

PROGRESS ON DEPLOYMENT OF THE GROUP CORPORATE SOCIAL RESPONSIBILITY PROGRAM

Since 2012, a yearly assessment of the progress done by the Group in the field of Corporate Social Responsibility is being carried out. This, has enable Fives to improve its actions taken during 2017 and to set annual goals for 2018.

The following table (see pages 76-80) details the overall progress made by the Corporate Social Responsibility program of the Group and how that progress relates to the commitment made by Fives to respect and promote the 10 principles of the United Nations Global Compact. Their correlation with the 10 principles of the UN Global Compact is indicated by “GC 1” (Global Compact 1) for the program that corresponds to Principle 1 of the United Nations Global Compact, and so on, as detailed below.

“While our markets and the Group are undergoing major transformations, we are more than ever keen to evolve and grow in respect of common and shared values by placing the people, the environment and integrity at the center of our concerns. Each year, officially reporting on our actions through the UN Global Compact allows us to assess, improve and strengthen our commitments to sustainable development.”

Frédéric Sanchez
Chairman of the Executive Board



THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

GC 1. Businesses should support and respect the protection of internationally proclaimed human rights; and
GC 2. Ensure that they are not complicit in Human Rights abuses.

LABOR



GC 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
GC 4. The elimination of all forms of forced and compulsory labor;
GC 5. The effective abolition of child labor; and
GC 6. The elimination of discrimination in respect of employment and occupation.





ENVIRONMENT




GC 7. Businesses should support a precautionary approach to environmental challenges;
GC 8. Undertake initiatives to promote greater environmental responsibility; and
GC 9. Encourage the development and diffusion of environmentally friendly technologies.




ANTI-CORRUPTION

GC 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Commitment	Program	Achievements at end-2017	2018 goals	Level of maturity at end-2017
Minimizing the environmental footprint of the Group and its customers	Engineered Sustainability® Internal eco-design program which meets (and exceeds) the requirements of the ISO 14062 standard. It is an innovation process that can lead to the award of a brand identifying best-in-class products in terms of environmental and safety performance. EY awarded this program an insurance certificate in 2013. GC 8 - GC 9	The Engineered Sustainability® program - 32% of target subsidiaries have joined the program - Recap of products involved: <ul style="list-style-type: none"> > 9 products currently carry the Engineered Sustainability® brand. > 1 product is having the label renewed. > 3 products are working towards it. > 2 products have chosen not to renew the brand owing to a change of market. - Several subsidiaries voluntarily use the program’s eco-design methods and tools to structure the development of their products without specifically aiming to obtain the brand.	The Engineered Sustainability® program - Products aiming for certification: <ul style="list-style-type: none"> > Finalize the 3 projects ready for the brand. > Renew the label for the 4 products due for renewal. > Continue the process to obtain the brand for 3 products (Automotive, Cement and Combustion). - Continue product design projects based on the method and tools without aiming to obtain the brand (Interlinking, leak detection, pressure generator, etc.) and launch new ones.	
	Group energy and environmental management program Support Group performance improvement. GC 7 - GC 8	The certification of Group industrial sites December 2017: - 80% of the Group’s industrial sites ISO 14001-certified, i.e. 35 sites (compared to 73% in 2016). - 46 sites of all types ISO 14001-certified within the Group.	New Group Directive - Launch of the new Group Environmental Directive, defining the new policy and objectives for subsidiaries.	
		Transition to ISO 14001 v2015 - In 2017, 54% of ISO 14001-certified sites were compliant with the 2015 version (compared to only 16% in 2016). - Eco-design awareness sessions were run in association with the Group’s innovation department (29 subsidiaries from various divisions were involved).	Transition to ISO 14001 v2015 - Pursuing the support for subsidiaries compliance with the 2015 version of ISO 14001, drawing on synergy among the subsidiaries.	
		Climate impact assessment Fives, with the help of Carbone 4, carried out a climate change impact assessment on the scenario of a 2°C temperature increase and its effects on the Group’s business and strategy. The results provided the Group with avenues to explore in terms of technology and its current and future business opportunities.	ISO 14001 v2015 certification - Continue eco-design training for transition to the 2015 version.	

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Promoting fair practices on the marketplace	Fives Code of conduct Adoption of the Code of conduct by all employees by: <ul style="list-style-type: none"> - Distributing it to all employees. - Writing a reading guide for the Code of conduct, and practical examples to train all Group managers, to feed into an annual discussion of the Code in each team. GC 10	<ul style="list-style-type: none"> - Monitor the distribution of the Code of conduct to all employees. - Work carried out in France to incorporate the provisions of the Sapin II law. 	<ul style="list-style-type: none"> - Update of the distribution and integration rules of the Code of conduct during the redesign of the Group’s procedures. 	
	Business ethics Intensify the program on corruption prevention and anti-competition practices. GC 10	<ul style="list-style-type: none"> - Launch of training further to risk analyses carried out in 2016: 93% of companies have undergone a corruption risk analysis within the past 24 months. - Update the rules and work documents concerning agents: the entire agent validation process has been revised. 	<ul style="list-style-type: none"> - Continue training. - Update of risk analyses carried out in 2016 and integration of newly acquired entities. - Finalization of the Sapin II measures, in particular concerning the alert system. 	
	Responsible purchasing Incorporate our social responsibility goals into our relations with subcontractors and suppliers. GC 1 - GC 2 - GC 3 - GC 4 - GC 5	<ul style="list-style-type: none"> - Reinforcement of the recognition of the environmental impact in the subcontracting chain, under the effects of the requirements of ISO 14001. Joint purchasing-health and safety projects were led, also incorporating Reach and WEEE regulations in Europe. - Monitor the accidents of subcontractors under the Group’s responsibility (on Fives or the client’s premises) at the same level as employees and temporary workers. - Joint actions by the purchasing and innovation departments for the promotion of supplier innovation. 	<ul style="list-style-type: none"> - Update of our general terms and conditions of purchase by incorporating the new provisions of the EU’s RoHS and WEEE directives. - Formalization of a standard policy for better compliance with REACH regulations in the Group, following a pilot project launched in 2016. - Coordinate the business, purchasing and health and safety processes for better compliance with the safety objectives by subcontractors (selection, contract, monitoring, safety performance assessment of subcontractors): this point is currently systematically incorporated into the Group’s safety audits. 	
	Promote social responsibility in our commercial offer Figure out how to make social and environmental impacts part of the offer and the CSR performance levels for Fives and every subsidiary part of the sales pitch. GC 9	<ul style="list-style-type: none"> - EcoVadis evaluation: the Group maintains his “Gold” level and improved his rating with a mark of 75 out of 100. Fives reaches the top of 1% of the 20.000 companies rated by EcoVadis. - Support for business and marketing teams to use the Group’s CSR expertise, as well as actions led directly by the subsidiaries. 	<ul style="list-style-type: none"> - Continue with the communication in place, by systematically informing the sales teams. - Continue with the sales team involvement in the 2020 safety roadmap. 	

Commitment	Program	Achievements at end-2017	2018 goals	Level of maturity at end-2017
Providing a safe and motivating working environment	Group Safety Ambition 2018-2020 Strengthen the Group's move towards a safety culture adopted by one and all and set new targets for employee and temporary workers, namely: Accident objectives for 2020: - Reduce the accident frequency rate to 2.5 or below. - Halve the number of accidents with lost-time (LTI) in Fives' workshops. - Reach 0 severe accidents. - No fatality (including subcontractors). Safety culture targets for 2020: - Achieve the "Independent" maturity status at Group-level. - Have no company with "reactive" status. - Reach "interdependent" status for some Group companies.	Accident performance - Notable improvement of the Group's accident performance with an accident rate of 3.74. - No fatality in the Group (including subcontractors). - The number of severe accidents halved (from 7 in 2016 to 3 in 2017). Group Safety Ambition - Definition of the Group's Safety Objectives 2018-2020. - Definition of strategic actions suited to the current and future issues of each business, by the Executive Committee, the SBU Directors and Companies board of Directors.	Group Safety Ambition - Support for each of the Fives companies to clarify priorities, implement tools and monitor improvement plans. - Pursue the development of Group' HSE tools in all Fives businesses, in particular: > Training of leading teams on Field Safety Observation and Dialog. > Reinforcement of the implementation of Group Safety Golden Rules (also including subcontractors).	
	Promoting diversity and raising awareness of non-discrimination Gender equality: tracking of the percentage of women hired, access to training and promotion; awareness raised of discriminatory practices. Employment of older people: tracking of the agreement on older people signed in France. However, the over-50s employment rate is high, and the challenge for Fives in many of its subsidiaries is to transfer know-how. Employment of disabled people: awareness-raising campaign since 2012 and sharing of best practices. GC 6	Gender equality 15% women employees. 40% of those women are engineers or managers. Older people 34% of employees are 50+, which has remained stable since 2015. Training Anti discrimination training continued.	- Draft and launch a plan to promote the presence of women employees in the Group, run by Human Resources. - Promotion of a training program on diversity, in particular with regards to hiring.	
	Harmonization of the employee welfare protection regime Harmonize and challenge the employee welfare protection regime in the main domains where the Group has a presence.	- Implementation of a life insurance plan for employees at our subsidiaries in Mexico, Thailand and Russia. - Standardization of the travel life insurance policy for American subsidiaries. - Development of the healthcare plan in the USA.	- Investigate the implementation of additional cover in the Middle East and Indonesia. - Examine the standardization of plans in Canada.	

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Providing a safe and motivating working environment	Identification and management of employees with potential (CEDRE) Annual career management committee in each subsidiary, attended by the management team and a Human Resources representative, to: - Determine which measures need to be taken to improve employee performance. - Approve personal career plans.	- Deploy and promote the fully digital HR management system, Fives&Me, for 90% of the Group's employees. - The first entirely digital and centralized interviews carried out using the Fives&Me system. - 64% of staff regularly undergo assessment interviews. - 50% of staff have moved over to a CEDRE.	- Move the last subsidiaries over to the Fives&Me HR system (UK and Japan). - Improve the monitoring of plans of action identified during CEDRE.	
	Training and career path support for promising employees - New employee programs - Ongoing training	Fives Leadership Factory - 19 individuals benefited from the LeadershipRise@Fives program in 2017. - 26 individuals followed BusinessManagement@Fives in 2017. - 186 individuals followed the Manager@Fives program in Italy, France, the USA and China. - Continuation of the Starter meeting and Career booster programs in all areas and ongoing development of the Group's training catalogue. - Launch of the digital learning platform in June 2017.	Fives Leadership Factory - Continuation of the Starter meeting and Career booster programs in all areas. - Preparation of the integration of training into Fives&Me, in association with the yearly appraisals. - Continuation of the development of the Group's training catalogue internationally, in particular via the digital learning platform, Learning@Fives. - Development of the Group's training catalogue on topics relating to operational performance (project management, purchasing, etc.).	
	Develop an anticipatory strategy on jobs and organizations at each company 4-step program, leads from the strategy defined at the level of the activity: - Determine the business goals and the operational goals. - Identify the skills required to achieve these goals. - Qualify the existing positions in the company and the associated required skills. - Analyse the shortfall and build action plans.	- Several companies have updated their strategic workforce planning, in France and the USA, following the update schedule in the strategic plan.	- Continuation of updates, in line with actions led on strategic plans, over a three-year cycle.	

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Providing a safe and motivating working environment	Maintenance of know-how and employment within the Group Process existing in France since 2009. Sharing meetings held two or three times a year, to review the workloads/under-loads and make staff allocation decisions, ranging from several weeks to several months.	- The resource pooling process (an effective means of optimizing the allocation of Group resources) continued with 129 employees available in 2017. The main source subsidiary is Fives Stein from the steel division, while the main beneficiary division is Fives Cail, from Energy division.	- Continuation of the resource pooling system.	<div></div>
	World employee opinion survey An opinion survey conducted among all Group employees every three years, designed to measure satisfaction levels and any organizational malfunctions, and which gives rises to the implementation of action plans proposed by employee bodies.	- Launch of mini surveys by certain subsidiaries to assess the effectiveness of action taken since the survey results in 2015.	- Launch of a new Group satisfaction survey in April 2018 with the initial results presented in June and a full analysis in September 2018. - As with the other surveys, targeted action will be taken depending on the results.	<div></div>
Incorporating CSR priorities into the organization of all Fives entities	Distribute best practices and Group Directives Compilation of Directives and Guidelines covering all Group jobs, linked to internal control rules. GCI to GC10	- Launch of the update of the entire Directives and Guidelines Manual: > In-house task force to coordinate the redesign of principles. > Audits of the existing system. > Formalization of the redesign specifications.	- Write and validate new Directives by the Executive Committee. - Launch the platform to host them. - Launch the promotion campaign and support for the new version among the subsidiaries.	<div></div>