments of lifecycle impact of products, ensuring environmentally sound management policies**
- **Allocation of responsibilities and accountability within the organisation**
- *Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts*
- **Other established or emerging best practices**
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

In the process of reviewing investment projects, due diligence on social, environmental and governance issues is conducted by specialized firms, or internally by the CSR department. The risks identified are factored into the investment decision and the subsequent monitoring of the investment.

The environment section of Eurazeo PME's annual CSR reporting allows a detailed monitoring of environmental principles. This environmental reporting included 32 quantitative indicators and 18 qualitative indicators in 2014. Eurazeo PME and its portfolio companies that fall within the Grenelle II Act reporting scope all report on water, energy and waste reduction action plans, use of resources, air emissions and climate changes, biodiversity protection, and/or environmental management.

A formal debriefing of CSR reporting results for individual companies is annually conducted with the top management of each company, as well as with the Supervisory Boards. These results are used as the basis for building progress plans and defining quantitative objectives.

Besides environmental reporting, Eurazeo PME is attentive to the implementation of policies and measures promoting quality environmental policies within its portfolio companies. It aims to extend voluntary initiatives, such as environmental surveys or ISO standards, to all portfolio companies.

Moreover, wishing to proceed further with one of the major sustainable development challenges, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian, LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

They thus recognize that climate change will have material impacts on the global economy, human societies and ecosystems. They believe that these consequences will generate both risks and opportunities for the companies in which they invest. The IC20 signatories have thus launched a long-term approach to reducing the greenhouse gas emissions of their portfolio companies and securing sustainable performance.

PUBLIC, CONCRETE AND MEASURABLE COMMITMENTS

The five signatories of the **Initiative Carbone 2020** have decided to:

- ◆ Measure the direct and indirect carbon footprint (scopes 1, 2 and 3) based on a sample of 30 portfolio investments using an accessible and effective estimation methodology.
- ◆ Include the climate issue in their investment process as of 2016, so as to gradually extend a climate strategy to all the companies they control.
- ◆ Publish the carbon footprint of these same companies as of 2020.

Specifically, the methodological approach for the **Initiative Carbone 2020** will be three-pronged:

- ◆ During the investment phase: assessment of the carbon issue in the company's future development.
- ◆ During the holding phase:
 - ▶ Climate -change awareness-raising for the management teams;
 - ▶ Materiality analysis of the company's carbon impacts;
 - ▶ Based on the challenges, a thorough calculation followed by the definition of an action plan to reduce emissions and adapt to climate change.
- ◆ During the disposal phase: capitalize on the most significant improvements made major progress achieved.

The signatories hope to share both the methodology and the commitments with all sector players that wish to participate in the fight against global warming.

The **Initiative Carbone 2020** "is an integral part of the pledges that were undertaken by the Paris financial market and co-signed by the AFIC." The signatories wish to make this pragmatic and operational contribution so that the private equity asset class, a major growth player in France, can be a driving force in building an eco-conscious world.

See also:

- "Non-financial information" section of Eurazeo PME's 2014 integrated report (page 36).
- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Environmental information" section of Eurazeo's 2014 Reference Document (pages 32-41).
- IC 20 press release (available online: https://www.eurazeo.com/wp-content/uploads/2015/11/151125_PR-Initiative-Carbone-2020-FINAL.pdf)
- IC 20 manifesto (available online at <http://www.eurazeo-pme.com/index.php/>)

Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

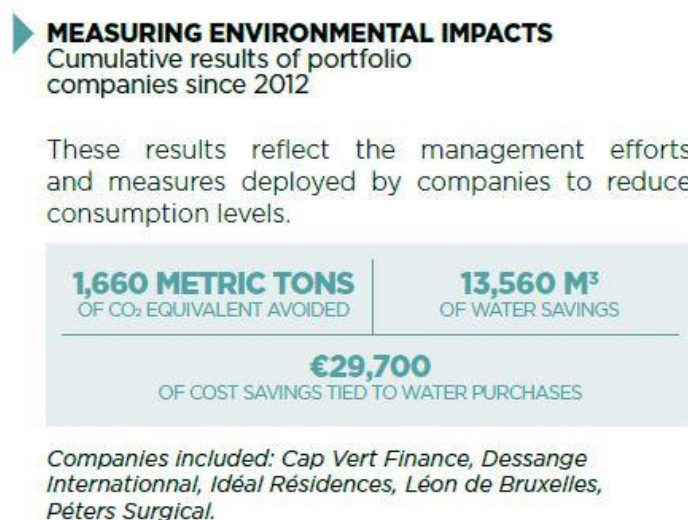
- **System to track and measure performance based on standardized performance metrics**
- **Leadership review of monitoring and improvement results**
- **Process to deal with incidents**
- **Audits or other steps to monitor and improve the environmental performance of companies in the supply chain**
- **Outcomes of integration of the environmental principles**
- **Other established or emerging best practices**
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

Eurazeo PME's robust annual environmental reporting allows a detailed monitoring of portfolio companies' environmental policies, impacts, and goals. This environmental reporting included 32 quantitative indicators and 18 qualitative indicators in 2014. The reporting goes beyond the requirements of French Grenelle II Act.

A formal debriefing of CSR reporting results for individual companies is annually conducted with the top management of each company, as well as with the Supervisory Boards. Annual results are used as the basis for action plans to further develop the company's CSR strategy.

Although the same CSR reporting system is used by all, portfolio companies vary greatly in their size, location, and CSR maturity: environmental priorities and objectives will also differ from one to another. Some portfolio companies have detailed environmental monitoring in place at company, country, or site level.

Thanks to a solid approach established since 2008, Eurazeo PME is currently able to measure the environmental performance of its entire portfolio since 2012:



Moreover, wishing to proceed further with one of the major sustainable development challenges, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian, LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

They thus recognize that climate change will have material impacts on the global economy, human societies and ecosystems. They believe that these consequences will generate both risks and opportunities for the companies in which they invest. The IC20 signatories have thus launched a long-term approach to reducing the greenhouse gas emissions of their portfolio companies and securing sustainable performance.

See also:

- “Non-financial information” section of Eurazeo PME’s 2014 integrated report (page 36).
- Eurazeo’s Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- “Eurazeo’s CSR vision and strategy” section of Eurazeo’s 2014 Reference Document (pages 18-24).
- “Environmental information” section of Eurazeo’s 2014 Reference Document (pages 32-41).
- IC 20 press release (available online: https://www.eurazeo.com/wp-content/uploads/2015/11/151125_PR-Initiative-Carbone-2020-FINAL.pdf)
- IC 20 manifesto (available online at <http://www.eurazeo-pme.com/index.php/>)

Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption

- **Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes**
- **Policy on anti-corruption regarding business partners**
- **Other established or emerging best practices**
- Publicly stated formal policy of zero-tolerance of corruption (D1)
- Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption (D2)
- Detailed policies for high-risk areas of corruption (D4)
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff


Eurazeo PME ensures compliance with ethical principles governing its activities, and is committed to upholding the highest standards in the conduct of its business. Eurazeo seeks to raise awareness of ethical behavior among staff and stakeholders, and to establish the necessary tools.

The application of best practices in terms of ethics is a commitment under Eurazeo PME's responsible shareholder policy. It is part of a process aimed at developing a strong and exemplary governance model. Establishing an exemplary governance although constitutes the second pillar of Eurazeo PME's CSR strategy. Its ambition is to ensure that all companies have exemplary governance bodies. This illustrates Eurazeo PME's determination to adopt best practices in terms of transparency and independence.



In this process of continual improvement, Eurazeo also encourages its portfolio companies to implement best practices in the detection and prevention of fraud and corruption, suited to the specific characteristics of each company.

Moreover, in 2012, an anti-fraud and anti-corruption good practice guide was implemented in Eurazeo PME. This guide provides a reference framework, and aims to help portfolio companies build a culture of integrity in training staff on the ethical conduct expected of them. It also serves as a methodological tool in the implementation of anti-fraud mechanisms. The guide has been distributed to all Eurazeo PME's portfolio companies.

 eurazeo		Table of content
ANTI-FRAUD & ANTI-CORRUPTION GOOD PRACTICE GUIDE		1. Objectives of this guide 3
		2. Definition of fraud and key regulations 4
		2.1 How to define fraud?..... 4
		2.2 Key anti-corruption laws 6
		3. Anti-fraud programs and leading practices..... 10
		3.1 Management's commitment..... 11
		3.2 Anti-fraud policies and procedures 12
		3.3 Communication and training..... 13
		3.4 Fraud risk assessment 14
		3.5 Anti-fraud control program 16
		3.6 Response plan 17
		4. Behaviour and action – Guidelines..... 18
		4.1 Fraud..... 18
		4.2 Corruption 28
		4.3 Conflicts of interest 38
		4.4 Relationships with third parties 40
		4.5 OFAC and Trade restrictions..... 44
		4.6 Money laundering 46

Topics covered in the guide include asset protection, the role of internal control, delegation systems, the reliability of the production of accounts and financial statements, relations with public officials, gifts given and received, business travel, conflict of interests, relationships with suppliers, and the prevention of money laundering.

The anti-fraud and anti-corruption good practice guide makes reference to the *Transparency International's Corruption Perception Index* as a tool for Eurazeo PME and portfolio companies in evaluating corruption risk in their business dealings.

In 2015, Eurazeo PME's also implemented a Code of ethics, distributed to all employees and stakeholders. All Eurazeo PME's employees have signed it. The Code addresses Eurazeo PME's commitment to employees (respect for people, privacy, declaration of conflicts of interest, political and charitable activities, lobbying, fight against corruption and money laundering, etc.), business partners, shareholders and investments. The Code also identifies the various issues and situations that employees and stakeholders are liable to face, indicating the procedure to follow and whom to contact.

Topics of this Code include corruption and money laundering (defined as the recycling of funds from illicit activities through commercial transactions): “Eurazeo is doubling down on its vigilance with regard to financial transactions in order to detect any irregularity (verifying the country of origin for funds, bank location and “black-listing” and payment entity concerned ...).

On anti-fraud and anti-corruption stakes, Eurazeo PME gets support from Eurazeo's Internal Audit Department. This team, composed of two experts, works on mapping and monitoring of risks, and especially on fraud and corruption. It gives support to Eurazeo PME's teams during all investment phases, from the detection of investment opportunities to the exit phase.

See also:

- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Actions taken in the fight against corruption" section of Eurazeo's 2014 Reference Document (page 46).
- "Establish exemplary governance" section of Eurazeo's 2014 Reference Document (page 22).
- "Prevention of fraud and corruption" sections of Eurazeo's 2014 Reference Document (page 111 and page 115).
- "Risk Control at the heart of Eurazeo PME's culture" section of Eurazeo PME's 2014 annual report (page 25).

Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle

- *Support by the organization's leadership for anti-corruption (B4)*
- *Carrying out risk assessment of potential areas of corruption (D3)*
- *Actions taken to encourage business partners to implement anti-corruption commitments (D6)*
- *Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees (B5 + D8)*
- *Internal checks and balances to ensure consistency with the anti-corruption commitment (B6)*
- *Management responsibility and accountability for implementation of the anti-corruption commitment or policy (D7)*
- *Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice (D9)*
- *Internal accounting and auditing procedures related to anticorruption (D10)*
- *Other established or emerging best practices*
- *Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff*

Management teams of Eurazeo PME's investments are encouraged to comply with the recommendations contained in the anti-fraud and anti-corruption good practice guide. The principles of conduct and action cover topics including asset protection, the role of internal control, delegation systems, the reliability of the production of accounts and financial statements, relations with public officials, gifts given and received, business travel, conflict of interests, relationships with suppliers, and the prevention of money laundering.

This recurrent and virtuous process consists on the one hand of a top-down approach and, on the other hand, of bottom-up initiatives undertaken by each investment. The guide to good anti-fraud and anti-corruption practices provides a reference framework geared towards helping investments build a culture of integrity, helping them train staff on the ethical conduct expected of them, and for use as a methodological tool in the implementation of anti-fraud mechanisms.

On anti-fraud and anti-corruption stakes, Eurazeo PME gets support from Eurazeo's Internal Audit Department. This team, composed of two experts, works on mapping and monitoring of risks, and especially on fraud and corruption. It gives support to Eurazeo PME's teams during all investment phases, from the detection of investment opportunities to the exit phase. This team is also called to help portfolio companies on these subjects.

See also:

- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Actions taken in the fight against corruption" section of Eurazeo's 2014 Reference Document (page 46).
- "Establish exemplary governance" section of Eurazeo's 2014 Reference Document (page 22).
- "Prevention of fraud and corruption" sections of Eurazeo's 2014 Reference Document (page 111 and page 115).
- "Risk Control at the heart of Eurazeo PME's culture" section of Eurazeo PME's 2014 annual report (page 25).

Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

- **Leadership review of monitoring and improvement results (D12)**
- **Process to deal with incidents (D13)**
- Use of independent external assurance of anti-corruption programs (D15)
- Public legal cases regarding corruption (D14)
- Outcomes of integration of the anti-corruption principle
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

In the case of fraud or corruption allegations, enquiries and/or investigations are systematically undertaken. These are generally undertaken under the responsibility of the General Counsel and/or the Internal Audit Department. Investigations are outsourced to external providers when specific skills are required (lawyers, IT specialists, forensic advisers, etc.).

As part of their auditing standards, Eurazeo PME's external auditors carry out anti-fraud related diligences on an annual basis.

In portfolio companies, risks of corruption inherent to the business or specific processes (e.g. purchase to pay, vendor selection, contracting...) are captured in fraud risk mappings. For those specific risks, specific external audit work has been identified and is being outsourced to external and independent specialists.

Since 2010, an update on actions taken in preventing fraud has been included on the agenda of the meetings of Audit Committee of portfolio companies. This allows Eurazeo PME to follow the roadmap of each portfolio company and monitor progress over time. Some portfolio companies have developed tools to guard against the types of fraud to which they are exposed. Some have developed risk maps focused on fraud, or reporting procedures for cases of fraud that are identified and dealt with. The subject of fraud is a priority in the internal audit plans of the various investments.

See also:

- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Eurazeo's CSR vision and strategy" section of Eurazeo's 2014 Reference Document (pages 18-24).
- "Actions taken in the fight against corruption" section of Eurazeo's 2014 Reference Document (page 46).
- "Establish exemplary governance" section of Eurazeo's 2014 Reference Document (page 22).
- "Prevention of fraud and corruption" sections of Eurazeo's 2014 Reference Document (page 111 and page 115).

Criterion 15: The COP describes core business contributions to UN goals and issues

- **Other established or emerging best practices**
- **Align core business strategy with one or more relevant UN goals/issues**
- **Develop relevant products and services or design business models that contribute to UN goals/issues**
- **Adopt and modify operating procedures to maximize contribution to UN goals/issues**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME identified areas on which it bring contribution to UN goals and issues:

- **Human Rights:**

Virginie Morgon, Chairwoman of Eurazeo PME's Supervisory Board, is an active member of the *Human Rights Watch's* support committee. *Human Rights Watch* is a leading independent international organization dedicated to the protection and defense of Human Rights.

Eurazeo gives annual financial support to *Human Rights Watch*, and has supported this association since 2012. Having a visible internal figure bringing Human Rights issues to the forefront, combined with Eurazeo PME's own support of these issues, contributes to stakeholders' awareness.

Please refer to criterion 3, 4 and 5 for more details.

- **Labour:**

Eurazeo PME's commitment to professional gender equality part of its CSR strategy and its 2020 target is for 100% of companies to have at least 40% women directors on the Board.

At Eurazeo PME, professional gender equality forms an important part of the 2020 CSR Strategy. In 2014, Eurazeo launched *Eurazeo Pluriels*, a gender equality network. *Eurazeo Pluriels* was created to take action at three levels: internally, at Eurazeo; with portfolio companies; and with society at large. With 4,639 employees in its 2014 reporting scope, and many more in its other portfolio companies, Eurazeo PME has an important role to play in ensuring that men and women have equal professional opportunity and enjoy the same working conditions. *Eurazeo Pluriels* provides a framework with which to work with portfolio companies to make measurable progress toward professional gender equality.

Criteria about diversity are included in Eurazeo PME's ESG (Environmental, Social and Societal, Governance) due diligence procedures, which means that gender equality is examined in the lens of its contribution to the company's performance.

Eurazeo is also a member of *Financi'Elles*, the primary women's network for the finance sector in France.

Please refer to criterion 6, 7 and 8 for more details.

- **Environment:**

In its CSR strategy, Eurazeo PME aims to reduce the environmental footprint by 2020 for 100% of portfolio companies, as part of its CSR strategy (fourth pillar). To this end, Eurazeo PME monitors portfolio companies on three performance indicators.

Wishing to proceed further with one of the major sustainable development challenges, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian, LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

They thus recognize that climate change will have material impacts on the global economy, human societies and ecosystems. They believe that these consequences will generate both risks and opportunities for the companies in which they invest. The IC20 signatories have thus launched a long-term approach to reducing the greenhouse gas emissions of their portfolio companies and securing sustainable performance.

Please refer to criterion 9, 10 and 11 for more details.

- **Anti-corruption:**

Eurazeo PME's code of ethics was deployed in 2015. This code will serve as a tool for portfolio companies, which can then adapt it to their own needs.

Eurazeo publishes an anti-fraud and anti-corruption good practices guide, to provide its portfolio companies with information and best practices on the subject.

Prevention of corruption and fraud is also addressed in Eurazeo PME's annual CSR reporting.

Please refer to criterion 12, 13 and 14 for more details.

See also:

- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Social information" section of Eurazeo's 2014 Reference Document (pages 25-31).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).
- "Environmental information" section of Eurazeo's 2014 Reference Document (pages 32-41).
- IC 20 press release (available online: https://www.eurazeo.com/wp-content/uploads/2015/11/151125_PR-Initiative-Carbone-2020-FINAL.pdf)
- IC 20 manifesto (available online at <http://www.eurazeo-pme.com/index.php/>)

Criterion 16: The COP describes strategic social investments and philanthropy

- **Any relevant policies, procedures, and activities that the company plans to undertake to fulfil this criterion, including goals, timelines, metrics, and responsible staff**
- **Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy**
- Coordinate efforts with other organizations and initiatives to amplify—and not negate or unnecessarily duplicate—the efforts of other contributors
- Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups
- Other established or emerging best practices

In 2014, Eurazeo PME has redefined its philanthropy policy with a view toward maximizing impact and integrating it into the CSR strategy. The company thus drew up a new sponsorship strategy focusing on the theme of **education**. Philanthropic donations are decided on at Executive Board level with the CSR department responsible for strategy and implementation.

Within its education philanthropic program, two first projects have been launched: "Agir pour l'école" and "Apprentis d'Auteuil". Eurazeo PME supports projects aimed at fighting against underperforming at school. By partnering with "Agir pour l'école" and "Apprentis d'Auteuil", recognized French associations, Eurazeo PME tackles difficulties at school: in the most critical periods: upstream, when learning to read, and downstream, when dropping out of school.

With "Agir pour l'école", this is acting at the root of the problem by creating favourable conditions for the acquisition of basic skills for learning to read. With "Apprentis d'Auteuil", the problem of early school leaving and acquiring a professional training, necessary to enter the labour market, is addressed.



Engaging employees in the Eurazeo PME's philanthropic actions is an important part of the new strategy. In 2014, all employees were invited to participate in meetings with the organizations that Eurazeo supports. These meetings allowed employees to learn more about each organization, and then to evaluate each project's promise and relevance with regard to Eurazeo's identity. These evaluations were then compiled and used to make a budget proposal to the Executive Board for Eurazeo's charitable donations.

Besides the education programme, Eurazeo PME is also supporting the ELA association since 2012. ELA supports research in the field of leukodystrophy, and its goal is to help French research laboratories and international understanding disease mechanisms, to identify genes that are responsible and to develop new therapeutic strategies to fight against diseases and leukodystrophies myelin. Each year, Eurazeo PME supports this association by participating to a dedicated day "Take your sneakers": during a whole day, the company gives 1 €centime by footstep made by Eurazeo PME's employees.

See also:

- “Partnership and corporate sponsorship actions”, “Sub-contractors and suppliers” and “2.3.3.4 Fair trade practices” sections of Eurazeo's 2014 Reference Document (pages 43-47).
- “Social information” section of Eurazeo's 2014 Reference Document (pages 25-31).
- “Societal information” section of Eurazeo's 2014 Reference Document (pages 42-46).
- Education program press release (in French) (available online: <https://www.eurazeo.com/wp-content/uploads/2015/09/2015.07.20-Eurazeo-sengageFr.pdf>)

Criterion 17: The COP describes advocacy and public policy engagement

- **Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues**
- **Publicly advocate the importance of action in relation to one or more UN goals/issues**
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME's innovative approach is first embodied by the leading role of **Olivier Millet**, Chairman of the Executive Board of Eurazeo PME. In 2006, he founded *Capitalisme Durable* - the company that produces the "Green Dating" monthly sustainable economy meetings – and became a shareholder in *Citizen Capital*, a socially responsible investment fund that develops very small and micro enterprises set up by minorities in disadvantaged neighbourhoods.

In 2009, he played a role in the creation of the AFIC's (*Association Française des Investisseurs pour la Croissance - French Association of Investors for Growth*) *Sustainable Development Club*, which was replaced by the *ESG Commission* (Environment, Social and Governance) in 2013. Olivier Millet has been Chairman of this ESG Commission until 2014, and is now Vice-Chairman of the AFIC's Board of Directors.

Olivier Millet is highly engaged in ESG criteria for Eurazeo PME and its portfolio companies, and promote CSR as an essential feature of the private equity sector. Since 2008, he has played an active role on promoting CSR within Eurazeo PME and its sphere of influence. He participates in countless summits, conferences, networks, public speaking and communications on behalf of Eurazeo PME.

- **Environment:**

Wishing to proceed further with one of the major sustainable development challenges, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian, LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

They thus recognize that climate change will have material impacts on the global economy, human societies and ecosystems. They believe that these consequences will generate both risks and opportunities for the companies in which they invest. The IC20 signatories have thus launched a long-term approach to reducing the greenhouse gas emissions of their portfolio companies and securing sustainable performance.

Olivier Millet played a leading role to promote sustainable development challenges within the private equity sector. He has been one of the key players of the Initiative Carbone 2020 creation.

PUBLIC, CONCRETE AND MEASURABLE COMMITMENTS

The five signatories of the **Initiative Carbone 2020** have decided to:

- ◆ Measure the direct and indirect carbon footprint (scopes 1, 2 and 3) based on a sample of 30 portfolio investments using an accessible and effective estimation methodology.
- ◆ Include the climate issue in their investment process as of 2016, so as to gradually extend a climate strategy to all the companies they control.
- ◆ Publish the carbon footprint of these same companies as of 2020.

Specifically, the methodological approach for the **Initiative Carbone 2020** will be three-pronged:

- ◆ During the investment phase: assessment of the carbon issue in the company's future development.
- ◆ During the holding phase:
 - ▶ Climate -change awareness-raising for the management teams;
 - ▶ Materiality analysis of the company's carbon impacts;
 - ▶ Based on the challenges, a thorough calculation followed by the definition of an action plan to reduce emissions and adapt to climate change.
- ◆ During the disposal phase: capitalize on the most significant improvements made major progress achieved.

The signatories hope to share both the methodology and the commitments with all sector players that wish to participate in the fight against global warming.

The **Initiative Carbone 2020** "is an integral part of the pledges that were undertaken by the Paris financial market and co-signed by the AFIC." The signatories wish to make this pragmatic and operational contribution so that the private equity asset class, a major growth player in France, can be a driving force in building an eco-conscious world.

Human Rights & Labour:

Eurazeo PME's commitments are also embodied by **Virginie Morgon**, Chairwoman of Eurazeo PME's Supervisory Board. She is an active member of the *Human Rights Watch's* support committee and leads the support to this association since 2012. Having a visible internal figure bringing Human Rights issues to the forefront, combined with Eurazeo PME's own support of these issues, contributes to all employees' awareness.

Virginie Morgon also plays a crucial role in the gender professional equality commitment of Eurazeo PME. She is strongly involved in *Eurazeo Pluriels* internal network, and also participates to the *Rising Talents* programme and the *Women's Forum for the Economy and Society*.

See also:

- Eurazeo's Code of ethics (available online: <https://www.eurazeo.com/wp-content/uploads/2015/10/0202-EURAZEO-RH-code-ethique-BAT-web.pdf>)
- "Partnership and corporate sponsorship actions", "Sub-contractors and suppliers" and "2.3.3.4 Fair trade practices" sections of Eurazeo's 2014 Reference Document (pages 43-47).
- "Social information" section of Eurazeo's 2014 Reference Document (pages 25-31).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).
- "Environmental information" section of Eurazeo's 2014 Reference Document (pages 32-41).
- IC 20 press release (available online: https://www.eurazeo.com/wp-content/uploads/2015/11/151125_PR-Initiative-Carbone-2020-FINAL.pdf)
- IC 20 manifesto (available online at <http://www.eurazeo-pme.com/index.php/>)

Criterion 18: The COP describes partnerships and collective action

- **Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy**
- **Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain**
- **Other established or emerging best practices**
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME actively promotes the integration of ESG issues in the private equity market. With the benefit of seven years of experience, Eurazeo PME has now fully industrialised its processes of integrating CSR in all stages of its activity: acquisition, follow-up and divestment. With its technical expertise and field experience in rolling out its strategy, Eurazeo PME has made extra-financial criteria into a real tool of analysis, of interaction with management, and of the development of its portfolio companies.

As a pioneer of this approach in France and as an active promoter of addressing CSR challenges in the business of growth investing, Eurazeo PME is a leader on the market that is acknowledged by its peers.

The most telling example of Eurazeo PME's commitment into the promotion of CSR in the private equity market is its key role within the *French Association of Investors for Growth (Association Française des Investisseurs pour la Croissance – AFIC)*.



ASSOCIATION FRANÇAISE
DES INVESTISSEURS
POUR LA CROISSANCE

Olivier Millet, Chairman of the Executive Board of Eurazeo PME, played a role in the creation of the AFIC's (Association Française des Investisseurs pour la Croissance - French Association of Investors for Growth) Sustainable Development Club, which was replaced by the ESG Commission (Environment, Social and Governance) in 2013. Olivier Millet has been Chairman of this ESG Commission until 2014, is Vice-Chairman of the AFIC's Board of Directors.

Moreover, Eurazeo's partnership with the *Women's Forum for the Economy and Society* reflects another strong Eurazeo's commitment, dealing with gender equality at work. Since 2008, Eurazeo has supported the *Rising Talents programme*, which identifies young women from diverse backgrounds and countries who have the potential to become leading figures in the world of tomorrow.

Eurazeo PME is also highly involved in different initiatives and/or finance sector gatherings, especially for private equity sphere, as events organized by Private Equity International (PEI) or the European private equity and Venture Capital Association (EVCA).

As a consequence of strong commitment on CSR issues, Eurazeo PME's CSR measures was awarded by the jury of the Private Equity Magazine, who gave it the "Sustainable Development" price in 2010. More recently, Eurazeo PME was awarded winner of the category "Private Equity, out of portfolio" of the ESG Best Practices Honours (BPH) 2015 by Swen Capital Partners.

More recently, Eurazeo PME, with four other private equity companies belonging to the AFIC (Apax Partners, Ardian, LBO France, and PAI Partners) have decided to launch the Initiative Carbone 2020, also known as the IC20. Conscious of their responsibility as shareholders, the IC20 signatories have decided to unite on these issues, in order to make their contribution to the COP21 objective of limiting global warming to two degrees Celsius.

See also:

- "CSR at the heart of Eurazeo PME's value creation model" and "CSR: a source of sustainable performance" sections of Eurazeo PME's 2014 integrated report (pages 18 and 19).
- "Eurazeo PME's CSR Approach" section on Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Eurazeo-PME-s-CSR-Approach>)
- "Strategy and objectives" section on Eurazeo PME's website ([http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/\(onglet\)/319](http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/(onglet)/319))
- "Commitments and acknowledgments" section of Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Commitments-and-acknowledgments>)

Criterion 19: The COP describes CEO commitment and leadership

- **CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards**
- **Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team**
- **CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact**
- **CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation**
- Other established or emerging best practices
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME's innovative approach is first embodied by the leading role of **Olivier Millet**, Chairman of the Executive Board of Eurazeo PME. In 2006, he founded *Capitalisme Durable* - the company that produces the "Green Dating" monthly sustainable economy meetings – and became a shareholder in *Citizen Capital*, a socially responsible investment fund that develops very small and micro enterprises set up by minorities in disadvantaged neighbourhoods.

In 2009, he played a role in the creation of the AFIC's (*Association Française des Investisseurs pour la Croissance* - French Association of Investors for Growth) Sustainable Development Club, which was replaced by the ESG Commission (Environment, Social and Governance) in 2013. Olivier Millet has been Chairman of this ESG Commission until 2014, and is now Vice-Chairman of the AFIC's Board of Directors.

Olivier Millet is highly engaged in ESG criteria for Eurazeo PME and its portfolio companies, and promote CSR as an essential feature of the private equity sector. Since 2008, he has played an active role on promoting CSR within Eurazeo PME and its sphere of influence. He participates in countless summits, conferences, networks, public speaking and communications on behalf of Eurazeo PME.

Eurazeo PME's commitments are also embodied by **Virginie Morgon**, Chairwoman of Eurazeo PME's Supervisory Board. She is an active member of the *Human Rights Watch*'s support committee and leads the support to this association since 2012. Having a visible internal figure bringing Human Rights issues to the forefront, combined with Eurazeo PME's own support of these issues, contributes to all employees' awareness.

Virginie Morgon also plays a crucial role in the gender professional equality commitment of Eurazeo PME. She is strongly involved in Eurazeo Pluriels internal network, and also participates to the Rising Talents programme and the Women's Forum for the Economy and Society.

See also:

- "CSR at the heart of Eurazeo PME's value creation model" and "CSR: a source of sustainable performance" sections of Eurazeo PME's 2014 integrated report (pages 18 and 19).
- "Eurazeo PME's CSR Approach" section on Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Eurazeo-PME-s-CSR-Approach>)
- "Strategy and objectives" section on Eurazeo PME's website ([http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/\(onglet\)/319](http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/(onglet)/319))
- "Commitments and acknowledgments" section of Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Commitments-and-acknowledgments>)

Criterion 20: The COP describes Board adoption and oversight

- **Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance**
- **Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)**
- Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.
- Other established or emerging best practices
- Any relevant policies, procedures, and activities that the company plans to undertake by its next COP to fulfill this criterion, including goals, timelines, metrics, and responsible staff

Eurazeo PME's CSR governance is provided by a CSR Department, reporting to the Secretary of the Executive Board. CSR issues feature on the Executive Board agenda at least three times per year. In 2014, the Executive Board validated Eurazeo PME's objectives and CSR strategy.

A CSR operational committee, composed of 5 members, also meets monthly, and includes Olivier Millet and another member of Eurazeo PME. One of its chief purposes is to inspire and monitor the progress of Eurazeo PME and its portfolio companies in achieving CSR objectives and action plans.

CSR objectives are also part of the factors taken into account for the calculation of the variable compensation of all Executive Board members.

Eurazeo PME's innovative approach is also embodied by the leading role of Olivier Millet, Chairman of the Executive Board of Eurazeo PME, especially in the foundation in 2009 of the AFIC's (*Association Française des Investisseurs pour la Croissance - French Association of Investors for Growth*) Sustainable Development Club, which was replaced by the ESG Commission (Environment, Social and Governance Commission) in 2013. Olivier Millet has been Chairman of this ESG Commission until 2014, and is Vice-Chairman of the AFIC's Board of Directors.

Within portfolio companies, the CSR progress plan includes the appointment of a CSR manager and the inclusion of CSR issues on the agenda of meetings of the Supervisory Board or the Board of Directors at least once a year.

See also:

- "CSR at the heart of Eurazeo PME's value creation model" and "CSR: a source of sustainable performance" sections of Eurazeo PME's 2014 integrated report (pages 18 and 19).
- "Governance" section of Eurazeo PME's 2014 integrated report (pages 23 and 24).
- "Eurazeo PME's CSR Approach" section on Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Eurazeo-PME-s-CSR-Approach>)
- "Strategy and objectives" section on Eurazeo PME's website ([http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/\(onglet\)/319](http://www.eurazeo-pme.com/index.php/eng/Responsibility/Strategy-and-objectives/(onglet)/319))
- "Commitments and acknowledgments" section of Eurazeo PME's website (<http://www.eurazeo-pme.com/index.php/eng/Responsibility/Commitments-and-acknowledgments>)

Criterion 21: The COP describes stakeholder engagement

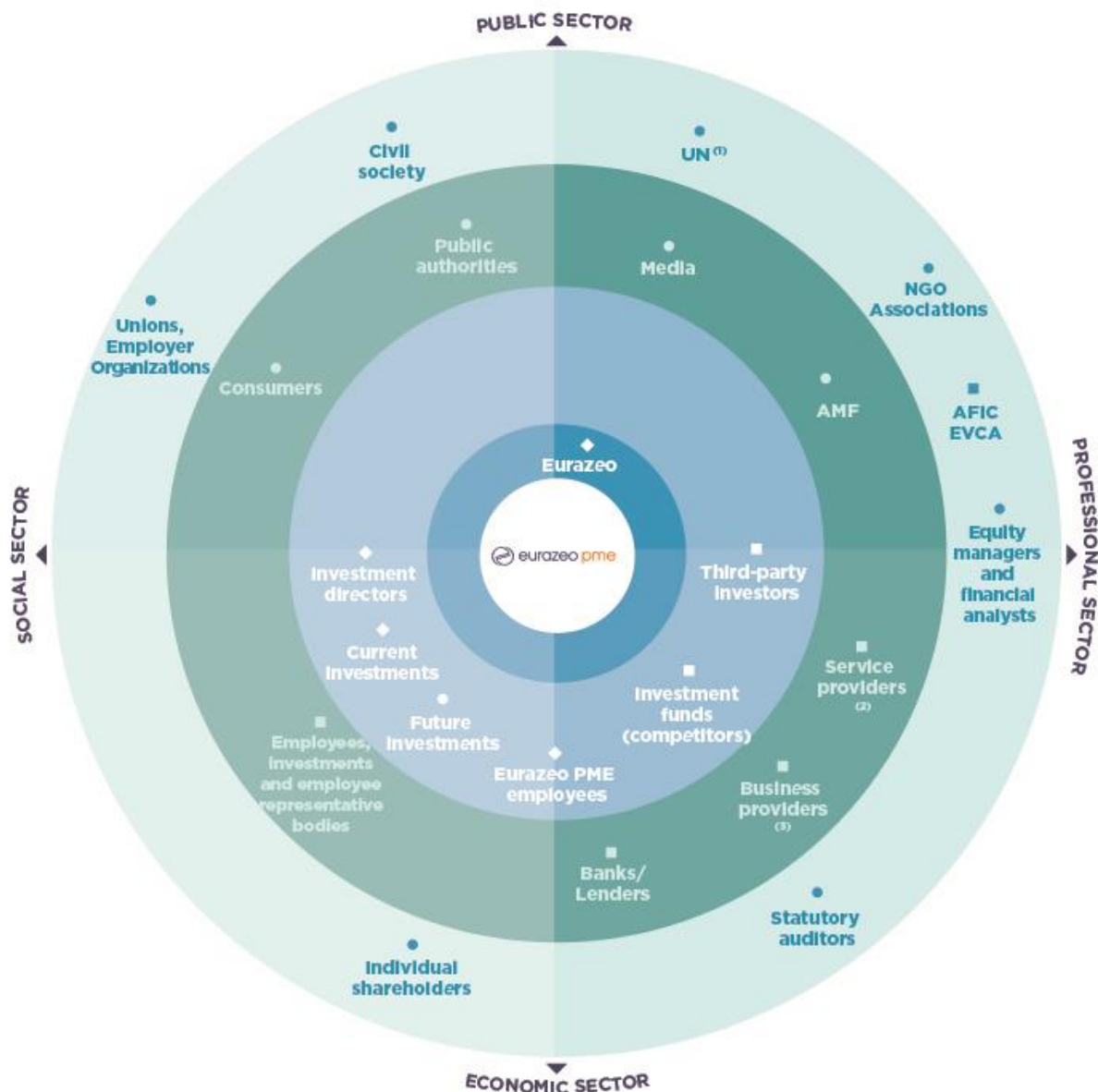
- *Any relevant policies, procedures, and activities that the company plans to undertake to fulfil this criterion, including goals, timelines, metrics, and responsible staff*
- *Publicly recognize responsibility for the company's impacts on internal and external stakeholders*
- *Define sustainability strategies, goals and policies in consultation with key stakeholders*
- *Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'*
- *Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance*
- *Other established or emerging best practices*

Eurazeo PME is convinced that structured and transparent dialogue with stakeholders is key to competitiveness and value creation. Engaging with stakeholders is an essential part of strong governance. To ensure the sustainability of its development, Eurazeo PME seeks to identify, prioritize and anticipate stakeholder expectations.

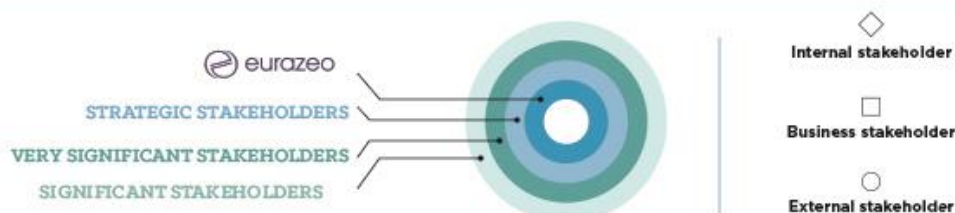
Thus, as early as 2010, it performed an initial mapping of stakeholders. This work enabled the identification and analysis of their importance and their main expectations. This mapping, which was reviewed in 2014, seeks to classify and prioritize stakeholders on three bases:

- distinction between internal, external and "business" stakeholders;
- breakdown of stakeholders into several spheres: social, public, economic and professional;
- breakdown of stakeholders according to their importance for Eurazeo PME's business.

The work performed included the mapping of stakeholders and a survey of dialogue methods and tools, essential first steps in structuring a strategy and as part of an ongoing reflection on stakeholder engagement.



SPREADSHEET CATEGORIES



(1) PRI, Global Compact, etc...

(2) Lawyers, counsel, audits, communication, etc...

(3) M&A, etc...

Through discussions with those stakeholders considered a priority, Eurazeo PME enjoys a long-term relationship of confidence with each of them, by developing appropriate means of interaction and responding to their key expectations.

	MAIN EXPECTATIONS	MEANS OF INTERACTION	LINK TO EURAZEO PME'S RESPONSE TO EXPECTATIONS
EURAZEO	<ul style="list-style-type: none"> • Recurring performance (capital gains) • Through risk management and anticipation • Reporting and transparency of financial and non-financial aspects • Integration of CSR and governance based on the best standards within the investments 	<ul style="list-style-type: none"> • Formal discussions/ meetings, informal and continuous information, Eurazeo PME Supervisory Board, Special Committees 	<ul style="list-style-type: none"> • Risks: p.25 • Performance: p.31 • Reporting and governance: p.23 and p.29
EURAZEO PME EMPLOYEES	<ul style="list-style-type: none"> • Professional life: training/development of skills, confidence, team spirit • Attractive compensation and profit-sharing • Sound governance and integrity 	<ul style="list-style-type: none"> • Individual meetings and annual objectives, training program, Executive Committee and Supervisory Board reports, monthly Internal meetings, seminars 	<ul style="list-style-type: none"> • Human Resources: p.27 • Governance: p.22 to 27
INVESTMENTS	<ul style="list-style-type: none"> • Contribution of funds • Partner relationship • Contribution of expertise • Value sharing • Contribution of external growth opportunities • Network 	<ul style="list-style-type: none"> • Formal discussions/ meetings, investment agreements, shareholder agreements, meeting minutes of specific bodies (Boards, Committees, etc.), CSR seminars, M&A network, experts and CSR 	<ul style="list-style-type: none"> • Contributions and value sharing: p.13 to 17
FUTURE INVESTMENTS	<ul style="list-style-type: none"> • Performance • Growth paths and contribution to strategic and financial development • Partner relationship • Value sharing 	<ul style="list-style-type: none"> • Annual report, website, media, influencers, past and current investment managers 	<ul style="list-style-type: none"> • Performance, Ideas: p.18 and 31
THIRD-PARTY INVESTORS	<ul style="list-style-type: none"> • Sustained performance within a cost control mindset • Fundraising • Reporting and transparency concerning financial and non-financial aspects 	<ul style="list-style-type: none"> • Formal discussions/ meetings, AFIC events, reporting 	<ul style="list-style-type: none"> • Efficiency: p.13 • Reporting: p.29 and 30

See also:

- "Dialogue with stakeholders" section of Eurazeo PME's 2014 Annual Report (pages 20-21).
- "Establish exemplary governance" section of Eurazeo's 2014 Reference Document (page 22).
- "Societal information" section of Eurazeo's 2014 Reference Document (pages 42-46).