

# United Nations Global Compact

Advanced Level

December 2014



**About Eurazeo's CSR Commitment:**

CSR performance is an essential factor for value creation. In a context that is constantly evolving, companies must measure and optimize their impacts, and actively seek to operate in more and more responsible ways. As a responsible shareholder, Eurazeo evaluates environmental, social, and governance criteria at each stage of the investment process.

Eurazeo signed the United Nations Principles for Responsible Investment (PRI) in 2011, and the United Nations Global Compact in 2014.

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

- Eurazeo 2013 Registration Document
- Eurazeo 2013 Annual Report
- Eurazeo CSR Charter
- "Commitments," the CSR section of the Eurazeo corporate website

**About Eurazeo:**

With a diversified portfolio of nearly 5 billion of euros in assets, Eurazeo is one of the leading listed investment companies in Europe. Its purpose and mission is to identify, accelerate and enhance the transformation potential of the companies in which it invests.

The Company covers most private equity segments through its four divisions: Eurazeo Capital, Eurazeo Croissance, Eurazeo PME and Eurazeo Patrimoine. Eurazeo is either a majority or key shareholder in Accor, ANF Immobilier, Asmodee, Desigual, Elis, Europcar, Foncia, Moncler, and companies of a more modest size such as IES Synergy, Fonroche Énergie and Eurazeo PME's investments such as Dessange International, Léon de Bruxelles, and Péters Surgical. It currently holds a diversified portfolio that is balanced in terms of growth and resilience.

Eurazeo offers several advantages for its holdings and shareholders: sustainable resources, a solid shareholding structure, an absence of structural debt and a long-term investment horizon that allows it to actively and responsibly support companies over the long term.

## Statement of Continued Support



As a professional, responsible shareholder, Eurazeo knows that sustainability performance is an essential factor in value creation. As a reflection of our commitment to sustainability and our conviction that companies have a key role to play in its promotion, Eurazeo signed the United Nations Global Compact in 2014.

Our signature of the UN Global Compact is also a reflection of the work we have done over the last several years to continue to improve Eurazeo's CSR performance and that of its portfolio companies. As another mark of this progress, in 2014, Eurazeo published its third annual CSR reporting, which meets the Global Reporting Initiative (GRI) 3.1 level C+ requirements. At the 2014 Transparency Awards, Eurazeo received the prize for Best Registration Document.

Our work does not stop there. Eurazeo is currently implementing an ambitious CSR strategy which will be detailed in the 2014 CSR reporting exercise. This strategy will be a road map for Eurazeo as well as a tool for encouraging CSR progress among our portfolio companies.

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

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

Patrick Sayer

Chairman of the Executive Board

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## **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 fulfill 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

Eurazeo is a responsible and committed professional shareholder. Over the last several years, Eurazeo has formalized and strengthened its commitment to Corporate Social Responsibility (CSR) in a process of continual improvement.

Eurazeo launched its CSR policy in 2008 with an environmental impact analysis of its portfolio companies. Since then, Eurazeo has rapidly accelerated the deployment of CSR tools and objectives. Eurazeo published its first CSR report in 2011, prior to its obligation to report under France's Grenelle II Act. In 2011, Eurazeo's CSR Charter was also published. It focuses on six key priorities:

- robust and exemplary governance;
- responsible human resources management;
- sharing a corporate project with employees;
- gender equality;
- preservation of the environment;
- social commitment.



To read the complete CSR Charter, please visit Eurazeo's website, <http://www.eurazeo.com/en/responsibility/experts-corner/documents-and-publications/>.

Nicolas Huet is designated as Secretary General of the Executive Board Responsible for CSR. A dedicated CSR officer was recruited in 2010 and a CSR Director joined Eurazeo in 2013. The dedicated CSR team works closely with each team at Eurazeo and Eurazeo PME, including the investment, finance, human resources, and communications teams. Dialogue between the CSR Director, Eurazeo's internal teams, and the portfolio companies is a key feature of Eurazeo's CSR implementation.

Because CSR staff is a sign of CSR maturity and an important way to accelerate progress, Eurazeo actively encourages its portfolio companies to appoint dedicated staff.

Moreover, CSR is integrated into every stage of the investment process. For the identification phase, Eurazeo developed CSR due diligence guidelines in 2013. Eurazeo conducted CSR due diligence on all acquisitions made during the year.

During the acceleration phase, performance monitoring has been made more reliable by the deployment of a CSR reporting system that was used by 13 portfolio companies for the 2013 reporting exercise, three more than those subject to Grenelle II law reporting obligations. A new online reporting tool developed with Eurazeo's specific reporting needs in mind has been put in place for the 2014 reporting exercise, and is in use by 14 companies, three more than those required by law. Eurazeo has also introduced CSR awareness-raising sessions. Two topics were addressed in 2013: responsible purchasing and management of nonfinancial performance. Both sessions brought together more than 20 people working for companies of which Eurazeo is a shareholder.

Lastly, for the value enhancement phase, Eurazeo is working toward formalizing preliminary analysis guidelines, the first step towards the introduction of systematic vendor due diligence on CSR issues.

Eurazeo's commitment to sustainability is being translated into an ambitious 2020 CSR Strategy. As part of this strategy, Eurazeo is actively working to define goals internally and with portfolio companies. The 2020 CSR Strategy is a mark of Eurazeo's progress, and a road map for the future.

***See also:***

**"Organization of the company to take into account CSR and means devoted to environmental management," 2013 Registration Document, page 36**

## **Criterion 2: The COP describes value chain implementation**

- *Analyze 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*

Eurazeo uses CSR tools to analyze its activity both upstream and downstream.

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

- The consideration of environmental, social and societal trends 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. In 2013, for instance, Eurazeo finalized the acquisition of IES Synergy, a pioneer in chargers for electric vehicles, and Cap Vert Finance, European leader in IT recycling.
- The review of environmental, social and societal issues regarding a target for acquisition offers an enhanced understanding of risks and opportunities, thereby increasing the ability to forge strong convictions in the selection of investments. In 2013, Eurazeo formalized analytical guidelines and conducted CSR due diligence on 45% of prospective acquisitions in the advanced review phase (phase 2).

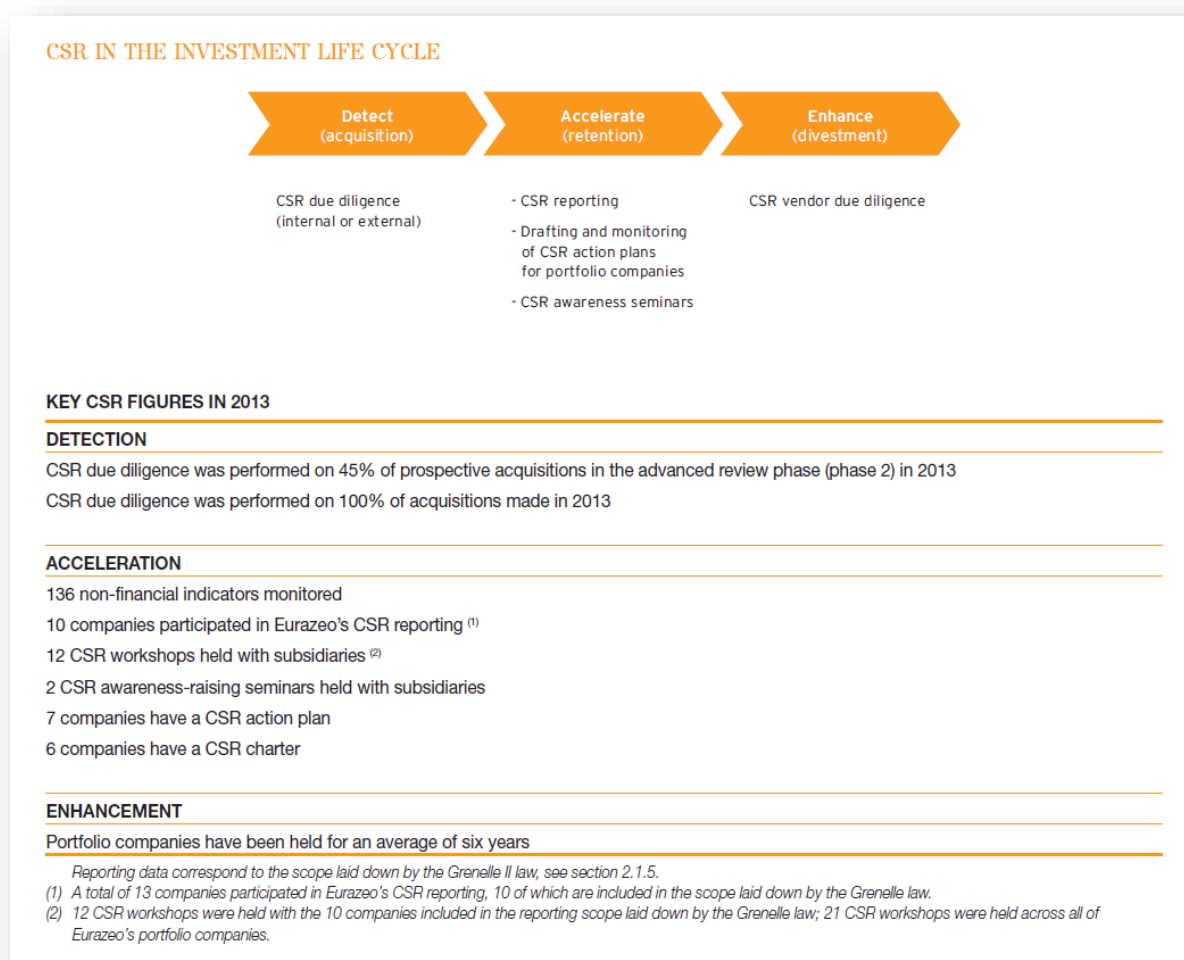
During the acceleration phase, Eurazeo mobilizes human, financial and technical resources to accelerate the transformation of its portfolio companies and help them achieve their full potential. This process is accompanied by the implementation of CSR policies, an essential source of performance and value creation for companies. Eurazeo expanded its team in 2013 to give greater support to its portfolio companies. Expertise is provided by means of discussion seminars, workshops and the sharing of best practices via the organization of training seminars, the monitoring of performance indicators and the provision of tools.

This support is adapted depending on the degree of the company's maturity with respect to specific CSR issues and the means at its disposal on the subject. In 2013, 21 CSR workshops brought together teams from Eurazeo and the portfolio companies. Eurazeo developed a CSR reporting tool in 2013 to facilitate the reporting process for both Eurazeo and its portfolio companies. Available in French and English, it was used by 13 companies in 15 countries, including three companies outside Eurazeo's Grenelle reporting scope. A new online reporting tool developed with Eurazeo's specific reporting needs in mind has been put in place for the 2014 reporting exercise, and is in use by 14 companies, three more than those required by law.

Eurazeo is currently finalizing vendor due diligence guidelines for the divestment phase.



Eurazeo's approach to CSR in the investment life cycle was published in its 2013 Registration Document, page 22:



PwC, a Statutory Auditor appointed as a third-party independent body by Eurazeo, annually reviews all the CSR information.

Eurazeo also looks to implement sustainability factors further along the value chain. As part of its 2020 CSR Strategy, Eurazeo is creating a Responsible Purchasing Club that will bring together the managers responsible for purchasing from each portfolio company. By providing a space to share best practices and define goals, the Club will accelerate the implementation of responsible purchasing throughout Eurazeo's portfolio. Its annual program will allow participants to address as many issues related to responsible purchasing as possible. This program is co-constructed with the participants.

**See also:**

"CSR as a source of sustainable value creation," 2013 Registration Document, pages 21-22  
 "Commitments: Vision," Eurazeo's website,  
<http://www.eurazeo.com/en/responsibility/commitments/vision/>



### **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*

Eurazeo is committed to protecting human rights. Although Eurazeo's Paris office with 70 skilled employees does not encounter human rights risks directly, Eurazeo's portfolio companies operate in many countries around the world, and Eurazeo works to ensure that 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 ILO on forced and child labor, Eurazeo and its portfolio companies operate mainly in areas with low risk: 3% of employees in the 2013 CSR reporting scope are located outside Europe. Activities outside Europe are split chiefly between Asia and North America. Nonetheless, several portfolio companies have supply chains that are at risk for human rights abuses, including the manufacturing of textiles, surgical products, and board games. Eurazeo takes these risks extremely seriously and works with portfolio companies to minimize them.

Eurazeo promotes compliance with the International Labor Organization conventions, and encourages its subsidiaries to join the United Nations Global Compact or to adopt a code of conduct. The portfolio companies Accor and Europcar are signatories of the Global Compact.

Eurazeo is currently in the process of preparing, publishing and putting into practice an ethics code. This document will be communicated to the public in early 2015. The ethics code, created under the responsibility of the Secretary General of the Executive Board, will cover Eurazeo's commitment to respecting and supporting human rights.

#### ***See also:***

"Promotion of and compliance with key International Labor Organization (ILO) conventions," 2013 Registration Document, page 36

"Commitments: Social," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/social/>

## **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)*

Eurazeo pays close attention to the respect of human rights by its portfolio companies. The respect of human rights is ensured primarily in three ways: through due diligence procedures for companies in the detection or divestment phase, through continued interactions with the portfolio companies, and through the annual CSR reporting. The results of the reporting are analyzed by the CSR department and the investment teams, and the management of portfolio companies.

Eurazeo is currently working with portfolio companies to put in place social barometers, with the target of conducting a new social barometer every three years. This tool, although more closely tied to the labor principles, is also important for enforcing the respect of human rights.

Eurazeo Board Member Virginie Morgon is an active member of a Human Rights Watch support committee. Eurazeo also gives financial support to Human Rights Watch. Having a visible internal figure bringing human rights issues to the forefront, combined with Eurazeo's own support of these issues, contributes to all employees' awareness.

For the identification phase, Eurazeo developed CSR due diligence guidelines in 2013. Eurazeo conducted CSR due diligence on all acquisitions made during the year. Due diligence covers environmental, social/societal, supply chain, and governance topics.

## **Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration**

- *Other established or emerging best practices*

As part of its 2020 CSR Strategy, Eurazeo is creating a Responsible Purchasing Club that will allow portfolio companies to work together to ensure respect of human rights along their supply chains.

Human rights subjects are included in Eurazeo's CSR reporting and due diligence procedures.

Eurazeo makes regular visits to the sites of its portfolio companies, including in such places as Brazil, Thailand, and Puerto Rico, to ensure proper working conditions and respect for human rights. Additionally, Eurazeo encourages the companies that are most exposed in terms of risks of human rights violations to subject themselves to voluntary auditing, preferably by an independent third party. Eurazeo also encourages the use of external ethics auditors to evaluate the performance and exposure of portfolio companies' supply chains as well as risk mapping analysis that includes human rights topics.

Some individual portfolio companies have detailed monitoring systems set up to deal with human rights protection. Elis, for example, has a sustainable purchasing charter to ensure compliance with ILO conventions and working conditions by its direct and indirect suppliers. To verify its own compliance with labor laws and ILO conventions, 10 Elis centers in France, Belgium, and Luxembourg underwent a social audit in 2013.

### ***See also:***

**"Promotion of and compliance with key International Labor Organization (ILO) conventions," 2013 Registration Document, page 36**

**"Subcontractors and suppliers," 2013 Registration Document, page 50**

**"Other actions taken in favor of human rights," 2013 Registration Document, page 52**

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

- *Reference to principles of relevant international labor 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*

Eurazeo commits to responsible human resources management in the second pillar of its CSR Charter, which also serves as a guide for portfolio companies:



### 2. Practice responsible human resources management

**Eurazeo's belief**  
Eurazeo believes that the individual and collective performance of employees plays a particularly crucial role in the competitiveness and sustainability of the companies in which it invests. This requires constant change and adaptability in operational and organizational methods.

**Eurazeo's commitment**  
Eurazeo is committed to encouraging responsible human resources management in all its portfolio companies, notably in the following areas:

- job skills development through knowledge management and training;
- constructive labor relations within the company;
- healthcare, retirement and disability insurance;
- measures to prevent work-related health and safety risks;
- re-employment assistance when a challenging economic environment leads to workforce reductions;
- anti-discrimination measures.

With 31,815 employees in its 2013 reporting scope and more than 100,000 in the rest of its portfolio, Eurazeo recognizes its responsibility to encourage its portfolio companies to provide the best labor conditions possible. Labor conditions, including quality of social dialogue and collective agreements, rates of absenteeism and turnover, accident rates, and gender equality are all included in Eurazeo's social reporting.

In 2014, Eurazeo created a Human Resources Directors Club, which brings together the managers in charge of human resources from the portfolio companies. This club was put in place to ensure the implementation of best practices. Two topics that have already been addressed are gender equality and ethics codes.

As part of its commitment toward implementing the labor principles, and as published in the 2013 Registration Document, Eurazeo promotes compliance with the ILO conventions and encourages its portfolio companies to join the United Nations Global Compact or to adopt a code of conduct.

At Eurazeo, a collective profit-sharing agreement was signed in 2013, and elections for personnel representatives were held in 2014. The rate of participation was 89.1%.

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. In view of the large number of employees in its portfolio companies, Eurazeo 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.



***See also:***

"Social information," 2013 Registration Document, pages 27-36

"Promotion of and compliance with key International Labor Organization (ILO) conventions," 2013 Registration Document, page 36

"Practice responsible human resources management," CSR Charter, Pillar 2

"Commitments: Social," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/social/>

## **Criterion 7: The COP describes effective management systems to integrate the labor principles**

- *Allocation of responsibilities and accountability within the organization*
- *Risk and impact assessments in the area of labor*

Eurazeo's Human Resources Department is responsible for labor relations internally, but also provides support to portfolio companies. Eurazeo has approximately 70 employees, so the implementation of the labor principles internally is facilitated by its small size and the proximity of management and employees at all levels. The CSR department conducts social reporting for the portfolio companies in Eurazeo's reporting scope.

The Human Resources Directors Club, created in 2014, brings together the managers in charge of human resources from the portfolio companies. This club was put in place to ensure the implementation of best practices. Two topics that have already been addressed are gender equality and ethics codes.

### ***See also:***

**"Social information," 2013 Registration Document, pages 27-36**

## **Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labor 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 labor standards*

The social section of Eurazeo's CSR reporting allows a detailed monitoring of working conditions. This reporting included 55 quantitative indicators and 12 qualitative indicators in 2013; in 2014, it includes 66 quantitative indicators and 22 qualitative indicators. Eurazeo and the portfolio companies that fall within its Grenelle Act reporting scope all report on social dialogue and collective agreements, in addition to topics such as rates of absenteeism and turnover, accident rates, and gender equality.

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

Eurazeo is currently working to ensure the use of social barometers in all participations, to be updated at minimum every three years. 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 an important instrument of labor relations in the company.

Eurazeo makes regular visits to the sites of its portfolio companies, including in such places as Brazil, Thailand, and Puerto Rico, 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:***

**"Social information," 2013 Registration Document, pages 27-36**



## **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*

The fifth pillar of Eurazeo's CSR Charter formalizes its commitment to environmental stewardship, and provides guidance to portfolio companies:



### **5. Optimize energy use and conserve water and biodiversity**

#### **Eurazeo's belief**

Eurazeo believes that a company can create lasting value while minimizing its environmental footprint. Eurazeo believes that the Group and its portfolio companies can make a difference in the three major environmental issues facing the planet: energy, water and biodiversity.

Eurazeo believes that finding solutions to conserve these resources will also contribute to the business growth of its portfolio companies.

#### **Eurazeo's commitment**

Eurazeo is committed to encouraging its investments to make undertakings in respect of these three environmental issues:

- optimize the management of energy resources by ensuring that consumption is brought under control, by reducing their environmental footprint and by increasing the proportion of renewable energy sources in their energy mix;
- promote responsible management of water resources by controlling consumption and paying close attention to improving water quality, in particular by producing less noxious emissions;
- promote responsible practices to limit companies' impact on biodiversity, ecosystem balance and respect for nature. Look for appropriate partnerships on these issues.

Eurazeo also encourages its investments to consider these impacts in their innovation process.

The preservation of the environment is a performance and longevity factor for companies. As a responsible investor, Eurazeo 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 actively supports the deployment of strategies, processes and indicators covering all environmental impacts. Eurazeo also encourages its investments to consider these impacts in their innovation process.

As part of its 2020 CSR Strategy, Eurazeo is currently developing a program that will allow it to better take into account environmental impacts and opportunities for portfolio companies.

***See also:***

"Optimize energy use and conserve water and biodiversity," CSR Charter, Pillar 5

"Optimize energy use and conserve water and biodiversity," 2013 Annual Report, page 76

"Commitments: Environment," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/environment/>

## **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*

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.

Environmental risks for portfolio companies are evaluated by Eurazeo's Head of Internal Audit. A summary is published each year in the Registration Document.

Awareness about environmental stewardship and the urgency of concerted action has been raised among employees and managers through internal presentations of Eurazeo's CSR strategy.

### ***See also:***

**"Means devoted to the prevention of environmental risks and pollution," 2013 Registration Document, page 38**

**"Environmental risks," 2013 Registration Document, page 107**

## **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*

Eurazeo's robust annual environmental reporting allows a detailed monitoring of portfolio companies' environmental policies, impacts, and goals. The reporting goes beyond the requirements of France's Grenelle II Act. In 2013, environmental reporting included 30 quantitative indicators and 15 qualitative indicators, and nine portfolio companies fell within Eurazeo's CSR reporting scope. Three additional companies completed voluntary CSR reporting. In 2014, there are 31 quantitative environmental indicators and 17 qualitative, and 14 companies completing the reporting out of which three are outside the required scope.

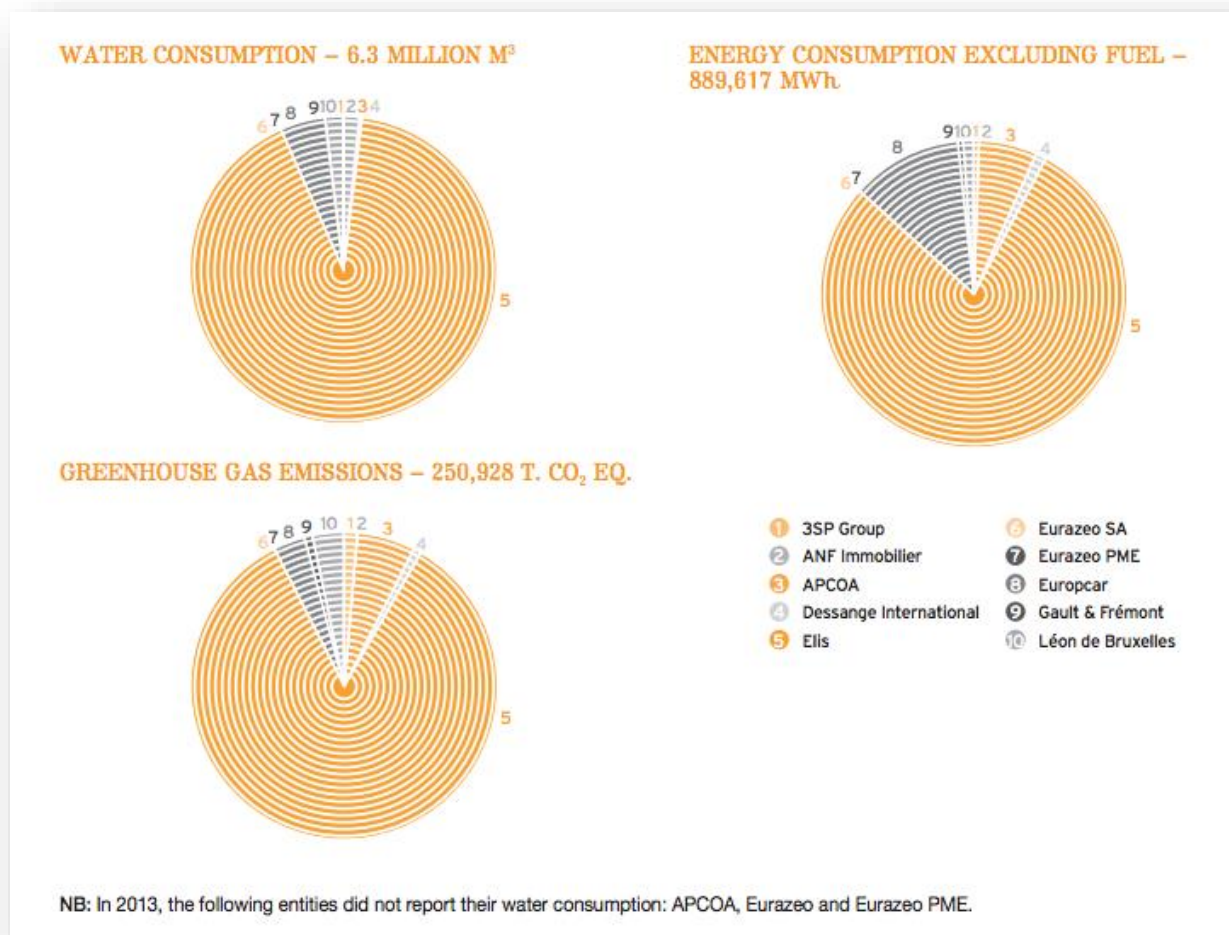
In 2014, Eurazeo created a CSR Committee within its Supervisory Board. The committee's overall purpose will be to assist the Supervisory Board in the monitoring of CSR issues, so that Eurazeo can better anticipate the related opportunities, challenges and risks. The committee will also issue recommendations regarding the company's policy and achievements in terms of CSR, including for environmental topics.

The results of Eurazeo's CSR reporting, including individual results for each portfolio company, are presented to the Executive Board.

A meeting is held with each portfolio company's managers to discuss the reporting results. The results are used as the basis for action plans to further develop the company's CSR strategy. Some portfolio companies have detailed environmental monitoring in place at company, country, or site level.

Portfolio companies vary greatly in their size, location, and CSR maturity, so CSR priorities also differ. Eurazeo completes a materiality analysis to identify which portfolio companies have the largest relative environmental impacts. Eurazeo also completes similar analyses for individual portfolio companies.

2013 environmental materiality analysis is as follows:



**See also:**

"Materiality analysis," 2013 Registration Document, page 25

"Environmental information," 2013 Registration Document, pages 36-47

## **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*

As a responsible shareholder, Eurazeo commits to the application of ethics best practices. This commitment is part of a process aimed at developing a strong and exemplary governance model, as defined in the CSR charter:



### 1. Guarantee strong and exemplary governance

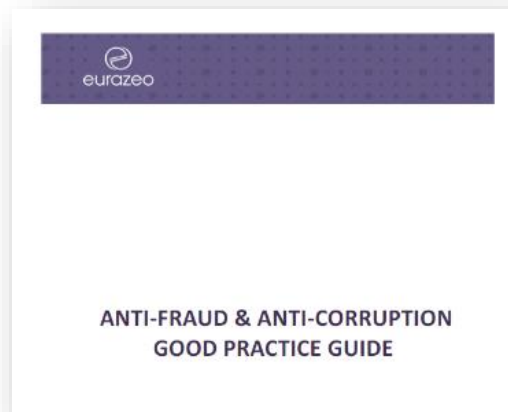
**Eurazeo's belief**  
Eurazeo believes that the quality of governance is a key factor for success, credibility and sustainability in business.

**Eurazeo's commitment**  
Eurazeo is committed to adopting and applying governance best practice in the areas of transparency, independence, oversight, business ethics, and the assessment and anticipation of stakeholder-related risk. As a responsible shareholder, Eurazeo already factors CSR criteria into its investment analyses and decisions. It is committed to offering management teams guidance in the strategic development of their companies, by affording equal importance to financial and extra-financial performance.

In this process of continual improvement, Eurazeo 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.

In 2012, Eurazeo put into place an anti-fraud and anti-corruption good practice guide, which was updated in May 2013.

This guide provides a reference framework and aims to help investments build a culture of integrity in training staff on the ethical conduct expected of them, and as a methodological tool in the implementation of anti-fraud mechanisms. The guide is distributed to all portfolio companies.



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 guide makes reference to Transparency International's Corruption Perception Index as a tool for portfolio companies in evaluating corruption risk in their business dealings.

Eurazeo's ethics code is currently being finalized. This code will serve as a tool for portfolio companies, which can then adapt it to their own needs.

***See also:***

**"Actions taken in the fight against corruption," 2013 Registration Document, page 51**

**"Prevention of fraud and corruption," 2013 Registration Document, page 119**

**"Guarantee strong and exemplary governance," CSR Charter, Pillar 1**



## **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)*

Eurazeo's anti-fraud and anti-corruption good practice guide includes an introduction by Patrick Sayer, Chairman of the Executive Board of Eurazeo, expressing Eurazeo's commitment to ethics best practices, and the importance of preventing corruption and fraud.

The management teams of investments are encouraged to comply with the recommendations contained in Eurazeo's 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 (initiated by Eurazeo) and, on the other hand, of bottom-up initiatives undertaken by each investment. The guide to good anti-fraud and anti-corruption practices developed by Eurazeo 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.

### ***See also:***

**"Actions taken in the fight against corruption," 2013 Registration Document, page 51**

**"Prevention of fraud and corruption," 2013 Registration Document, page 119**

## **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)*

Fraud and corruption prevention is on the agenda of Eurazeo's Audit Committee twice a year, at which times a report on any cases or allegations is provided and discussed. 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 Director. Investigations are outsourced to external providers when specific skills are required (lawyers, IT specialists, forensic advisers, etc.).

As part of their auditing standards, Eurazeo'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 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:**

**"Actions taken in the fight against corruption," 2013 Registration Document, page 51**

**"Prevention of fraud and corruption," 2013 Registration Document, page 119**

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

- Other established or emerging best practices

### Anti-corruption:


Eurazeo's ethics code is currently being finalized. 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. The guide includes an introduction by Patrick Sayer, Chairman of the Executive Board.

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

### Gender equality:

Eurazeo's commitment to professional gender equality is formalized in the fourth pillar of its CSR Charter:



#### 4. Promote gender equality in the workplace

**Eurazeo's belief**  
Eurazeo believes that workplace equality among equally qualified men and women is a competitive business advantage.

**Eurazeo's commitment**  
Eurazeo is committed to fostering gender equality at all levels in the workplace, and ensuring that gender equality becomes progressively ingrained in the culture of its portfolio companies, in a manner appropriate for each profession and business sector.

At Eurazeo, 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 31,815 employees in its 2013 reporting scope, and many more in its other portfolio companies, Eurazeo 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's ESG (environmental, social, 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.

## **Criterion 16: The COP describes strategic social investments and philanthropy**

- *Any relevant policies, procedures, and activities that the company **plans to** undertake to fulfill 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*

Eurazeo is currently redefining its philanthropy policy with a view toward maximizing impact and integrating it into the CSR strategy. Philanthropic donations are decided on at Executive Board level with the CSR department responsible for strategy and implementation. A horizon of 2015 has been set to implement changes in the philanthropy process.

Engaging employees in the Eurazeo'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.

### **See also:**

"Partnerships and corporate sponsorship," 2013 Registration Document, page 49

"Commitments: Societal," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/societal/>

## **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*

### **Gender equality:**

Eurazeo has been a partner of the Women's Forum for the Economy and Society since 2008. Deputy CEO Virginie Morgon spoke at the Women's Forum Global Meeting in 2013 and 2014, and is also actively involved in the Rising Talents program that Eurazeo sponsors.

### **Human rights:**

Virginie Morgon is also an active member of one of Human Rights Watch's support committees. Eurazeo also gives financial support to Human Rights Watch. The fact of having a visible internal figure bringing human rights issues to the forefront, combined with Eurazeo's own support of these issues, contributes to all employees' awareness.

### ***See also:***

"Partnerships and corporate sponsorship," 2013 Registration Document, page 49

"Commitments: Societal," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/societal/>

## **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*

Its partnership with the Women's Forum for the Economy and Society reflects Eurazeo's commitment to gender equality. Since 2008, Eurazeo has supported the Rising Talents program, which identifies young women from diverse backgrounds and countries who have the potential to become leading figures in the world of tomorrow. The community currently has 125 members.

Olivier Millet, Chairman of the Executive Board of Eurazeo PME, is President of the ESG Commission of the French Association of Investors for Growth (*Association Française des Investisseurs pour la Croissance* – AFIC).



ASSOCIATION FRANÇAISE  
DES INVESTISSEURS  
POUR LA CROISSANCE

### ***See also:***

"Partnerships and corporate sponsorship," 2013 Registration Document, page 49

"Commitments: Societal," Eurazeo's website,

<http://www.eurazeo.com/en/responsibility/commitments/societal/>

## **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*

Under the leadership of Patrick Sayer, Eurazeo became the first private equity company to publish a CSR Charter, in 2011. In addition, in 2011 Eurazeo was the first to publish CSR reporting, in anticipation of the requirements of France's Grenelle II Act. It is under Mr. Sayer's leadership that Eurazeo is pursuing its ambitious 2020 CSR Strategy.

Virginie Morgon, Deputy CEO, is also engaged on sustainability issues. Ms. Morgon also consciously acts as a role model for women in the finance industry. Notably, she was a speaker at the Women's Forum for the Economy and Society 2013 Global Meeting, and actively works with the Rising Talents program sponsored by Eurazeo.

In 2014, CSR targets for variable remuneration have been set for the Executive Board members: Patrick Sayer, Chairman of the Executive Board; Bruno Keller, Deputy CEO; Virginie Morgon, Deputy CEO; and Philippe Audouin, Chief Financial Officer. The targets are specific to each member, and tied to his or her responsibilities at Eurazeo.

Olivier Millet, Eurazeo PME's chairman of the Executive Board, is highly engaged in CSR as an essential feature of the private equity sector. In 2009, Mr. Millet played an active role in creating the ESG Commission of the French Association of Investors for Growth (*Association Française des Investisseurs pour la Croissance – AFIC*). He is currently President of the ESG Commission.

## **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)*

In 2014, Eurazeo created a CSR Committee within its Supervisory Board. The committee's overall purpose will be to assist the Supervisory Board in the monitoring of CSR issues, so that Eurazeo can better anticipate the related opportunities, challenges and risks. The committee will also issue recommendations regarding the company's policy and achievements in terms of CSR.

**See also:**

**"Eurazeo's CSR Approach," 2013 Registration Document, pages 20-21**



## **Criterion 21: The COP describes stakeholder engagement**

- *Any relevant policies, procedures, and activities that the company **plans to** undertake to fulfill 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'*

Engaging with stakeholders is an essential part of strong governance. In 2013, Eurazeo assessed the dialogue conducted with its stakeholders. This included the mapping of stakeholders and a survey of dialogue methods and tools, essential first steps in structuring a strategy and an action plan that will be implemented in 2014.

Eurazeo's 2013 Registration Document includes a mapping of internal and external stakeholders, which fall into six main categories:

1. Shareholders
2. Employees
3. Managers of portfolio companies
4. Non-financial evaluation and communication agencies and institutions
5. NGOs, think tanks and trade bodies
6. Providers and suppliers

CSR strategy and Eurazeo's employees:

Several working groups made up of employee volunteers have been organized to define and implement key parts of Eurazeo's CSR strategy. This mode of operating is well suited to Eurazeo's small size, as it allows any employee to make a contribution in the areas of CSR that interest him or her the most. It also ensures that any actions taken have built-in support and are adopted quickly. Please see the organization chart under Criterion 1.

CSR strategy and managers of portfolio companies:

Eurazeo is in regular contact with the managers of its portfolio companies. The annual CSR reporting provides one occasion to engage with managers on their own CSR strategies and how Eurazeo can help to implement further progress.

**See also:**

**"Conditions of Stakeholder Dialogue," 2013 Registration Document, pages 48-49**