

# 2

## EURAZEO'S CORPORATE SOCIAL RESPONSIBILITY

<b>2.1</b>	<b>CSR IN THE INVESTMENT POLICY</b>	<b>112</b>	<b>2.5</b>	<b>SOCIETAL INFORMATION</b>	<b>140</b>
2.1.1	Responsible investment strategy	112	2.5.1	Territorial, economic and social impact of the activity	140
2.1.2	Criteria examined and information used	113	2.5.2	Relations with individuals and organizations interested by the Company's activities	140
2.1.3	Methodology, integration and results of the analysis	114	2.5.3	Sub-contractors and suppliers	142
<b>2.2</b>	<b>PROGRESS AND HIGHLIGHTS OF THE YEAR</b>	<b>117</b>	2.5.4	Fair trade practices	144
2.2.1	CSR strategy: 2016 results	117	<b>2.6</b>	<b>METHODOLOGY</b>	<b>145</b>
2.2.2	Highlights of the year	119	2.6.1	Reporting scope	145
<b>2.3</b>	<b>SOCIAL INFORMATION</b>	<b>125</b>	2.6.2	Organization of reporting	145
2.3.1	Employment	125	2.6.3	Choice of indicators	146
2.3.2	New hires and departures	126	2.6.4	Coverage rate	146
2.3.3	Compensation and benefits	127	2.6.5	Methodological details and limitations	146
2.3.4	Organization of working hours	127	<b>2.7</b>	<b>REPORT OF ONE OF THE STATUTORY AUDITORS DESIGNATED AS INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT</b>	<b>147</b>
2.3.5	Labor relations	127			
2.3.6	Health and safety	129			
2.3.7	Skills development	130			
2.3.8	Equal treatment and promotion of diversity	130			
<b>2.4</b>	<b>ENVIRONMENTAL INFORMATION</b>	<b>131</b>			
2.4.1	General environmental policy	133			
2.4.2	Pollution	134			
2.4.3	Circular economy	135			
2.4.4	Climate change	138			
2.4.5	Protection of biodiversity	139			

## 2.1 CSR IN THE INVESTMENT POLICY

### 2.1.1 RESPONSIBLE INVESTMENT STRATEGY

Eurazeo supports its investments in the long term and encourages them to act responsibly in the interest of all stakeholders. Since 2008, Eurazeo has been formalizing and increasing its commitment to Corporate Social Responsibility (CSR) by incorporating environmental, social and governance (ESG) criteria into its activity as an investor.

The role of a responsible shareholder is to help reveal the full potential for value creation of each investment by contributing the time and resources necessary for its transformation, without neglecting broader economic development, social progress, reduced environmental impacts and balanced governance.

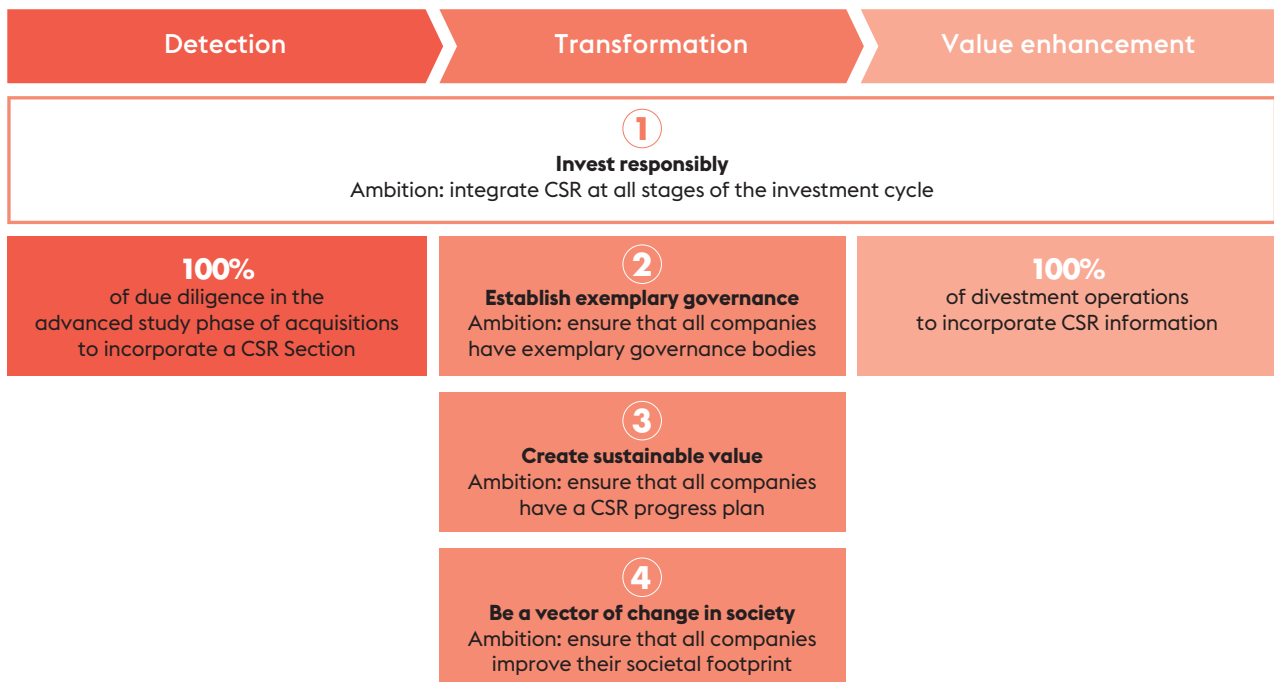
In an increasingly complex and demanding environment, Eurazeo continues to roll out its CSR commitment, adopting a practical approach focused on continuous improvement that extends well beyond the sale of its investments. Eurazeo's CSR strategy includes 2020 goals aimed at targeting and measuring the key actions it implements (see Eurazeo's CSR strategy in part 1 of this document, p. 82).

The scope referred to in respect of the CSR strategy includes Eurazeo SA and all fully consolidated and equity-accounted companies no later than from the end of the second full year of ownership.

The CSR strategy is integrated at each stage of the investment cycle:

- during the phase of identification of investment opportunities, which consists in assessing a company's growth potential, Eurazeo is committed to performing CSR due diligence on 100% of prospective acquisitions undergoing advanced review;
- during the acceleration phase, which consists in leveraging all growth drivers, Eurazeo encourages companies to set up exemplary governance bodies, to create sustainable value and to be a vehicle for change in society;
- during the divestment phase, which consists in materializing the value created, Eurazeo measures the CSR performance of companies via vendor CSR due diligence on 100% of divestments.

Affirming its ambition to integrate CSR challenges throughout the investment cycle, Eurazeo is involved in several established organizations and is committed to recognized initiatives such as the Principles for Responsible Investment (PRI), the Global Compact, the French Association of Investors for Growth (AFIC), and the Women's Forum for the Economy and Society. Moreover, in partnership with four other private equity companies, Eurazeo was behind Initiative Carbon 2020 (iC20), the first initiative taken by private equity investors to manage and reduce the greenhouse gas emissions of their portfolio companies.



## 2.1.2 CRITERIA EXAMINED AND INFORMATION USED

### Criteria examined

Eurazeo's objective is for each due diligence process to yield a comprehensive vision of the target's CSR challenges, risks and opportunities. To this end, Eurazeo has developed an approach built on the following dimensions: environment, social, societal, supply chain, ethics and governance.

The list of criteria examined derives from a cross-cutting analysis of several recognized French and international standards:

- the Principles for Responsible Investment (PRI);
- Article 225 of the Grenelle II law;
- the Global Reporting Initiative;
- the work of the AFIC ESG Commission;
- the 10 principles of the United Nations Global Compact;
- the United Nations Sustainable Development Goals;
- the CDP's climate change questionnaire;
- the Materiality Map of the Sustainability Accounting Standards Boards.

### Criteria and issues examined evaluation matrix

Social	Environment	Societal	Ethics and governance
Employment workforce, variations, turnover and compensation	General policy approach, awareness raising/training, risk prevention, provisions and guarantees	Territorial, economic and social impact employment, local development	Fair trade practices ethics, anti-corruption
Organization of work working time and absenteeism	Pollution prevention, reduction, repair of discharges – air, water, soil, nuisances	Relations with stakeholders expectations, dialogue, partnership	Health and safety of consumers and users quality, communication, transparency
Labor relations organization of social dialogue and collective agreements	Circular economy waste management, food waste, use of resources: water, energy, raw materials	Corporate philanthropy, donations to associations	Human rights actions undertaken
Health and safety working conditions, health insurance, workplace accidents	Protection of biodiversity measures to assess impact, develop, protect	Supply chain	Gender equality and independence of the Supervisory Board (SB)
Training policy, hours delivered	Climate	Suppliers and subcontractors procurement policy and subcontracting	Committees of the Supervisory Board
Equal treatment gender equality, fight against discrimination	Emissions significant sources of greenhouse gas emissions	Social and environmental impacts related to the supply chain	Risk management and internal control tools
ILO Conventions freedom of association, discrimination, forced labor and child labor	Adaptation to climate change physical and transition risks, resilience of the business	Raw materials and depletion of resources	Crisis management, e-reputation

### Analyses performed

In carrying out this analysis, all available or prepared documents are reviewed:

- available documents can be internal documents made available by the target company (investment memorandum, reports, legal, social, strategic and CSR due diligence, existing CSR reporting, insurance reports, site audit reports) or public documents (website, reports). Analysis of the competitive environment is also performed in order to fine-tune the identification of the target's sector-specific issues, risks and opportunities;
- constructed documents are the result of interviews with the management of the target company as well as with various

experts, using a standard questionnaire. Lastly, where the target company has an industrial activity involving production sites, site audits are carried out during the due diligence phase in order to assess the sites' regulatory compliance and the challenges related to air, soil and water emissions, discharges and pollution.

The objective is to create a matrix that allows for the assessment of:

- risks, strengths and prospective opportunities;
- the resilience of the business, the business model, the industrial model in a transition to a low-carbon economy;

- the maturity of the target and its positioning in relation to its sector and in view of the expectations of its stakeholders on all CSR issues.

Before each investment, a materiality analysis is carried out in order to determine the priority challenges and issues for each company. To this end, Eurazeo uses the Sustainability Accounting Standards Boards (SASB) tool to identify, by sector, the substantial challenges indicated in this document as material.

In addition, Eurazeo has a risk matrix developed jointly with its Risk Management and Legal Departments, which serves to identify the main points requiring vigilance when reviewing investment targets, with two levels of importance:

- priority issues to be investigated;
- other points requiring vigilance.

### Risks and opportunities related to climate change

Climate change risk is part of this matrix; it is analyzed for all prospective investments reviewed. Specific due diligence can be carried out in order to determine the extent of the Company's exposure to physical risks (impacts related to risk of flooding for instance), as well as to transition risks (review of financial impacts related to change in the carbon trading mechanism for instance).

Action plans are then drawn up during the ownership phase in order to determine the issue's materiality. The following criteria are examined:

- direct physical risks with impact in the short term (e.g. flooding causing damage and the interruption of operations) or the longer term (sustainability, quality of access to and supply of critical resources such as raw materials, water or energy, displacement of the activity linked to the rise of the sea level, etc.);

By way of illustration, potential impacts may have an impact on production, employee health and safety, operating expenses or insurance;

- transition risks: the Company's ability to adapt to the impact of climate change based on the resilience of:
  - its activity through a review of supply chains, expectations and perceptions of consumers and other stakeholders, and regulatory developments which, if not sufficiently anticipated, may have implications for the Company's ability to adapt or communicate, etc.,
  - its business model, notably in the event of a change in energy source or a strengthening of the emissions trading market, price changes, etc.,
  - its industrial model, for example in the event of a change in energy source, or in the event of a loss of competitiveness resulting from a technological change in the production or distribution process, or in the product or service itself.

Efforts to adapt to climate change are also examined because they can provide opportunities, such as:

- energy performance, which can generate direct financial gains through savings across production and/or distribution processes;
- use of renewable or low-emission energy sources, which contribute to the energy transition;
- the competitiveness of products and services with a reduced carbon footprint, as well as the diversification of supply and services through a low-carbon economy;

- the sustainability of a model throughout the supply chain.

Depending on the availability of information during the identification phase, full analysis of the financial impact of these risks and opportunities is carried out.

The contribution to the limitation of climate change is also examined by analyzing management's commitment to the issue, as well as the actions already in place at the time of the identification phase.

During the ownership phase, accurate monitoring of change in carbon emissions is performed as part of annual CSR reporting. Eurazeo also assists companies in drawing up an emissions reduction plan with quantified targets.

## 2.1.3 METHODOLOGY, INTEGRATION AND RESULTS OF THE ANALYSIS

### 1. Collection of information

The first phase, consisting in finding and gathering information, is carried out during the identification phase. This phase includes documentary research based on reports, sector and thematic benchmarks and press articles on the sector of activity and on competitors. The gathering of available information of this nature serves, for instance, to identify potential issues with respect to the Company's reputation, but also more generally that of its sector, and its peers and comparables.

Available information (public, made available by the target company or constructed) is analyzed.

Finally, more in-depth research is carried out, notably in the form of interviews with experts and managers, due diligence conducted by external firms, and site audits to complement and fine-tune the information and issues identified.

### 2. Analysis and perspective

The careful appraisal of a target acquisition in respect of environmental, social, societal, governance and supply chain issues can help improve the understanding of the risks and opportunities, thereby increasing the ability to forge strong convictions in the selection of investments.

The objective is therefore to analyze the target company from three angles:

- the performance of the target company itself;
- the positioning of the Company in relation to its business sector;
- the stakeholder perspective.

This analysis therefore serves to establish a list of material issues to be investigated within the framework of the investment decision and then within the framework of the preparation of the post-acquisition action plan.

In addition, projections are made to measure the target company's potential exposure to risks or opportunities. These studies are systematically carried out on the issue of climate change when the challenge is material for the Company.

By way of example, in 2016, a special study was conducted on a prospective investment covering the financial impact of regulatory changes to the European quota trading system up to 2030.

Also in 2016, studies of exposure to climate change risks were carried out during the review of prospective investments based on accepted indices on the risks of flooding, access to water and energy, as well as seismic risk.

Eurazeo's objective is that 100% of due diligence in the advanced study phase of acquisitions will incorporate a CSR section by 2020.

### 3. Restitution to stakeholders

Following the performance of CSR analyses coordinated by Eurazeo's CSR Department, restitution is scheduled first of all with the investment team in charge of the review of the target company.

One of its main purposes is to specify the points to be investigated during internal or external due diligence and/or following the acquisition.

This summary is discussed during the presentation of the target to the Investment Committee.

### 4. Monitoring and rollout of action plans

During the acceleration phase, an action plan is drawn up with the Company. It is prepared on the basis of the material issues identified during the identification phase, and includes the seven essential commitments underpinning Eurazeo's CSR strategy. These essential commitments are to:

- appoint a CSR manager;
- establish annual CSR reporting;
- create an operational CSR committee;
- include CSR issues on the agenda of Board meetings at least once a year;
- conduct an environmental and/or greenhouse gas assessment every three years;
- perform a social barometer every three years;
- conduct CSR audits of priority suppliers.

The "7 essentials" incorporate an annual CSR reporting of 160 indicators covering all environmental, social, societal, supply chain and governance issues. Seventeen of these indicators are dedicated to energy and climate issues, such as the measurement of CO<sub>2</sub> emissions on the three scopes and the ratio of carbon emissions to EBITDA. This indicator facilitates the annual monitoring of the improvement of the portfolio's carbon footprint from one year to the next. Five companies lowered their ratio in 2016. The results relating to the measurement of the greenhouse gas emissions of the

portfolio companies are set out in Section 2.4.4, p. 138 in accordance with the Grenelle II law to which Eurazeo is subject.

Eurazeo's objective is that 100% of the portfolio companies will perform CSR reporting by 2020 <sup>(1)</sup>.

Setting CSR progress targets is also part of the seven essentials. These objectives must include at least a carbon, a social, a supply chain and a governance objective.

At the end of 2016, several companies had quantified CSR targets including a specific commitment on carbon. Examples:

- AccorHotels: 100% of new builds and renovations to be low-carbon by 2020 (owned hotels) and 5% reduction in energy consumption per room by 2018 (owned and managed hotels);
- ANF Immobilier: 10% reduction in final energy consumption per square meter rented by 2020 compared with 2015;
- Elis: 25% reduction in energy consumption by 2020;
- Vignal Lighting Group: 15% reduction in CO<sub>2</sub> emissions between 2015 and 2020 <sup>(1)</sup>.

Eurazeo's objective is that 100% of portfolio companies will have set quantified CSR targets by 2020.

This objective is part of action plans designed in a process of continuous improvement with perspectives reaching beyond Eurazeo's investment horizon.

On certain issues such as the climate, commitments and action plans need to take a long-term – and even a very long-term – perspective. Eurazeo is currently assisting some of its investments in establishing carbon trajectories to 2030 or even 2050, based notably on the methodology provided by the Science Based Targets initiative.

To monitor the deployment of specific action plans for each company, Eurazeo organizes at least three meetings per year with each of its investments, and ensures that CSR is placed on the agenda of the Supervisory Board and/or Audit Committee at least once a year.

### 5. Value enhancement

During the value enhancement phase, a complete new overview is carried out on all the criteria in order to measure progress since the acquisition by Eurazeo. Depending on the materiality of the issue, climate change and carbon risk may also be the focus of a specific review in order to clarify any risks or opportunities beyond Eurazeo's investment horizon.

Specific issues related to climate change can also be examined as part of the divestment process. In early 2017, for instance, Eurazeo carried out a study on the sustainability and potential changes in a company's supply of raw materials in relation to climate change.

Eurazeo's objective is that 100% of divestments will be subject to CSR information by 2020.

(1) Taking companies into account from the end of the second full year of ownership at the latest.

### Chart of the CSR strategy deployment

The findings of the research and analysis carried out during the identification phase are integrated at all stages of the investment cycle:

- during the detection phase: inclusion of the findings in the presentations to the internal Investment Committee;
- throughout the transformation phase: regular meetings with investment teams, the Company's CSR manager and Company management to define and deploy a risk mitigation and opportunity identification plan. By way of example, 95 meetings were held with investments in 2016;
- during the value enhancement phase: presentation of progress and the valuation of environmental, social and financial impacts avoided by the Company since its acquisition by Eurazeo.

## Identification phase

### Upstream

(100% of projects)

- Initial identification of the CSR challenges facing the target company and its sector by the CSR Department (benchmark, reputation, material challenges etc.)
- First summary discussed during presentation to the investment committee, including a list of potential alerts and favorable or unfavorable positioning from a CSR perspective

### Phase 1

(100% of projects with an offer)

- Validation of the analyses and additional work to be carried out in the subsequent phase
- Identification of experts and consulting firms to be called on, and validation of the provisional budget
- Integration in the LOI (letter of interest): commitment on Eurazeo's CSR strategy and performance of CSR reporting

### Phase 2

(100% of projects in the advanced study phase)

- Performance of CSR due diligence and specific analyses on CSR issues identified (by the CSR Department and/or an external firm)
- Integration in the shareholders' agreement: commitment on Eurazeo's CSR strategy and performance of CSR reporting

## Transformation phase

### Year 1

Deployment of the 7 essentials:

- Appointment of a CSR manager
- Creation of an operational CSR Committee
- Establishment of (trial) CSR reporting
- Drafting of a CSR progress plan based on the challenges identified during the identification phase
- Formal establishment of an Audit Committee of the Board
- Presentation of CSR challenges to employees (for each company) and awareness raising on the relevant issues
- Implementation of a minimum of three follow-up meetings per year between the CSR Department and the company's CSR Manager

### Year 2

Continued deployment of the 7 essentials:

- Inclusion of CSR issues on the Supervisory Board's agenda
- Completion of a carbon/environmental footprint survey and a social barometer (spanning years 2 and 3)
- Implementation of a responsible procurement approach
- Participation in the annual CSR reporting (audit by a third party possible)
- Update of the CSR progress plan
- Formal establishment of a Compensation Committee of the Board
- Continuation of three follow-up meetings
- Annual meeting to present the reporting results with the company's management and Eurazeo's investments teams
- Inclusion of CSR on the agenda of the Supervisory Board

### Year 3 and beyond

Continued reinforcement of actions undertaken

- Drafting of a CSR progress plan with quantified targets (including one target for reducing greenhouse gas emissions)
- Measurement of impacts avoided on social (absenteeism) and environmental (water, energy, carbon) aspects
- Continuation of three follow-up meetings
- Annual meeting to present the reporting results with the company's management and Eurazeo's investments teams
- Inclusion of CSR on the agenda of the Supervisory Board

## Value-enhancement phase

### Divestment

- Performance of vendor CSR due diligence and specific analyses (by the CSR Department or an external firm) with a valuation of the impacts avoided since the acquisition
- Inclusion in the Information Memorandum as well as the dataroom

## 2.2 PROGRESS AND HIGHLIGHTS OF THE YEAR

### 2.2.1 CSR STRATEGY: 2016 RESULTS

For Eurazeo, Corporate Social Responsibility (CSR) creates value for portfolio companies and participates fully in companies' transformation and sustainable growth. Eurazeo's commitments embody this ambition aimed at combining value enhancement and responsibility throughout the investment cycle.

To achieve its goals, Eurazeo has formulated a four-part CSR strategy, with quantitative targets for 2020 in each area. It is important to note that changes in the portfolio have a significant impact on results and make trend analysis impossible. In 2016, three companies were removed from the reporting scope and four companies were included for the first time.

#### → Details relating to this section

The scope referred to in respect of the CSR strategy includes Eurazeo SA and all fully consolidated and equity-accounted companies. These companies are included in the calculation of indicators no later than the end of the second full year of ownership. The first full year of ownership determines when necessary a baseline derived from initial CSR reporting, from which subsequent variations are measured.

The companies reviewed in respect of Eurazeo's CSR strategy in 2016 are as follows (those with an asterisk are part of the regulatory reporting scope under the Grenelle II law): ANF Immobilier \*, Asmodee \*, CIFA \*, Groupe Colisée \*, Desigual, Dessange International \*, Elis, Eurazeo PME \*, Eurazeo SA \*, Europcar, Groupe Flash \*, Fintrax \*, Fonroche, Léon de Bruxelles \*, Neovia, Péters Surgical \* and Vignal Lighting Group \*.

### Invest responsibly

*Ambition: integrate CSR at all stages of the investment cycle*

	2015	2016
<b>2020 objectives</b>		
<b>100% of due diligence in the advanced study phase of acquisitions to incorporate a CSR section <sup>(1)</sup></b>	<b>53%</b>	<b>70%</b>
<b>100% of portfolio companies to perform CSR reporting</b>	<b>100%</b>	<b>100%</b>
<b>100% of divestment operations to incorporate CSR information</b>	<b>100%</b>	<b>100%</b>
<b>2016 monitoring indicators</b>		
% of acquisitions that included CSR due diligence	64%	63%
Number of non-financial indicators monitored	158	160
Number of companies performing CSR reporting <sup>(2)</sup>	16	17
Number of CSR workshops held with subsidiaries	75	95
Number of CSR awareness-raising seminars held with subsidiaries	2	3
Average length for which companies are held <sup>(3)</sup>	7 years	6 years

*Methodological details: see Section 2.6 Methodology, p. 145.*

(1) Due diligence is deemed to be in the advanced study phase when legal due diligence has been performed. The indicator covers all companies reviewed, including those that were not ultimately acquired.

(2) Seventeen companies perform CSR reporting, 12 of which are part of the reporting scope defined by the Grenelle II law for Eurazeo.

(3) Average time companies in the portfolio at the end of 2016 have been held.

## Establish exemplary governance

*Ambition: ensure that all companies have exemplary governance bodies*

	2015	2016
<b>2020 objectives</b>		
100% of companies to have at least 40% women directors on the Board <sup>(1) (2)</sup>	13%	6%
100% of controlled companies to have at least 30% independent Directors on the Board <sup>(1)</sup>	50%	45%
100% of companies to have an Audit Committee and a Compensation Committee <sup>(3)</sup>	63%	69%
<b>2016 monitoring indicators</b>		
Average percentage of independent Directors	32%	30%
Average percentage of women on Boards	26%	23%
Average term of office of members of Boards	4 years	4 years
Average annual number of Board meetings	7	7
Average annual attendance at Board meetings	86%	84%
Percentage of companies with separate executive and supervisory bodies	81%	88%

Methodological details: see Section 2.6 Methodology, p. 145.

(1) On Supervisory Boards (SB) or Boards of Directors (BD). Independence within the meaning of the AFEP-MEDEF recommendations.

(2) Women account for more than 30% of directors in seven companies, between 10% and 30% in six companies and less than 10% in just two companies.

(3) Committees assisting the SB or BD in the decision-making process.

## Create sustainable value

*Ambition: ensure that all companies have a CSR progress plan*

To facilitate the implementation of a pragmatic and value-creating CSR approach, Eurazeo has laid down a CSR roadmap made available to all of its investments. Its aim is to see it deployed by all of them by 2020.

The roadmap has three major objectives for 2020:

- provide a solid CSR base: 100% of portfolio companies to have deployed Eurazeo's 7 "CSR essentials";
- identify the challenges and opportunities of sustainable performance: 100% of portfolio companies to have quantified CSR progress targets;
- accelerate and maintain sustainable value creation: 100% of portfolio companies to be involved in at least one CSR acceleration program.

	2015	2016
<b>2020 objective</b>		
100% of portfolio companies to have deployed Eurazeo's "CSR essentials" <sup>(1)</sup>	66%	67%
<i>The 7 "CSR essentials" <sup>(2)(3)</sup></i>		
Appoint a CSR manager	13/16	13/16
Establish annual CSR reporting	16/16	17/17
Create an operational CSR committee	13/16	12/16
Include CSR issues on the agenda of Board meetings at least once a year	11/16	10/16
Conduct an environmental and/or greenhouse gas assessment every three years	7/16	9/17
Perform a social barometer every three years	9/16	10/16
Conduct CSR audits of priority suppliers	5/16	6/17
<b>2020 objective</b>		
100% of portfolio companies to have quantified CSR progress targets	31%	35%
Number of portfolio companies with quantified CSR progress targets	5/16	6/17
<b>2020 objective</b>		
100% of portfolio companies to be involved in at least one CSR acceleration program <sup>(4)</sup>	75%	82%
Number of companies involved in at least one CSR acceleration program	12/16	14/17

Methodological details: see Section 2.6 Methodology, p. 145.

(1) The result is expressed as mean percentage of actions implemented by companies.

(2) The results are expressed in number of companies.

(3) Social and governance indicators are not applicable to CIFA.

(4) Eurazeo has three CSR acceleration programs: environmental footprint (or life-cycle assessment, LCA) is a measurement of energy consumption, raw material use and discharges into the environment, as well as potential environmental impacts associated with a product, process or service over its entire life cycle (ISO 14040 definition).



## Be a vector of change in society

*Ambition: ensure that all companies improve their societal footprint*

	2015	2016
<b>2020 objective</b>		
100% of portfolio companies to improve the protection and well-being of employees	56%	69%
<b>Calculation of indicators</b>		
Number of companies at which 100% of employees have access to social insurance <sup>(1) (2)</sup>	8/16	7/16
Or		
Number of companies that have reduced the number of days of absence <sup>(3)</sup>	7/16	7/13
<b>2020 objective</b>		
100% of portfolio companies to share value created or Company profits with employees	56%	63%
<b>Calculation of indicators</b>		
Number of portfolio companies with employee shareholders <sup>(2) (4)</sup>	4/16	7/16
Or		
Number of portfolio companies to have implemented a profit-sharing scheme <sup>(2) (5)</sup>	9/16	9/16
<b>2020 objective</b>		
100% of portfolio companies to reduce their environmental impact	75%	77%
<b>Calculation of indicators</b>		
Number of portfolio companies to have decreased their carbon emissions as a proportion of EBITDA <sup>(3)</sup>	8/16	5/13
Or		
Number of portfolio companies to have decreased their water consumption as a proportion of EBITDA <sup>(3)</sup>	7/16	8/13
Or		
Number of portfolio companies to have increased their recycling rates <sup>(3)</sup>	7/16	4/13

Methodological details: see Section 2.6 Methodology, p. 145.

(1) Health and/or disability insurance and/or retirement plan.

(2) Social and governance indicators are not applicable to ClFA.

(3) ClFA, Groupe Flash, Fintrax and Neovia being in their first reporting year, their data are not taken into account in these indicators.

(4) Excluding management team.

(5) Establishment of an incentive scheme or collective bonus (outside legal obligations).

## 2.2.2 HIGHLIGHTS OF THE YEAR

### Initiative Carbon 2020: an expanding commitment

In partnership with four other private equity companies, Eurazeo launched the "Initiative Carbon 2020" (iC20) in November 2015. iC20 is the first long-term approach allowing private equity investors to manage and reduce the greenhouse gas emissions of their portfolio companies. It is also the first collective commitment by the French private equity industry in favor of the responsible and transparent management of greenhouse gas emissions by the companies of which they are shareholders. The iC20 signatories have pledged to take action to contribute to the COP21 objective of limiting global warming to 1.5°C. A publication of portfolio companies' carbon footprint (direct and indirect), in collaboration with their management teams, is scheduled for 2020, using methodology shared with all stakeholders in the sector wishing to get involved in the fight against climate change.

Sixteen private sectors firms have signed up to iC20 since its launch in November 2015.

### Measuring avoided impacts: strengthening of the approach

As a long-term investor, Eurazeo first sought to value the impact of its actions on social and environmental issues in 2015. Its aim was to demonstrate that businesses can use CSR policies to leverage their performance and value creation. Eurazeo has accordingly decided to establish a methodology for assessing avoided impacts and determining the financial effects in partnership with a specialized firm.

Six companies participated in the first assessment, and three others joined the approach to measure avoided impacts: AccorHotels, Asmodee, Elis and Foncia (sold in 2016) for Eurazeo Capital, and Groupe Colisée, Dessange International, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group for Eurazeo PME.

Four indicators were measured, three relating to environmental issues (water, energy, fuel), and a fourth bearing on the social aspect (absenteeism).

Avoided impacts are calculated on the scope of the Company (direct impacts), as well as beyond through the measurement of the environmental and economic benefits of specific initiatives that have an impact outside the Company's scope (indirect impacts).

Over the last six years, CSR programs implemented by the companies reviewed were able to avoid more than €196 million in expenditure, with direct savings totaling nearly €65 million. The companies also avoided the equivalent of 1,264,600 metric tons of CO<sub>2</sub> equivalent, almost 6 million cubic meters of water, 1,916 GWh of energy, 51,000 liters of fuel and 426,000 hours of absence.



Investments				
Indicators valued	 	 	   	   
Geographical scope	 46 countries – 56% of owned and managed hotels in 2015	 France – 77% of activity in 2015	 France – 65% of activity in 2016	 France – 25% of activity in 2016
Reference year	2011	2013	2011	2015
Year of acquisition	2005	2011	2007	2014



Investments					
Indicators valued	   	   	  	   	   
Geographical scope	 France – 92% of activity in 2016	 France – 40% of activity in 2016	 2 countries representing 100% of activity in 2016	 France – 100% of activity in 2016	 2 countries representing 81% of activity in 2016 ***
Reference year	2015	2011	2014 <i>Environmental: France and United States Social: France</i>	2009: Social 2011: Environmental**	2014
Year of acquisition	2014	2008	2014	2008	2013

\* Company sold In 2016

\*\* For Léon de Bruxelles, the reference year is 2009 for social data, and 2011 for environmental data

\*\*\* For Pétters Surgical, the scope has been confined to France for the social indicator



Water



Energy



Fuel



Absenteeism

**Key points of the methodology**

→ **Scope and approach**

The calculations were carried out over a period extending from the year of Eurazeo's investment until 2016 included (except for Foncia which was sold in 2016).

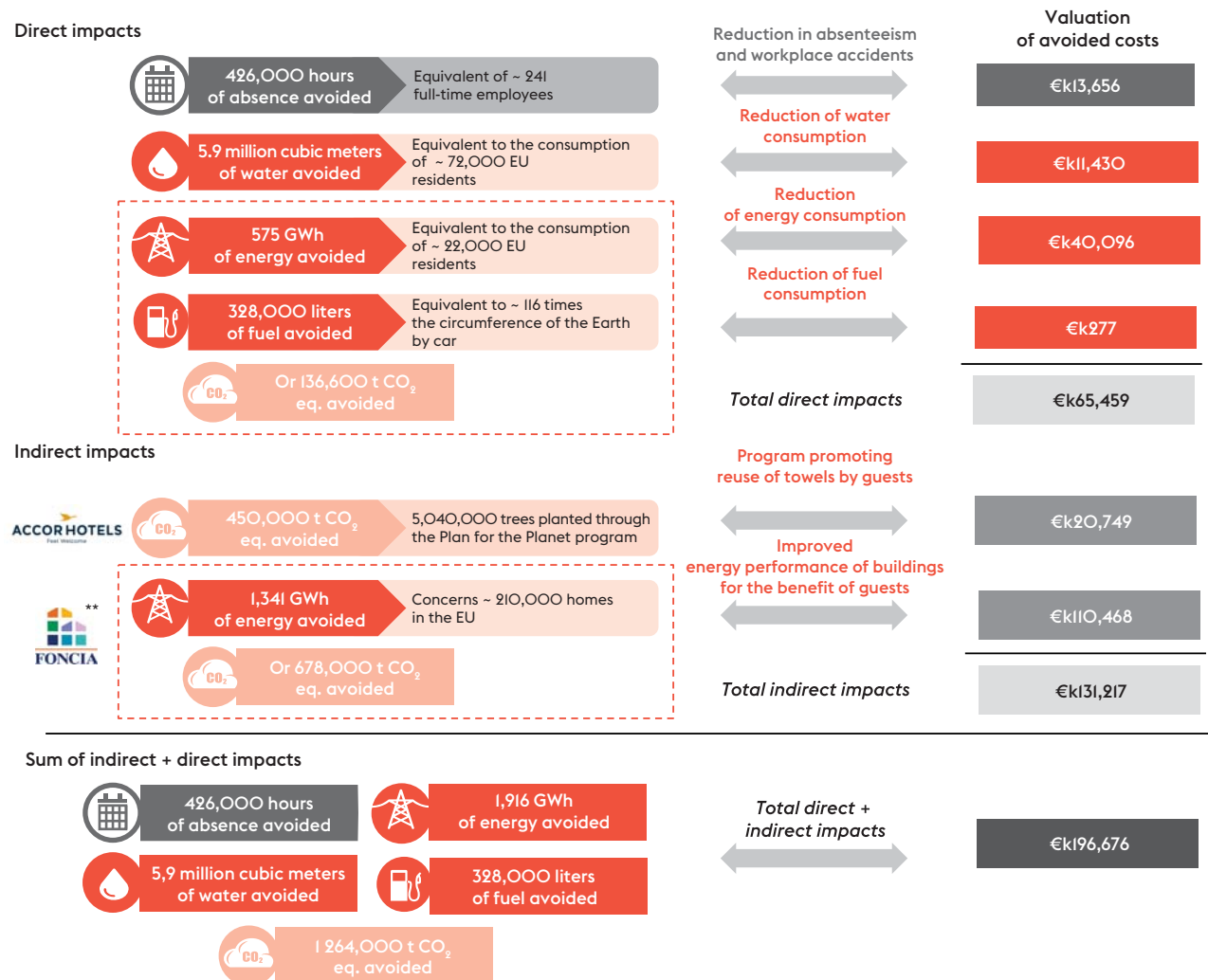
The indicators subject to impact calculations were defined depending on the existence of a progress approach within the Company, and in accordance with materiality, availability and data quality criteria for the relevant years.

→ **Calculation methodology**

Whenever possible, calculations were based on operational indicators (e.g. kWh per kg of laundry washed for Elis, liters per night for AccorHotels, or a ratio to the number of meals served for Léon de Bruxelles). In the absence of an operational indicator, the calculations were based on revenue. For each company, a reference year was determined, allowing the trend for each indicator (improvement or deterioration) to be measured. Progress was measured and aggregated each year in relation to the reference year.

More detail on the methodology is available on the Eurazeo website, under the heading Responsibility.

Summary of results



\* Measured in 2014, over a 100-year reference period  
 \*\* Company sold in 2016

Indirect impacts

AccorHotels: Plant for the Planet

As part of the Plant for the Planet program, hotel guests of the AccorHotels group are encouraged to reuse their towels when staying more than one night. Plant for the Planet is a unique program in the hotel industry, based on the joint involvement of customers and hotel staff. Half of the money saved on laundry is donated to reforestation projects. In 2014, AccorHotels conducted an impact assessment of the Plant for the Planet program since its launch in 2009. It showed that the projects implemented to date will, over a reference period of 100 years, allow the sequestering of 450,000 metric tons of CO<sub>2</sub> equivalent.

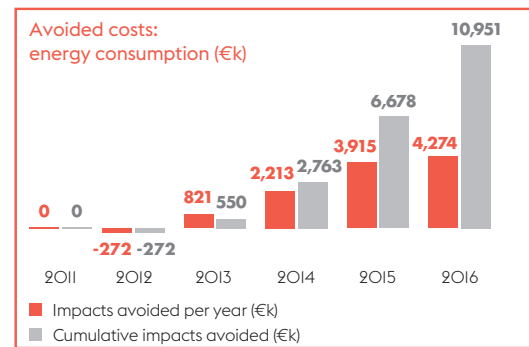
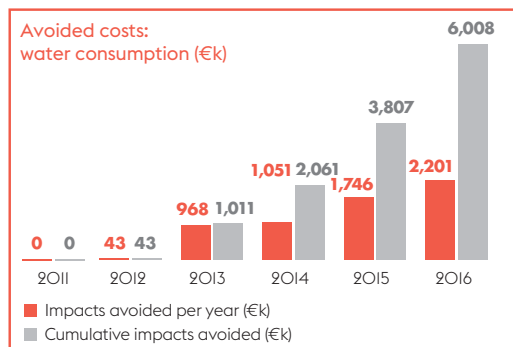
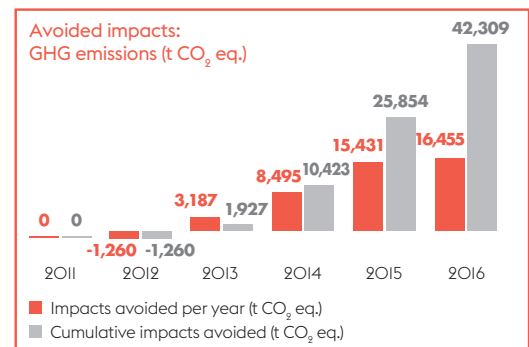
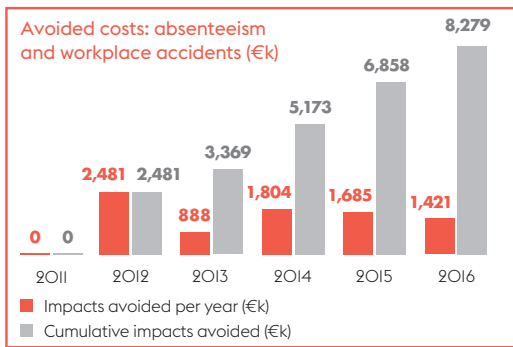
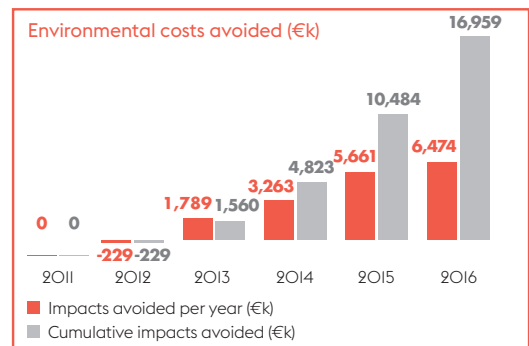
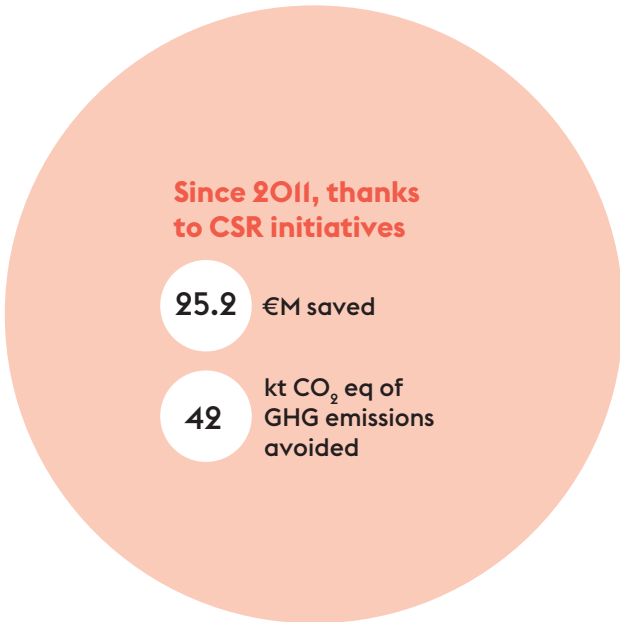
Foncia: Energy efficiency work

The realization by Foncia of maintenance work aimed at improving the energy performance of buildings resulted in over 210,000 households enjoying total annual savings in excess of €26 million, over €110 million in four years, by avoiding the consumption of 1,341 GWh of energy.

In 2015, Foncia's efforts to negotiate the price of gas for its customers compounded this performance, bringing a further total savings of €10 million – cutting €177 off the annual energy bill of the 58,000 homes concerned.

**Close-up on the results of Elis and Léon de Bruxelles**

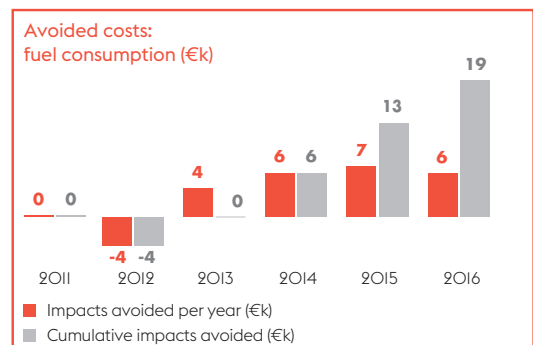
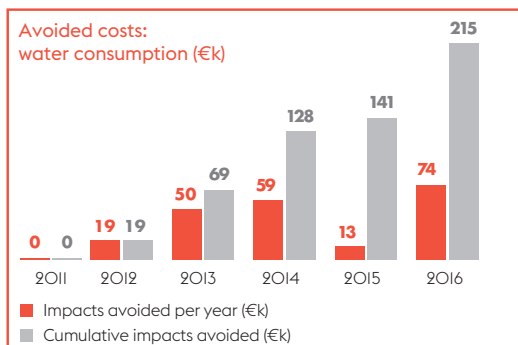
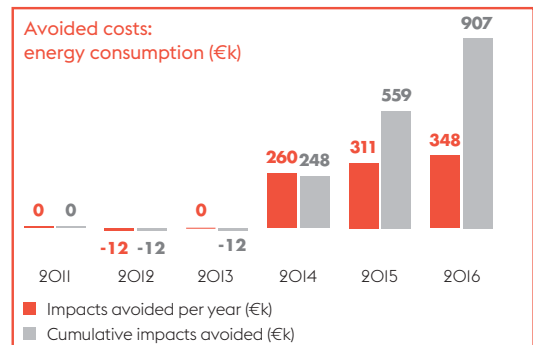
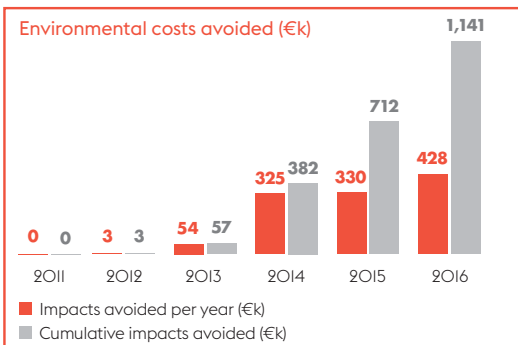
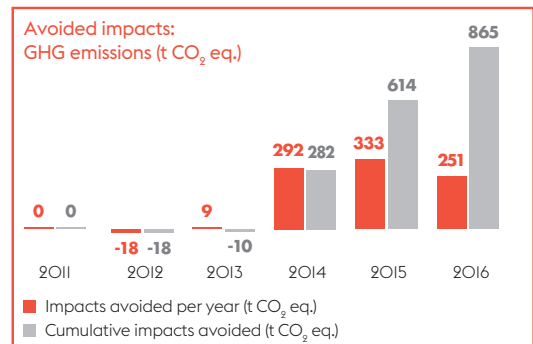
CSR initiatives resulted in significant environmental, social and economic gains for these two investments, as shown below:





**Since 2011, thanks to environmental initiatives**

- 1.1** €M saved
- 865** t CO<sub>2</sub> eq of GHG emissions avoided



## Cross-mentoring program: a project for diversity

In the firm belief that diversity is factor of performance, Eurazeo launched an internal diversity network in 2014. Known as "Eurazeo Pluriels", its aim is to advance diversity at Eurazeo, in all of its portfolio companies and across its entire sphere of influence.

As part of this internal network, Eurazeo ushered in a new cross-generational, mixed and inter-company mentoring program in late 2016. The new initiative marks a fresh chapter in Eurazeo's continuing commitment to promoting diversity.

The program's objectives are primarily to support employees in their professional development, to allow them to share their experience with a skilled mentor who is not a superior and lastly to develop their professional network.

Its specificity is its inter-company approach. 15 of Eurazeo's portfolio companies, of all sizes and sectors, are involved in the process. The program aims wherever possible to establish male-female mentor-mentee pairs.

## Further pursuit of the goal of exemplary energy efficiency

In 2014, Eurazeo created an internal working group known as "Eurazeo Exemplaïre" bringing together Eurazeo and Eurazeo PME employees to propose and deploy actions within Eurazeo's own offices. Eurazeo's new office building, "Le Most", which it entered in early 2016, has earned the Exceptional rating under the High Environmental Quality (HQE) standard, Excellent status under the BREEAM (Building Research Establishment Environmental Assessment Method) standard and low energy consumption status (BBC). Other initiatives have been undertaken, such as measures to reduce paper consumption by making HR documents paperless and the use of centralized printers controlled by a badge, the installation of a water filtration solution to reduce the use of plastic water bottles, and the encouragement of low-emission means of transportation with the installation of charging stations for electric vehicles in the car park and the choice of green taxis.

In addition, the change of premises gave rise to environmental and charitable initiatives through the sale of a portion of used furniture to employees and the donation of the remaining furniture to the *Apprentis d'Auteuil*, a charity supported within Eurazeo's corporate sponsorship program.

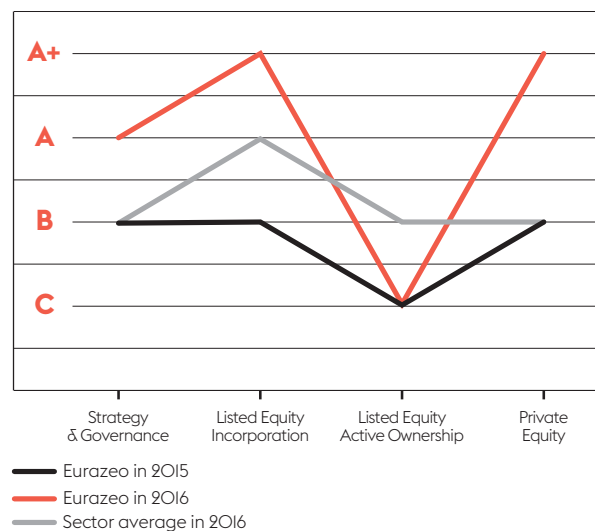
## Commitments and recognitions

Eurazeo is currently included in two benchmark ESG indices: *Ethibel Sustainability Index (ESI) Excellence Europe* and *Euronext Vigeo Europe 120*. Eurazeo is currently the only private equity company represented in these indices, alongside major companies at the cutting edge of CSR issues.

Moreover, Eurazeo has renewed its commitment to the United Nations Global Compact, thereby confirming its "advanced" status. It has also responded for the first time to the CDP questionnaire, a sign of its commitment to transparency in integrating CSR into its strategy, particularly in respect of climate change risk.

Eurazeo signed the Principles for Responsible Investment (PRI) of the United Nations in 2011, thereby confirming its goal of factoring non-financial criteria into its management, investment strategy and portfolio of companies.

### Evolution of Eurazeo's PRI rating



Eurazeo is also heavily involved in promoting CSR within the private equity industry. Olivier Millet, Chairman of the Executive Board of Eurazeo PME, contributed to the creation of the ESG Commission (Environment, Social, Governance) of the French Association of Investors for Growth (*Association Française des Investisseurs pour la Croissance – AFIC*) in 2012. He chaired the Commission until 2015.

Lastly, in 2016, Eurazeo was awarded the *ESG Sustainable Development Prize* at the Grand Prix organized by *Private Equity Magazine*.

## 2.3 SOCIAL INFORMATION

### → Details relating to this section

This section meets the Grenelle II law requirements and covers a regulatory scope different from the scope of Eurazeo's CSR strategy. A comprehensive methodological note on regulatory reporting is available in Section 2.6, p. 145.

The list of companies reviewed in respect of 2016 and included in the Grenelle II reporting scope is as follows: ANF Immobilier, Asmodee, CIFA, Groupe Colisée, Dessange International, Eurazeo PME, Eurazeo SA, Fintrax, Groupe Flash, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group. The

2016 reporting scope includes the following changes compared with 2015: Foncia, due to its divestment, is no longer part of the regulatory scope; CIFA, Fintrax and Groupe Flash have been consolidated for the first time. These changes preclude trend analysis between 2015 and 2016.

The best practices of portfolio companies performing trial reporting or companies outside Eurazeo's Grenelle II law reporting scope were included in the 2016 report and described in text boxes.

2

Eurazeo's model includes teams formed to support investments. The investment teams work consistently to assist companies in the deployment of their strategy, with the active support of corporate teams; they encourage investments to practice responsible human resources management, particularly in the following areas:

- quality of life at work, which encompasses working conditions, social dialogue, career management, and welfare and social protection, including access to healthcare services, provident insurance and preparation for retirement;

- employability throughout working life, from training to employee development. The goal is to ensure that employees remain equipped with the skills needed for their employability.

Eurazeo ensures that the conditions are met to allow shareholder value to grow, in accordance with best practice in terms of employee management, regardless of the sector and the country in which the Company operates. Since 2014, the HRD Club, led by Eurazeo's Human Resources Director, has brought together the Human Resources Directors of investments to facilitate the sharing of good practices.

### 2.3.1 EMPLOYMENT

#### Total workforce by gender, age and geographical region

	as of 12/31/2016	
	Eurazeo SA	Eurazeo and subsidiaries
<b>Permanent employees<sup>(1)</sup></b>		
Number of employees with permanent employment contracts <sup>(2)</sup>	71	6,274
Percentage of women	54%	65%
Percentage of fixed-term contracts in the total workforce <sup>(3)</sup>	92%	88%
Percentage of managers	93%	18%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) The permanent workforce represents all employees with a permanent employment contract.

(2) Including Eurazeo PME and the international offices, Eurazeo has 95 employees with a permanent employment contract.

(3) The total workforce combines permanent and non-permanent employees (employees with a fixed-term contract).

At the end of 2016, Eurazeo SA's permanent workforce was 71 (permanent employment contracts), and the total workforce was 77 (permanent and non-permanent employment contracts).

For Eurazeo and its subsidiaries, the permanent workforce was 6,274 and the total workforce was 7,090 as of December 31, 2016.

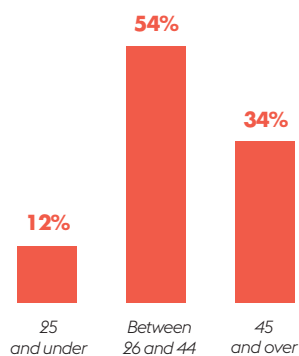
The permanent workforce includes employees on permanent contracts, full-time or part-time, and corporate officers with employment contracts. The non-permanent workforce includes employees on fixed-term contracts, full-time or part-time, including

special fixed-term contracts such as combined work-study programs (professional training and apprenticeship), replacements and seasonal contracts.

Extras and individual contractors, interns, French contracts for international work experience (*volontariat international en entreprise - VIE*), workers made available to the Company by an external company and who work on the premises of the contracting company, and interim staff are not counted among the non-permanent workforce in 2016.

## Breakdown of the permanent workforce by age as of December 31, 2016

Eurazeo and its subsidiaries



## Breakdown of the permanent workforce by region (permanent and non-permanent) as of December 31, 2016

As of end-2016, 85% of the total workforce of Eurazeo and its subsidiaries for the reporting scope defined by the Grenelle II law worked in France. The portion of the total workforce based outside Europe is split chiefly between Asia and North America.

The coverage rate for Eurazeo and its subsidiaries was 100% in 2016..

### 2.3.2 NEW HIRES AND DEPARTURES

Hires (permanent workforce, number of employees)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
<b>Total hires</b>	<b>10</b>	<b>1,607</b>

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

Departures (permanent workforce, number of employees)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Retirement and early retirement	0	23
Departure at the employee's initiative	2	938
Departure at the employer's initiative	1	535
Other departures <sup>(1)</sup>	0	143
<b>Total departures</b>	<b>3</b>	<b>1,639</b>

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) Other departures include the end of contracts, negotiated departures, dismissals during trial periods and death.

(1)



### 2.3.3 COMPENSATION AND BENEFITS

Compensation and benefits (permanent and non-permanent workforce, in millions of euros)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Total payroll <sup>(1)</sup>	17	223
Amount of profit-sharing scheme or collective bonus outside legal obligations	0.8	5
Percentage of employees benefiting from a profit-sharing scheme or collective bonus outside legal obligations	89%	60%
Percentage of employee shareholders	83%	3%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) On the total workforce (permanent and non-permanent).

The payroll for Eurazeo and its subsidiaries was €223 million in 2016.

The compensation policy in respect of the members of the **Eurazeo SA** Executive Board is consistent with the AFEP-MEDEF recommendations (see Section 3.2.2, p. 184). The fixed and variable compensation of all employees is reviewed annually, and analyzed in relation to a review of compensation in the market where Eurazeo SA operates. Employees are also eligible for collective compensation in the form of incentive bonuses. Eurazeo firmly believes in allowing employees to benefit from growth in the Company's earnings, and encourages the sharing of value creation, notably by granting free shares and/or stock options within its team and among its subsidiaries. CSR criteria are also taken into account

for the calculation of the variable compensation of all Eurazeo SA Executive Board members.

Eurazeo invites all its portfolio companies to share value created or Company profits with employees beyond the circle of managers.

At the end of 2016, eight portfolio companies had introduced systems to allow employees to share in the Company's value creation or results.

In 2016, **Europcar** launched an employee shareholding plan allowing all employees of the holding company and the country subsidiaries to benefit more fully from the Group's earnings growth. Reservation requests were a real success among the Group's employees.

### 2.3.4 ORGANIZATION OF WORKING HOURS

Working hours (% of permanent staff)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Percentage of full-time employees	92%	85%
Percentage of part-time employees	8%	15%
Number of temporary employees hours	3,308	314,423
Absenteeism rate <sup>(1)</sup>	1%	9%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) Absenteeism rate: number of hours of absence (paid or unpaid)/actual number of hours worked. The absenteeism rate is calculated on the total workforce (permanent and non-permanent).

At **Groupe Colisée**, multidisciplinary meetings are organized to review the working conditions of employees and to foster discussion on the optimization of working hours. This thinking is conducted in conjunction with the unions, which attend these meetings on the basis of their ancillary powers in respect of health and safety. Groupe Colisée has also signed a partnership with a company specialized in homework assistance so as to promote education and allow employees to better reconcile their work and home lives. This partnership allows employees of children to receive help with homework at night, on weekends and during school holidays.

### 2.3.5 LABOR RELATIONS

**Eurazeo** is attentive to the implementation of policies and measures promoting quality labor relations within its portfolio companies. It aims to promote voluntary initiatives such as employee surveys and social barometers, which are a tool for the expression of social dialogue in companies.

## Labor relations and review of collective agreements

**Eurazeo SA** has a team of 77 employees. This allows dialogue to be based on proximity between management and employees, and the ability to hold discussions in an atmosphere of trust and transparency.

Eurazeo SA's workforce enduringly exceeded the threshold of 50 people in 2014. Elections for employee representatives were held, and representatives from each category were elected. Following these elections, a works council was established, and operating and social activity budgets were allocated. The Company opted for a single employee delegation when the works council was established. Coordination meetings between the works council and management are held every month.

Two company agreements signed with the works council in 2015 are still in force. The first was on professional equality between women and men; the second relates to the intergenerational

contract mechanism. Both are valid for a period of three years. Eurazeo SA did not sign any new company agreements in 2016. The Eurazeo incentive agreement is in the process of being renewed; it will be applicable from 2016 to 2018.

Among the companies comprising the reporting scope laid down by the Grenelle II law, eight collective agreements were signed in 2016 in France in the following companies: Asmodee, Péters Surgical and Vignal Lighting Group.

Through agreements signed in 2016, the portfolio companies were able to provide incentives to their employees via an increase in the payroll and through bonus agreements. The agreements signed aim to make a positive contribution to the well-being of employees and the balance between their private and professional lives. For example, the reorganization of working hours has allowed employees to take longer parental leave. These economic and social aspects are designed to combine motivation and quality of work life, and are seen as a performance driver for the Company.

### Collective agreements signed in France in 2016

#### Issues addressed in agreements signed in 2016 (Eurazeo and subsidiaries)

Profit-sharing scheme

Collective pension plan (PERCO)

Internal rules

Reorganization of working hours

Adjustment of employment, compensation, medical expenses, retirement conditions

Profit-sharing scheme

Mandatory annual negotiations

Wage policy and promotion of professional equality between men and women

The i-Day held by **Groupe Colisée** in October 2016 brought together the Group's entire workforce to enable employees to express their ideas and improve the organization and services provided to residents, families and internal teams. i-Day is a collaborative and innovative form of brainstorming using the latest digital technologies to enable every employee to imagine the Group's future.

### Employee surveys and social barometers

Conducting social barometers at least every three years is part of the CSR roadmap recommended to portfolio companies as part of the CSR strategy, and one of Eurazeo's "CSR essentials" (see Section 2.2, p. 118). Eight companies (Eurazeo SA, Eurazeo PME, ANF Immobilier Groupe Colisée, Groupe Flash, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group) have surveyed their employees over the last three years; two such surveys were carried out in 2016.

In 2015, **Eurazeo** for the first time conducted a survey on the quality of work life in partnership with Great Place to Work, a human resources consultancy. The response rate was over 84% for Eurazeo SA and Eurazeo PME employees combined.

## 2.3.6 HEALTH AND SAFETY

### Workplace health and safety conditions, occupational diseases and agreements signed

	2016
<b>Workplace accidents</b> <i>(permanent and non-permanent workforce)</i>	<b>Eurazeo and subsidiaries</b>
Fatalities	0
Accidents with lost time	457
Frequency rate <sup>(1)</sup>	44
Working days lost due to accidents	20,335
Severity rate <sup>(2)</sup>	1.95

The coverage rate for Eurazeo and its subsidiaries was 100% in 2016.

(1) Frequency rate: accidents with time lost/(actual number of hours worked x 1,000,000).

(2) Frequency rate: days lost due to accidents/(actual number of hours worked x 1,000).

The nature of **Eurazeo SA's** business as a private equity company limits the risk of serious accidents. Eurazeo did not record any accidents in 2016.

However, as in any sector, the risk of occupational diseases cannot be ruled out, notably musculoskeletal disorders and stress. Regular physical activity and fitness are major determinants of health at all ages, and Eurazeo SA offers its employees a gym, with classes taught by qualified fitness instructors. Moreover, every two years, all employees are called in for a mandatory check-up in the Occupational Medicine Department. Occupational medicine also conducts an annual review of workstations, offering advice on how to improve ergonomics.

Eurazeo also encourages all of its portfolio companies to provide safe and healthy work environments for their employees.

In 2016, **Groupe Colisée** established an occupational health and safety (OHS) policy and rolled out a three-year action plan. The aim of this comprehensive approach is to develop a culture of prevention and identification of professional and psychosocial risks by providing employees with suitable equipment and ensuring quality working conditions. In addition, specific sums have been allocated to meet needs for the purchase and renewal of technical aids within facilities (patient lifts, adjustable hospital beds, standing frames, sliding sheets). Similarly, the specifications governing work clothes have been reviewed with a view to increasing their quality, safety and comfort. An induction booklet was distributed to all teams in December 2016. It contains all the provisions relating to OSH, and raises employees' awareness of risks associated with the activity, such as musculoskeletal disorders, falls and posture. It also deals with ways of preventing these risks.

**Léon de Bruxelles** has set up an occupational risk prevention approach with multiple actions, such as the installation of induction ovens since 2013. To date, 15 restaurants have been fitted. This has helped reduce radiant heat, thereby increasing the comfort of kitchen staff.

At Vignal Systems, a subsidiary of **Vignal Lighting Group**, numerous actions designed to prevent occupational diseases were implemented and monitored with the Health, Safety and Working Conditions Committee (HSWCC) throughout 2016. These initiatives were included on the new site opened in the municipality of Corbas (Lyons metropolitan area). They included the installation of electric height adjustment workstations, the creation of loading/unloading docks that avoid the use of forklifts, the elimination of split levels so as to limit manual traction of trolleys and the installation of a new central material for injection to avoid heavy lifting.

In line with the Group's sustainable development commitments, **Novacap** has implemented Health Safety Environment (HSE) management based on risk control. It is performed by an HSE Manager within the Industrial Department, who monitors and imposes standards on all associated activities, managed by each site. On the basis of evaluations and/or audits carried out by external bodies, the Group has set specific targets covering periods from one to four years in response to recommendations and/or regulatory requirements as identified. Based on these overall objectives, each entity sets its own goals and devises its own action and improvement plans to achieve them. These plans are reviewed monthly by middle management and quarterly by top management. The Group's results in terms of the accident frequency rate (category 1) have varied between 1 and 3 over the last five years, compared with an average of more than 10 in the chemicals, petrochemicals and pharmaceutical industries in France.

Musculoskeletal disorders (MSD) are the leading occupational disease in France. Françoise Saget of **MK Direct** group is a member of the prevention program launched by CARSAT, France's national retirement insurance and workplace health fund. Françoise Saget's commitment and approach in respect of the prevention of these risks were rewarded in November 2016 when the Company obtained the third place in the TMS Pros awards in the category "company with more than 200 employees", among 120 companies.

Preserving the health and safety of employees is a priority for **Neovia**. An example of its commitment is the "Good Day Safely" event in Brazil, which involves all employees. The innovative approach used testimony from employees' families to raise awareness about the importance of safety.

**Moncler** is strongly committed on issues related to health and safety at work. In 2016, it obtained OHSAS 18001 occupational health and safety management certification for its Italian offices and stores, where more than 700 employees work.

## 2.3.7 SKILLS DEVELOPMENT

### Training policies implemented

Training (permanent and non-permanent workforce)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Total number of training hours	982	94,886
Training expenditure (in millions of euros) <sup>(1)</sup>	0.3	2.47
Percentage of employees who attended at least one training course during the year <sup>(2)</sup>	55%	69.5%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) Training expenditure does not include payroll charges.

(2) Within the permanent workforce.

**Eurazeo SA** strives to offer its employees the opportunity to achieve and maintain their full potential, while meeting their needs and expectations in terms of skills development. Training courses are selected in relation to investment projects underway and/or job-related issues. The main topics of training offered in 2016 were communication, personal development, foreign languages and the use of IT and digital tools.

In 2016, **Groupe Colisée** focused its training efforts on its facilities: it deployed the Montessori method adapted to the elderly in 60% of establishments, with the aim of helping assisted people regain autonomy. Various courses were geared towards improving the quality of the welcome, hospitality and catering, or enhancing the managerial skills of nursing managers.

At **Groupe Flash**, operating teams were trained in procedures and internal operational tools on the Training Center available on the Group's Intranet. Each employee can receive online training on such topics as the status of "Authorized Economic Operator," the management of customer complaints or the transportation feasibility analysis tool.

**Fintrax** supports its employees' training and development needs. In 2016, training was introduced to improve the management skills of staff with managerial responsibilities. Moreover, Fintrax supports university studies with a positive impact on the Company's activities, such as MBAs or university degrees in technological disciplines.

## 2.3.8 EQUAL TREATMENT AND PROMOTION OF DIVERSITY

Diversity (permanent staff)	as of 12/31/2016	
	Eurazeo SA	Eurazeo and subsidiaries
Percentage of women	54%	65%
Percentage of women among managers in the permanent workforce	52%	49%
Percentage of women on the Supervisory Board (SB) or Board of Directors (BD)	33%	24%
Percentage of women on the first decision-making body <sup>(1)</sup>	33%	18%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) Companies may have several different kinds of decision-making bodies, the names of which may vary depending on the Company. At Eurazeo, the first decision-making body is the Executive Board, comprised of three members.

**Eurazeo** promotes gender equality in its portfolio companies, notably within their governance bodies. Eurazeo's CSR strategy includes the goal of achieving 40% representation of women on Boards of Directors or Supervisory Boards by 2020, in accordance with the Copé-Zimmermann law (see Section 2.2, p. 118). This quantitative goal applies to Eurazeo, as well as to all portfolio companies, regardless of their size or their legal obligations.

### Measures to promote equal employment

**Eurazeo** believes that gender equality is a factor in the performance and competitiveness of businesses. As such, since 2008, it has lent its support to the *Rising Talents* program, a unique network of 150 high-potential young women created through the *Women's Forum for the Economy and Society*. Eurazeo is actively involved in

the selection process of the 20 young women who join the network each year.

In October 2014, Eurazeo launched *Eurazeo Pluriels* with the aim of promoting diversity within its sphere of influence. *Eurazeo Pluriels* organizes events designed to raise awareness about gender equality among portfolio companies, and to draw up improvement plans with targets. Concurrent with the launch of *Eurazeo Pluriels*, Eurazeo joined the *Financi'Elles* network, one of the leading women's business networks in the financial sector.

In 2015, Eurazeo established a Code of Ethics, signed by all employees. Among other provisions, it prohibits any form of discrimination based on gender, age, origin, religion, sexual orientation, physical appearance, health status, trade union membership or disability.

At the end of 2016, Eurazeo launched a mixed, inter-company cross-mentoring program, as discussed on p. 124.

Eurazeo was ranked 56<sup>th</sup> in the *Ethics & Boards 2016* ranking of the number of female directors in large companies, a gain of 19 places compared with 2015 and 21 places compared with 2014. The move up the rankings is attributable to the appointment of a woman to the Compensation Committee and the increased number of women among managers.

Since late 2009, **ANF Immobilier** has applied an industry agreement for the employment of seniors. This agreement reaffirms the Company's commitment to the principle of non-discrimination related to age; its aim is to promote access to and retention in employment for older employees, as well as to remove obstacles weighing on their compensation and career development.

**Groupe Flash** believes that the success of international expansion is hinged primarily on respect for cultural diversity and local practices. Diversity management is an integral part of the fundamental values promoted by the Group. For example, six nationalities are represented on the Executive Committee.

### Measures to promote the integration of people with disabilities

Since 2014, **Groupe Colisée** has distributed a kit to raise employee awareness and to provide facilities with support on disability.

In 2016, **Péters Surgical** made a commitment to raise the awareness of all its employees in France on the issue of disability diversity.

### Policy against discrimination, and for the promotion of and compliance with the fundamental conventions of the International Labour Organization (ILO)

The **Eurazeo SA** Code of Ethics promotes respect for human rights and formalizes Eurazeo SA's commitments in relation to its employees, business partners, shareholders and portfolio companies on these topics.

Eurazeo also promotes compliance with the ILO conventions, and encourages its subsidiaries to join the United Nations Global Compact and to adopt a code of conduct or ethics. Eurazeo SA, a signatory since early 2014, submitted its Communication on Progress (COP) at the Advanced level within a year of signing the Compact. Four companies in the Grenelle II law reporting scope are also signatories of the Global Compact: ANF Immobilier, Eurazeo PME, Groupe Flash and Vignal Lighting Group.

**AccorHotels, Elis and Europcar** are signatories of the United Nations Global Compact.

## 2.4 ENVIRONMENTAL INFORMATION

### → Details relating to this section

This section meets the Grenelle II law requirements and covers a regulatory scope different from the scope of Eurazeo's CSR strategy. A comprehensive methodological note on regulatory reporting is available in Section 2.6, p. 145.

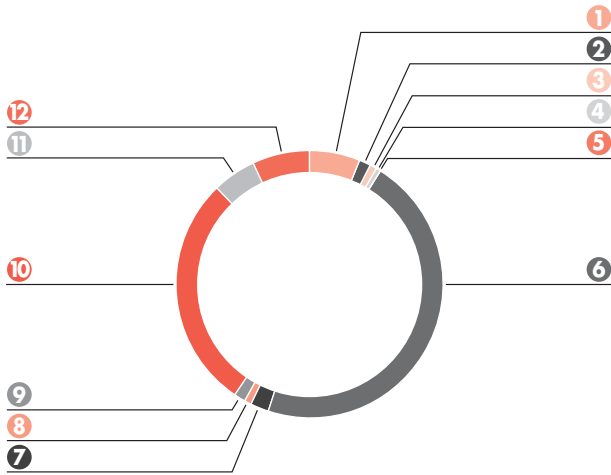
The list of companies reviewed in respect of 2016 and included in the Grenelle II reporting scope is as follows: **ANF Immobilier, Asmodee, CIFA, Groupe Colisée, Dessange International, Eurazeo PME, Eurazeo SA, Fintrax, Groupe Flash, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group.** The

2016 reporting scope includes the following changes compared with 2015: Foncia, due to its divestment, is no longer part of the regulatory scope; CIFA, Fintrax and Groupe Flash have been consolidated for the first time. These changes preclude trend analysis between 2015 and 2016.

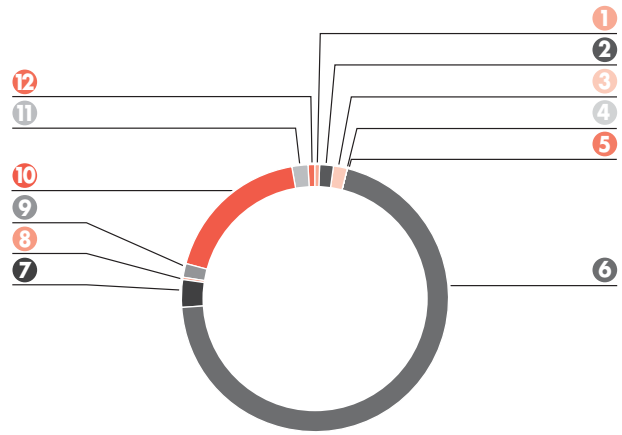
The best practices of portfolio companies performing trial reporting or companies outside Eurazeo's Grenelle II law reporting scope were included in the 2016 report and described in text boxes.

Eurazeo analyzes the environmental impacts of its portfolio companies every year.

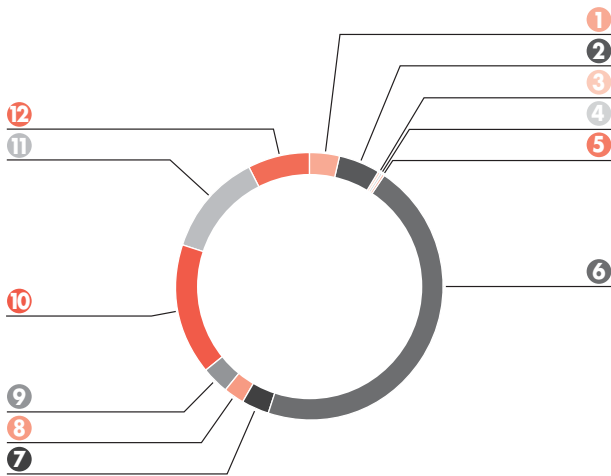
**ENERGY CONSUMPTION EXCLUDING FUEL – 95.3 GWH**



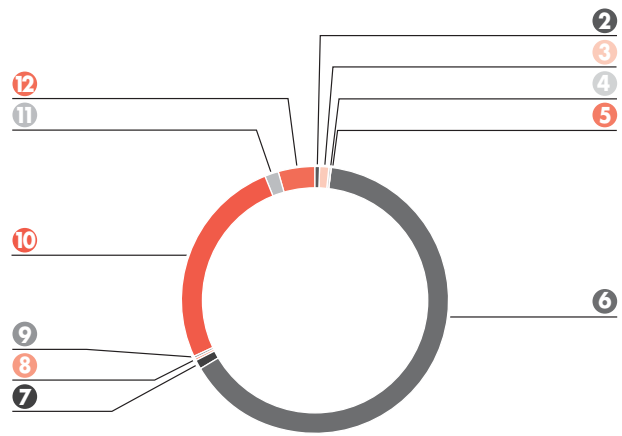
**GREENHOUSE GAS EMISSIONS (SCOPES 1 AND 2) – 12,132 METRIC TONS OF CO<sub>2</sub> EQUIVALENT**



**WATER CONSUMPTION – 550,734 CU.M.**



**WASTE PRODUCTION – 10,903 METRIC TONS <sup>(1)</sup>**



(1) For ANF Immobilier, information concerning total waste production in 2016 is not available.

- |                  |                          |
|------------------|--------------------------|
| 1 ANF Immobilier | 7 Dessange International |
| 2 Asmodee        | 8 Fintrax                |
| 3 CIFA           | 9 Groupe Flash           |
| 4 Eurazeo SA     | 10 Léon de Bruxelles     |
| 5 Eurazeo PME    | 11 Péters Surgical       |
| 6 Groupe Colisée | 12 Vignal Lighting Group |

## 2.4.1 GENERAL ENVIRONMENTAL POLICY

### Organization of the Company to take into account CSR and methods implemented in respect of the environment

CSR organization	2016
	Eurazeo and subsidiaries
Number of portfolio companies with a CSR manager <sup>(1)</sup>	11/11
Number of portfolio companies with an operational CSR committee <sup>(1)</sup>	9/11
Number of portfolio companies with quantified CSR progress targets	5/12
Number of companies with a CSR charter	6/12

The coverage rate for Eurazeo and its subsidiaries was 100% in 2016.

(1) Social and governance indicators are not applicable to CIFA.

Eurazeo's CSR policy applies throughout each of the three investment phases: during the acquisition phase, with CSR due diligence; during the support phase, when CSR is an integral part of long-term value creation; and, lastly, during the divestment phase, with a CSR review.

CSR policy is a strategic issue for Eurazeo, embodied at the highest level by the Secretary of the Executive Board, to whom Eurazeo's CSR Director reports. CSR issues feature on the Executive Board agenda at least three times per year. CSR objectives are also part of the factors taken into account for the calculation of the variable compensation of each Executive Board member.

Eurazeo's Supervisory Board has also had a CSR committee since 2014. Its purpose is to assist the Supervisory Board in monitoring CSR-related issues so as to allow Eurazeo to better anticipate the associated opportunities, challenges and risks. The CSR committee considers these issues in coordination with the Executive Board, reports to the Supervisory Board on the exercise of its duties, and issues recommendations on Eurazeo CSR policy and actions.

Working groups comprised of Eurazeo SA and Eurazeo PME employees were formed in 2014. They continued their work in 2016 in order to propose and implement actions related to themes of diversity, commitment to the broader community, responsible purchasing and measuring the environmental footprint.

Eurazeo encourages the establishment of a dedicated CSR structure within its portfolio companies, as a means of accelerating its progress. This approach is described in detail in Section 2.2, p. 118.

Nine of the 12 companies in the reporting scope determined by the Grenelle II law have an operational CSR committee. Operational CSR committees are chaired by the CSR manager of each company. They combine representatives of the various departments with a role to play in sustainability (purchasing, human resources, communications, marketing, etc.). Their key task is to draft, monitor and deploy CSR actions within the business.

The **Elis** group's CSR policy is fully integrated in its "Operational Excellence" strategic thrust. As part of its policy, Elis has set the goal of reducing its water and energy consumption by 25% between 2010 and 2020. To facilitate and support this process, the Process Engineering team conducted 20 on-site audits in 2016, identifying numerous areas for improvement.

### Evaluation and certification process

Eurazeo's new premises in Paris have dual environmental certification (HQE Excellent and BREEAM Exceptional), as well as BBC low energy consumption status. These certifications guarantee high environmental and energy performance.

**ANF Immobilier** aims to mainstream environmental certification within its development projects. In 2016, the New Way project in Lyons implemented the standards needed for BREEAM Very Good status. BREEAM certification is associated with a high thermal performance, and highlights the excellent standard of insulation on the building's facade.

The offices of **Groupe Flash's** operational holding company based in Contern (Luxembourg) also have BREEAM Excellent status, which demonstrates the building's very good energy performance.

The environmental management system of Vignal Systems and ABL Lights France, subsidiaries of **Vignal Lighting Group** have ISO 14001 certification for the "design, manufacture and marketing of signaling systems for industrial vehicles" and "design and manufacture of lighting materials" activities.

In 2014, **Desigual's** Nova Bocana boutique in Barcelona obtained LEED (Leadership in Energy and Environmental Design) certification at Platinum level, the highest level available under the system. In 2016, the brand's flagship in the heart of Barcelona also obtained LEED certification at Platinum level. This certification guarantees reductions of over 40% in water consumption and 25% in energy consumption, and the recycling of at least 75% of waste from the construction site.

All of **Europcar's** European subsidiaries have ISO 14001 certification.

In 2016, the **Elis** group strengthened the scope of ISO 50001 certification, which covers energy management. 54 French sites have ISO 50001 certification; two received it in 2016.



## Training and information of employees in environmental protection

In 2016, **Eurazeo** organized three CSR awareness-raising meetings for its portfolio companies, one on CSR reporting and the monitoring of non-financial performance, and two on the Responsible Procurement Program.

In 2016, **Dessange International** launched an online platform for measuring its environmental footprint and sharing best practices across its entire network of hair salons. Salons operating under the Dessange and Camille Albane brands in France and Belgium are already participating in this initiative. Dessange's aim in creating this platform is to raise the awareness of the Group's salons and to assist them in taking practical measures to limit social and environmental impacts.

## Expenditure, resources and measures devoted to compliance and the prevention of environmental risks and pollution

No significant pollution or environmental risks have been identified in direct relationship with Eurazeo SA's activity as an investor.

The absence of compliance issues or provisions means that **Eurazeo SA** did not incur any compliance expenditure the last year, and did not record any provision for environmental risks. Within the portfolio companies, a combined total of more than €108,144 was committed to compliance work in 2016, and €100,000 in provision for environmental risks.

Lastly, neither **Eurazeo SA** nor any of the companies in the Grenelle II law reporting scope paid any compensation in respect of environmental disputes in 2016.

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

Consideration of environmental risks in portfolio companies is dealt with in Section 3.4, p. 199.

## 2.4.2 POLLUTION

### Discharges into the air

	2016
<b>Air emissions</b> (in metric tons)	<b>Eurazeo and subsidiaries</b>
Sulfur oxide emissions (SO <sub>x</sub> )	0.3
Nitrogen oxide emissions (NO <sub>x</sub> )	9.9

The coverage rate for Eurazeo and its subsidiaries was 100% in 2016.

Source of emission factors: Organization and Methods of the National Atmospheric Emissions Inventory of France (OMINEA), Interprofessional Technical Center for the Study of Atmospheric Pollution (CITEPA), 2014.

**Eurazeo SA** does not emit sulfur oxides or nitrogen oxides in the course of its business.

As part of maintenance contracts covering the **Groupe Colisée** sites, boilers, and air-conditioning and mechanical ventilation systems are regularly checked by an approved external agency to limit emissions of particles into the atmosphere. In addition, all sites renovated in 2016 have used depolluting paint, which serves to improve the quality of indoor air.

At its production facility in Caen, **ABL Lights France**, an entity of **Vignal Lighting Group**, has installed a surface treatment system with a mist eliminator to filter emissions into the air.

building in Lyons was fitted with an in-ground 204 cubic meter filtration basin. Connected to the rainwater recovery system, this system can effectively filter storm water.

Aiming to reduce the saline liquid discharges on its Yangzi industrial platform in China, **Novacap** invested in a unit nicknamed "Salty" allowing the platform to reduce waste and establish a circular economy through the recovery of part of the saline discharges of sodium chloride consumed on site, thereby creating 17 jobs and confirming Novacap's key role in this industrial zone.

### Water and soil discharges

**Eurazeo SA** does not produce any water discharge in the course of its business. Moreover, the industrial activities of the portfolio companies included in the Grenelle II regulatory scope in 2016 did not produce significant pollutant discharges into water or soil.

As part of its development projects, **ANF Immobilier** integrates all regulatory requirements and recommendations on soil quality during the building permit application process. In 2016, the New Way

### Account taken of noise and other forms of pollution specific to an activity

**ANF Immobilier** is committed to reducing noise pollution from its development or renovation projects following the recommendations of HQE (High Environmental Quality) consultants. The New Way building in Lyons, for instance, has an acoustic wall that reduces noise emitted by nearby facilities for the comfort of office tenants.



## 2.4.3 CIRCULAR ECONOMY

### Prevention and management of waste

#### Total waste production

Eurazeo SA's annual non-hazardous waste production is estimated at 6 metric tons in 2016, of which 4.6 metric tons of paper and

cardboard (based on ADEME methodology published in 2012 and updated in 2015). Eurazeo SA does not produce a significant amount of hazardous waste.

	2016
<b>Waste production</b> (in metric tons) <sup>(1)</sup>	<b>Eurazeo and subsidiaries</b>
Hazardous waste produced	108
Non-hazardous waste produced	10,794
<b>Total waste</b>	<b>10,902</b>

The coverage rate for Eurazeo and its subsidiaries was 100% in 2016.

(1) ANF Immobilier is not included in this indicator for Eurazeo and its subsidiaries.

#### Waste recycling

Eurazeo SA recycled 3.8 metric tons of waste in 2016, at a cost of roughly €25,706 over the year. In the scope covering Eurazeo and its subsidiaries, 40% of hazardous waste and 20% of non-hazardous waste was recycled in 2016.

At **Dessange International**, action has been taken to reduce the various sources of waste production: at the plant (recyclable waste is fully recycled through 12 sorting channels), in salons (three pilot salons are testing sorting via four specific channels), in various offices around the world (100% of office paper is recycled) and, lastly, through product design (life-cycle assessment of bottles used for one of the group's shampoo ranges to develop an eco-design packaging approach).

At its Gerardmer site (in the Vosges, France), **MK Direct's** Linvosges brand reuses waste fabrics from its production. Pallets in good condition are reused internally, others are donated to be used for heating. Furthermore, all waste from packaging (plastic, cardboard, ties) and office activities (paper, plastic bottles) is recycled. In 2016, Linvosges reused 100% of non-hazardous waste.

Novapex, a subsidiary of the **Novacap** group, was awarded the Pierre Potier Scientific Prize, which rewards innovation in the service of sustainable development. In a goal of diversifying into products with higher value added, Novacap has developed an innovative process in partnership with IFPEN (IFP Énergies Nouvelles) based on the intensification of processes (reactive distillation and heterogeneous catalysis). Moreover, a circular economy was achieved through the use of a hitherto little used co-product developed by another subsidiary of the group. Moreover, this process does not use primary energy from fresh steam, and consumes only secondary steam (recycling), thereby preserving natural resources.

On the site of **Orolia**, in Lanham (United States), all existing waste streams (paper, packaging, plastics, metals, cables) are sorted and processed by a company specializing in recycling. In addition, waste electrical and electronic equipment (WEEE) such as computers is recycled by a local computer company.

#### Waste prevention, reduction and disposal measures

Paper is the biggest source of waste for **Eurazeo**. According to ADEME statistics, an employee in the services industry in France produces between 120 kg and 140 kg of waste on average each year in his or her place of work, of which between 70% and 85% is paper and cardboard.

Eurazeo collects and recycles its main sources of waste, such as paper, plastic bottles and cans. In 2014, a pilot program was also established for the collection and recycling of coffee capsules. In 2016, nearly 4.6 metric tons of paper were collected and recycled by Eurazeo SA and Eurazeo PME. The environmental impact of this initiative is equivalent to saving 78 trees, 138,210 liters of water and 2,534 kg of CO<sub>2</sub>. Eurazeo encourages its employees to use paperless documents and to limit printing. It has also implemented a paperless system for pay slips and other company documents for all employees.

The installation of a microfiltration system to purify tap water directly has allowed Eurazeo to significantly reduce the use of plastic bottles.

To reduce the amount of waste generated by construction sites and the operation of buildings, **ANF Immobilier** has included a specific section in its sustainable sourcing charter. The site of the New Way building stood out by virtue of respect for waste sorting throughout the construction phase.

**Péters Surgical** France takes measures to reduce and eliminate waste at its sites. They include quarterly disposal of hazardous chemical waste, separation of electrical and electronic waste, recycling of paper waste and treatment of contaminated waste. In 2016, Péters Surgical established a specific waste management system for infectious medical activities.

#### Measures to combat food waste

A communication campaign was conducted jointly with the **Groupe Colisée** caterer as part of Sustainable Development Week. The main topics addressed were the preservation of biodiversity and the fight against food waste. Groupe Colisée teams were also given awareness raising on the importance of "portioning food" to stimulate appetite residents while avoiding waste.

At **Léon de Bruxelles**, orders of mussels are managed on the basis of a consumption ratio determined based on the origin of the product and activity. Deliveries are made near-daily, thereby ensuring that customers receive fresh mussels, while limiting losses.

Moreover, work on business forecasts and details of cooking procedures have served to better manage the quantities of all products ordered.

## Sustainable use of resources

### Water consumption and action to optimize water consumption

Water consumption	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Water consumption (in cu.m.)	927	550,734
Amount spent on water consumption (euros)	3,250	1,875,639

The coverage rate for Eurazeo SA was 100% in 2016; for Eurazeo and its subsidiaries, it was 86-100% in 2016.

**Eurazeo** moved into a building boasting HQE and BREEAM certification in early 2016. Efficient and water-saving sanitary facilities were installed in bathrooms and changing rooms to reduce water consumption. They result in the saving of tens of liters per person per day.

Water is a priority issue for any company in the cosmetics sector like **Dessange International**. The analysis of the water necessary for the production of hair and cosmetic products at its industrial site and during the operational phase in salons (everyday use, hair-styling services), has yielded important lessons. The salon networks account for 98% of the 800,000 cubic meters of water consumed annually by the Dessange group, according to the results of the life-cycle assessment conducted in 2015. One hundred percent of directly owned salons and training centers are now equipped with water control devices.

At **Léon de Bruxelles**, restaurant water meters have been read and analyzed weekly since 2013 in order to identify excessive water consumption based on theoretical consumption specific to each restaurant. This approach has reduced consumption by 10% compared with 2012.

Optimizing water consumption was one of the challenges on the extension work on **CIFA's** headquarters. The latest building built is equipped with water-saving sanitary equipment to reduce water consumption by 70%.

### Water supply depending on local constraints

The distribution of freshwater resources is very uneven throughout the world; the risk of shortages can be a source of political and social tension. Water stress analysis can be used to assess the situation by looking at needs in relation to available resources. Eurazeo is attentive to these issues during CSR due diligence, carrying out studies based on recognized indices or relying on specialized firms.

**Dessange International** has conducted an assessment of its vulnerability to water stress. The results highlighted several areas

where the Group operates through franchised salons and those where a risk of water shortage exists, including Belgium, Morocco, Spain, India, South Korea and some areas in the United States. Special attention must therefore be given to the water footprints of these salons.

Permanent access to water is a critical criterion for the laundry business. When establishing new production units, **Elis** conducts hydro-geological surveys to determine whether water can be supplied by drilling or through other sources, so as to bolster its sustainability. It consults the competent authorities to determine the regulatory and technical feasibility of its water supply process.

### Raw material consumption and measures taken to improve the efficiency of their utilization

The activities conducted by Eurazeo and its portfolio companies in the Grenelle II reporting scope did not involve significant consumption of raw materials or natural resources in 2016. No consolidated information can be disclosed due to the variety of the portfolio companies' activities.

**Dessange International** has conducted a pilot life-cycle assessment (LCA) on the Camille Albane range. New packaging was developed in accordance with eco-design criteria thanks to the new approach: the new bottles reduce CO<sub>2</sub> emissions by 35% and cut the impact on biodiversity and water abstraction by 75%.

Vignal Systems, a subsidiary of **Vignal Lighting Group**, is working to reduce the consumption of its two main raw materials, poly-methyl methacrylate and propylene, by measuring daily injection and assembly scrap. Thus, the scrap rate fell by 35% between 2011 and 2016, through action on tooling and injection processes for lights and bonding processes.

### Energy consumption and measures taken to improve energy efficiency

Energy consumption excluding fuel (in MWh)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Electricity <sup>(1)</sup>	322	39,164
Renewable energies	50	18,018
Natural gas	104	34,383
Heavy fuel oil and heating oil	0	1,631
Other energy <sup>(2)</sup>	0	2,119
Total energy consumption	476	95,315
Energy expenditure (in millions of euros)	0.04	8
Share of renewable energies	10%	19%

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) Excluding renewable energies.

(2) Other gases, district heating and cooling.

Fuel consumption (in liters)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Gasoline	3,531	44,454
Diesel	3,368	403,560
Total fuel	6,899	448,014
Fuel expenditure (in thousands of euros)	9	527

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

Eurazeo's new premises boast a very high environmental performance (see p. 124).

The power used across all **Groupe Colisée** sites in 2016 was supplied under a green energy contract. Power derived from renewable sources accordingly covered 100% of electricity consumed, or 13 GWh.

**Fintrax** is very attentive to the energy efficiency of its premises. All the lighting in the Dangan office in Ireland has been replaced by LEDs. This initiative has reduced electricity consumption by over 40%. Moreover, during the renovation of Tully office, also in Ireland, all exterior windows were sealed, and blinds have been installed to improve the insulation of the office.

**Vignal Lighting Group** has taken numerous initiatives to improve the energy efficiency of its new industrial building in the municipality of Corbas (Lyons metropolitan area). The "work" area has a cooling system with very low energy consumption, twice the regulatory minimum for natural lighting, and full LED lighting. Furthermore, heat generated by the air system compressor is used to heat the work area. Vignal Systems has also installed three electric injection presses, whose energy consumption is 65% lower than traditional presses.

All German sites and almost all of **Europcar**'s French sites are supplied with power derived from renewable sources.

**Moncler** has equipped 70% of its stores around the world with LEDs, thereby ensuring energy savings of over 50% compared with the previous lighting systems.

At the end of 2015, **Neovia** installed a biomass boiler on one of its main sites in Vietnam. With a capacity of 5 metric tons of steam per hour, this fully automated boiler uses an abundant local biomass in Vietnam, namely rice husks. The boiler has stopped consumption of fuel oil on site, resulting in an 18% reduction in energy expenditure and bringing total production costs down by 4%.

### Land use and prevention and mitigation measures taken to prevent soil discharges

When a target company has production sites and/or uses dangerous products, Eurazeo integrates land use and impact studies into its due diligence.

## 2.4.4 CLIMATE CHANGE

### Greenhouse gas (GHG) emissions

GHG emissions <sup>(1)</sup> (in metric tons of CO <sub>2</sub> equivalent)	2016	
	Eurazeo SA	Eurazeo and subsidiaries
Measurement of the GHG footprint in the last three years	yes	7
Scope 1 <sup>(2)</sup>	38	8,874
Scope 2 <sup>(3)</sup>	13	3,258
Total	51	12,132
Emissions – energy consumption excluding fuel	34	10,951
Emissions – fuel consumption	17	1,181
Scope 3 <sup>(4)</sup>	554	71,208

The coverage rate for Eurazeo SA and for Eurazeo and its subsidiaries was 100% in 2016.

(1) The emissions factors used to convert the data to CO<sub>2</sub> emissions come from the Intergovernmental Panel on Climate Change (IPCC) 2006 (combustibles and fuel) and the International Energy Agency (IEA) (electricity consumption), in accordance with the methodology of the Greenhouse Gas (GHG) Protocol.

(2) Scope 1 emissions are direct emissions from fuel consumption on site (gas, oil, etc.), fuel consumption in vehicles and leakage of refrigerant substances.

(3) Scope 2 emissions are indirect emissions caused by the generation of electricity, steam, heating or cooling bought and consumed.

(4) This figure includes the Scope 3 emissions of the following companies: Eurazeo SA, Eurazeo PME, ANF Immobilier, Asmodee France, Dessange International, Léon de Bruxelles and Vignal Lighting Group.

### Significant sources of greenhouse gas emissions generated due to the Company's activity, including the use of the goods and services it produces

Eurazeo encourages its portfolio companies to calculate their environment footprint or carry out a carbon audit every three years (see the seven "CSR essentials," p. 118). Since 2014, seven companies (Eurazeo SA, Eurazeo PME, ANF Immobilier, Asmodee, Dessange International, Léon de Bruxelles and Vignal Lighting Group) have carried out such assessments.

In 2014 and 2015, Asmodee and Dessange International conducted life-cycle assessments of all of their activities. These studies helped raise the awareness of teams and draft improvement plans, resulting in targeted initiatives.

In 2016, Eurazeo identified the main sources of greenhouse gas emissions across its portfolio. The three most widespread sources of emissions are employee travel, purchasing and fixed assets. The portfolio companies are taking action to measure and control the key sources of greenhouse gas emissions resulting from the use of their goods and services.

In 2014, Eurazeo updated its carbon audit to determine the biggest emission sources and prioritize corrective measures. The main emission sources are business travel (39% of total emissions, with 240 metric tons of CO<sub>2</sub> equivalent), purchases (32%) and fixed assets.

In view of climate change, **Asmodee** pays close attention to the CO<sub>2</sub> emissions generated by its activities, notably its supply chain, which is the main source of greenhouse gas emissions. Since 2015, Asmodee has shipped some of its merchandise from Asia to Europe by rail rather than air.

**Groupe Flash** has chosen to join the Lean & Green program to reduce fuel consumption and CO<sub>2</sub> emissions related to the

transportation it organizes. In October 2015, the Group was awarded the first star of the Lean & Green program for reducing its CO<sub>2</sub> emissions by 20% in the space of five years.

The use of auto lamps produced by Vignal Systems, a subsidiary of **Vignal Lighting Group**, is the leading sources of its CO<sub>2</sub> emissions. LED lights represent over 30% of annual sales and consume five times less electricity than conventional lights, contributing to the reduction of vehicle fuel consumption.

As part of the launch of the "Group Low Carbon Mission", **Europcar** has estimated its CO<sub>2</sub> emissions. According to the study, 98% of the Group's carbon footprint falls under Scope 3, 78% of which from vehicle use by customers and 12% from car manufacturing. Europcar strives to reduce its carbon footprint and that of its customers. By offering more modern vehicles for rental, the average emissions of the Group's fleet have been falling for several years. They are now below 120 g of CO<sub>2</sub> per kilometer.

### Adapting to the impact of climate change

The activities of Eurazeo and its portfolio companies have not been affected by the direct impact of climate change to date. However, measures aimed at reducing the environmental impacts of their activities are conducted in cooperation with each of them.

Eurazeo aims to be exemplary on its own scope, and is committed to reducing its environmental footprint, as described on p. 124.

Moreover, Eurazeo has given its commitment to managing and reducing greenhouse gases emissions by founding Initiative Carbon 2020 (iC20) with four other private equity companies (see Section 2.2, p. 119).

**AccorHotels** is a founding member of the International Platform for Insetting (IPI) alongside several large groups. Launched publicly in December 2015 to coincide with COP21, the IPI is a collaborative platform within which companies committed to insetting (the development of ecosystem protection projects with a view to adapting to climate change) call on suppliers, project developers, impact funds, academic partners and certification bodies to contribute to the program. A standard was developed in 2016 to allow companies to certify their insetting programs and projects. AccorHotels' Plant for the Planet insetting program is based on the following principle: encourage guests to reuse their towels and allocate 50% of laundry savings to reforestation projects.

**Elis** is committed to limiting its environmental footprint by reducing its emissions of greenhouse gases and better using natural resources. To this end, reverse osmosis units have been installed on the water supply system of boilers, and work continues to insulate critical points in Elis plants. Specific initiatives have also been undertaken on some sites.

## 2.4.5 PROTECTION OF BIODIVERSITY

**ANF Immobilier** believes that the preservation of biodiversity is an integral part of its property development projects. Recommendations by ecologists are factored into new developments. In 2016, the New Way building was equipped with nesting boxes in the trees, and insect hotels allowing the development and preservation of the surrounding biodiversity.

At **Dessange International**, the biodiversity-friendly responsible raw materials sourcing program was stepped up in 2016. A major data collection phase has been established to ensure supplier compliance with the Group's commitments, notably including the evaluation of four main principles: traceability, quality, biodiversity and communities. In 2016, 60% of suppliers integrating the approach signed the Positive Sourcing charter, committing to confining their use of raw materials to those produced in a manner respectful of ecosystems and biodiversity.

## 2.5 SOCIETAL INFORMATION

### → Details relating to this section

This section meets the Grenelle II law requirements and covers a regulatory scope different from the scope of Eurazeo's CSR strategy. A comprehensive methodological note on regulatory reporting is available in Section 2.6, p. 145.

The list of companies reviewed in respect of 2016 and included in the Grenelle II reporting scope is as follows: ANF Immobilier, Asmodee, CIFA, Groupe Colisée, Dessange International, Eurazeo PME, Eurazeo SA, Fintrax, Groupe Flash, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group. The

2016 reporting scope includes the following changes compared with 2015: Foncia, due to its divestment, is no longer part of the regulatory scope; CIFA, Fintrax and Groupe Flash have been consolidated for the first time. These changes preclude trend analysis between 2015 and 2016.

The best practices of portfolio companies performing trial reporting or companies outside Eurazeo's Grenelle II law reporting scope were included in the 2016 report and described in text boxes.

### 2.5.1 TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE ACTIVITY

Eurazeo aims to present a broader vision of its societal footprint to showcase the many different kinds of contributions that companies make to their ecosystem, including the value they create for civil society, in the light of its impacts on ecosystems.

Social footprint (in millions of euros)		2016	
		Eurazeo SA	Eurazeo and subsidiaries
Contribution to purchasing power	Number of employees <sup>(1)</sup>	77	7,090
	Total payroll <sup>(1)</sup>	17	223
Community funding	Employer social security contributions <sup>(2) (3)</sup>	11.6	90.7
	Taxes and duties <sup>(2)</sup>	9.8	57.8
Contribution to economic activity	Purchases <sup>(2)</sup>	17.4	901.8
Contribution to civil society (in thousands of euros)	Amount spent on societal actions – partnerships and sponsorship	345	728
	Number of companies with a Code of Ethics, code of conduct or anti-corruption code	1	8/12
Contribution to the business climate	Number of companies with an Audit Committee <sup>(4)</sup>	1	8/11

(1) Permanent and non-permanent workforce.

(2) Data corresponds to financially consolidated sub-groups (for example, acquisitions made by portfolio companies in 2016 are included).

(3) Fintrax is not included in this indicator.

(4) This indicator is not applicable to CIFA.

Stemming from a partnership between **AccorHotels** and its main supplier of cleaning products, the "Soap for Hope" program locally unites several hotels in the monthly collection of their used soap. The soap is then given to local NGOs trained in disinfection and recycling to be made into new soap to be distributed to the disadvantaged for free. Initiated by a dozen hotels in Thailand in 2014, the Soap for Hope program has now been adopted by more than 100 hotels in five Asian countries, benefiting several thousand people. Building on this success, the Group aims to expand the program to Europe to support disadvantaged populations and refugees.

### 2.5.2 RELATIONS WITH INDIVIDUALS AND ORGANIZATIONS INTERESTED BY THE COMPANY'S ACTIVITIES

#### Conditions of stakeholder dialogue

Governance is one of the pillars of **Eurazeo's** CSR strategy, underscoring the Group's belief that governance is a key factor in the success and survival of businesses. Stakeholder dialogue is an essential ingredient of good governance.

In 2015, Eurazeo SA updated its stakeholder mapping. The approach is described in detail on p. 98.

2016 was another eventful year for Eurazeo in terms of interactions with its shareholders and institutional investors. Thirty-nine days were devoted to roadshows and conferences covering Europe, North America and Asia. In 2016, over 357 interviews were conducted with nearly 450 institutional investors, including one roadshow and several meetings with SRI (socially responsible investment) analysts and fund managers sensitive to these issues. This strategy of dialogue with the financial community is a pillar of our investor relations.

**ANF Immobilier** won two awards at the 2016 European Public Real Estate Association (EPRA) conference. These awards recognize the most significant improvement in sustainability and the quality of the non-financial CSR information communicated by ANF Immobilier.

**Groupe Colisée's** dialogue with its stakeholders uses several channels of communication: the various advisory bodies, through which clients and their relatives are consulted, satisfaction surveys performed among clients and their families, as well as legal and regulatory resources such as the welcome booklet, operating rules or charters, the Groupe Colisée website and the My Colisée application, Groupe Colisée's own secure private social network for residents, friends and families.

To allow young employees (aged under 35) to participate in building the Company's future, **Péters Surgical** has established a new "Future Committee" aimed to assembling avenues of innovation for the future. The 10-person committee took part in a preparatory meeting and a three-day seminar. The key modernization thrusts identified by the committee were presented to the Steering Committee.

## Partnership and corporate sponsorship actions

### *Eurazeo, promoting education*

In the firm belief that education is a fundamental vector for development and a growth driver for the future competitiveness of the economy, Eurazeo began taking initiatives in favor of education in September 2015.

Innovative projects developed with NGOs and teachers have been set up in the fields of reading, tutoring, commitment among young teachers and the provision of school materials. The aim shared by these initiatives is to fight against academic failure; all initiatives are subject to regular performance assessment and monitoring.

### Learning to read and tutoring

In view of the importance of good reading skills as a prerequisite for success at school, Eurazeo has provided support for a specific program allowing children to learn to read using a digital application. The project is conducted in partnership with *Agir pour l'École*. Eurazeo has already financed the equipment of 20 classes of the 19<sup>th</sup> arrondissement of Paris, Calais and Evry with educational materials and tablets, allowing more than 600 children benefit from this learn-to-read project since 2015.

A second program has been developed in the form of tutoring with the *Apprentis d'Auteuil*. It allows pupils to receive personalized help with their homework. Since the start of the 2015-2016 school year, more than 70 pupils have benefited from this unique tutoring.

### Foster the commitment of young graduates and provide school equipment

In 2016, Eurazeo broadened its social commitment by supporting *Teach for France*, which advocates an original idea to foster greater equality in schools. The association offers young volunteer graduates the chance to fill vacancies in France's Education Department in schools located in priority education networks. The class of 2016 has 29 students, who are now working in middle schools in the Seine-Saint-Denis and Val-de-Marne departments.

The second initiative, *Les cartables garnis* (Full school bags), set up with *Agence du Don en Nature* (ADN) allowed Eurazeo to donate essential school supplies for the 2016-2017 school year to more than 8,000 children from families experiencing great hardship.

Lastly, the *Martine Aublet Foundation* received Eurazeo's financial support to fund scholarships for doctoral students.

Eurazeo has also maintained its long-standing commitments to several organizations such as *Institut Gustave Roussy*, the leading center in the fight against cancer in Europe, and *Human Rights Watch*, an international NGO whose purpose is to promote and act in favor of the defense of human rights. Virginie Morgon, Deputy CEO of Eurazeo, is a member of the *Human Rights Watch* Support Committee in Paris.

<b>2004</b> Beginning of Eurazeo's sponsorship	<b>€3m</b> devoted to NGOs	<b>19</b> NGOs supported by Eurazeo	<b>4 years</b> Average duration of support to an NGO
<b>2015</b> Start of the Eurazeo Education Program	<b>€0.7m</b> devoted to education	<b>6</b> NGOs working in the field of education	<b>8,815</b> Children and young people benefiting from the education program



	2016
<b>Financial support</b> (in thousands of euros)	<b>Eurazeo SA</b>
Amount allocated to social and educational patronage	345
Amount allocated to think-tanks, forums and institutions	232
Amount allocated to cultural patronage	28
Amount allocated to professional bodies	114
<b>Total amounts allocated</b>	<b>719</b>

Eurazeo and its subsidiaries together also allocated more than €700,000 to associations and NGOs and supported a total of 61 organizations in 2016.

The economic and social unit formed by **Asmodee** in France launched ASMO'DAY in 2016, organizing a solidarity operation in partnership with *Agence du Don en Nature* (ADN). Fourteen Asmodee France employees were involved in the initiative, which saw nearly 7,400 games distributed to disadvantaged children in partnership with local associations.

**Léon de Bruxelles** has partnered with *Action Enfance* for over eight years, providing total support of more than €350,000. The association provides a home for children (brothers and sisters) at risk, and protects and educates them from early childhood to adulthood. In 2016, the sale of "mold clips" by Léon de Bruxelles restaurant teams raised nearly €17,000 for the association.

In 2016, **Péters Surgical** donated more than 7,000 products. Some of these donations went to *Chaîne de l'Espoir*, a French NGO that helps needy children in France and internationally by providing them with access to medical care. Other donations were sent to a humanitarian organization in Rwanda.

In 2014, **Desigual** launched eDuo, its sales training program that combines theoretical training in school with practical training in stores. In the same year, Desigual signed a tripartite agreement with the government of Catalonia, three vocational secondary schools and a local NGO partner. The first beneficiaries were mostly students at risk of social exclusion. Seventeen students graduated in 2016; eight of them were hired in the Desigual stores in Barcelona.

### Photography patronage

In 2016, the seventh edition of the Grand Prix, "A photographer for Eurazeo," took the theme of "New Horizons."

The competition, created in 2010, rewards the work of a professional or student photographer on a given theme.

For over 10 years, Eurazeo has provided support for photography, notably through the acquisition of original works displayed on Eurazeo premises and featured in our Annual Report.

## 2.5.3 SUB-CONTRACTORS AND SUPPLIERS

### Inclusion of social and environmental issues in the procurement policy

#### Responsible procurement policy

Intellectual services account for more than 50% of **Eurazeo SA's** purchases, followed by equipment, office supplies and services, and transportation. All paper consumed is sourced from forests certified for their sustainable management.

During due diligence, Eurazeo pays particular attention to the purchasing policy, and to compliance with the conventions of the International Labour Organization (ILO) across the entire supply chain, conducting reviews adapted to the challenges and risks specific to each industry.

Responsible procurement is one of the key areas that Eurazeo has sought to strengthen in its portfolio companies. For this purpose, a specific "responsible procurement" working group has been offered to companies since 2015. Depending on the relevant issue, the responsible purchasing working group brings together the purchasing managers, legal counsels and CSR managers of all portfolio companies. It met twice in 2016. The topics addressed were the means of monitoring the implementation of a responsible purchasing process (questionnaires and audits) and mapping and analysis of the "materiality" of supplier and raw material risks.

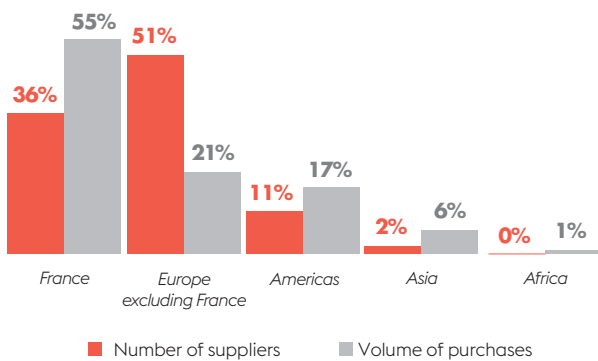
As part of this working group, Eurazeo SA also formalized the integration of CSR issues into its purchasing policy by establishing a business relationship code of conduct in cooperation with a specialized law firm. Serving as the framework established by Eurazeo for all business relationships, it contains 16 commitments bearing on human rights, respect for the environment and business ethics. At a dedicated meeting, the code was made available to portfolio companies. At the end of 2016, seven companies of the 12 included in the regulatory reporting scope had already established a business relationship code of conduct.

For the third consecutive year, dedicated responsible purchasing indicators were included in CSR reporting. This reporting notably allows a survey of suppliers based on their number, the volume of the relevant purchasers and their geographical breakdown.



## Suppliers' geographical breakdown

Eurazeo and its subsidiaries



**ANF Immobilier** ensures the mainstreaming of CSR challenges throughout the life cycle of real estate projects. The responsible purchasing charter written in 2015 was distributed among the Company's biggest suppliers in 2016. It serves as the framework for relationships between the Company and its business partners, and must be signed by both parties when concluding or renewing a contract. To take account of specific aspects resulting from real estate activity, a work and site charter for the preservation of the environment and the well-being of people has also been set up, and a rental and technical management charter for managers has been established to promote the sustainable management of buildings.

**Dessage International** launched its *Positive Sourcing Phytodes* approach to responsible sourcing of natural raw materials in 2015. This approach has allowed the establishment of a Positive Sourcing charter assessing potential "supplier risk" in respect of CSR, and the adoption of a questionnaire to incorporate CSR criteria into the selection and evaluation of suppliers. The *Positive Sourcing* approach continued in 2016 with the assessment of 75% of supply chains, the drafting of an audit grid and the signing of the Positive Sourcing charter by 60% of the suppliers in the program.

**Groupe Flash** has an extensive network of transportation providers, and aims to build lasting relationships based on trust. A recent survey highlighted a low rate of supplier turnover and a high level of satisfaction – more than 74% – with their relationship with Groupe Flash. The Group also considers that it has a responsibility to its transportation providers, paying particularly close attention to payment terms. Groupe Flash provides them with a portal offering operational training on good driving practices, safety rules, navigation, the use of equipment or risk of accidents and theft. Suppliers are selected on the basis of several criteria including country, price and quality of previous transportation. Lastly, Groupe Flash promotes the use of suppliers complying with the latest European standards in terms of CO<sub>2</sub> emissions.

### Importance of subcontracting

**Eurazeo** does not subcontract in the normal course of its business.

## 2.5.4 FAIR TRADE PRACTICES

### Actions taken in the fight against corruption

The application of best practice in terms of ethics is a commitment under Eurazeo's responsible shareholder policy. It is part of a process aimed at developing a robust and exemplary governance model. In this process of continual improvement, Eurazeo encourages its portfolio companies to implement best practice in the detection and prevention of fraud and corruption. At the end of 2016, eight companies of the 12 included in the regulatory reporting scope had established Codes of Ethics or professional conduct.

Eurazeo has prepared a guide to anti-fraud and anti-corruption best practice. It provides a reference framework, and aims to help portfolio companies build a culture of integrity by training staff on the ethical conduct expected of them. It also serves as a methodological tool in the implementation of anti-fraud mechanisms.

In 2015, Eurazeo published a Code of Ethics that includes commitments on compliance with and support for human rights. Eurazeo ensures compliance with ethical principles governing its activities, and is committed to upholding the highest standards in the conduct of its business. Eurazeo further seeks to raise awareness of ethical behavior among staff and stakeholders.

The Code of Ethics addresses Eurazeo'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.), but also with regard to its business partners, shareholders and investments. It also identifies the various issues and situations that employees and stakeholders are liable to face, indicating the procedure to follow and whom to contact. The Code of Ethics has been signed by all Eurazeo employees; it is available to all stakeholders on the [www.eurazeo.com](http://www.eurazeo.com) website.

**Fintrax** carries out its operations in accordance with the Group's policies related to business ethics, anti-bribery, anti-corruption and anti-money laundering. The Group also has a whistleblowing policy that ensures efficient and secure communication channels. Mandatory training in these policies is being deployed.

**Péters Surgical** has established a charter of good business practices, circulated to all sales and marketing staff, to formalize its commitment to conducting its activities ethically and responsibly. Péters Surgical is committed to upholding this charter throughout the Group in France and internationally, and to sharing its principles with customers.

Keen to be a partner recognized for its practices in ethics and compliance, **Novacap** manages its activities through a Compliance Committee. Key actions already undertaken by the committee include the implementation of a training program on all sites on the code of conduct and the performance of non-compliance risk mapping.

In 2016, **Orolia** published its Code of Ethics, which covers its commitments in the fight against corruption and in favor of human rights. Orolia has strengthened its zero-tolerance policy in relation to corruption and fraud, and undertaken to act professionally, fairly and with integrity in all its business dealings.

### Measures in favor of the health and safety of consumers and customers

The management of safety risks is a priority for **Groupe Colisée**, and notably involves the identification and prioritization of risks, the search for the cause when risks materialize, the implementation of action plans and the assessment of risk management processes. A number of tools have been developed to help network facilities manage their risks. They include a crisis management procedure, an adverse event management procedure, tools and procedures regarding the risks related to health and hygiene, a self-assessment tool regarding risks related to the circuit of drugs, and procedures related to public building status.

At **Léon de Bruxelles**, mussel suppliers are certified in accordance with a framework specific to the Group, built on the basis of a quality management system and detailed specifications. Hygiene audits are conducted at least four times a year in each restaurant by a specialized provider. The process includes sampling of products within restaurants. Internal audits designed to verify compliance with indoor and cooking processes are included in these procedures. Hygiene training is also provided in restaurants and in the Léon de Bruxelles training school.

### Action taken in favor of human rights

**Eurazeo SA's** code of conduct in respect of business relations commits the Group's business partners to respect for human rights in the employment relationship. Partners undertake to promote, respect and enforce human rights in the context of their professional activities. They must ensure that the working conditions of their employees comply with applicable local and international laws. In particular, business partners must undertake to prohibit child labor, forced labor or slavery, to pay fair compensation, to establish decent working hours, to ensure the absence of discrimination, harassment and inhuman treatment, to protect health and to ensure health and safety in the workplace.

At **Groupe Flash**, transportation providers are periodically required to provide a certificate of payment of social security contributions and to comply with the minimum wage in the country concerned. This certificate is also required at the beginning of any contractual relationship between the Group and a transportation provider.

**Fintrax** conducts most of its business in countries with low risk of human rights abuses. It has nevertheless adopted a policy to ensure compliance with UK law against modern slavery in its operations around the world. The obligations under this regulation apply to Fintrax's entire supply chain.

## 2.6 METHODOLOGY

As a listed company, Eurazeo is required to provide consolidated CSR reporting, including all of its portfolio companies across 100% of its consolidated financial scope, in respect of fiscal 2016. Thus, all majority-owned portfolio companies participate in CSR reporting.

Eurazeo's reporting is part of its overall CSR approach, which goes beyond regulatory obligations. The annual CSR reporting campaign is organized in several stages stretching from October to May: (1) preparation of reporting; (2) collection and verification of data; (3) consolidation and auditing of data; (4) publication of reporting; (5) sharing of results with investment teams and the management teams of portfolio companies; and (6) drafting and monitoring of action plans.

The CSR reporting methodology used in 2016 is in material respects the same as in 2015.

For questions concerning Eurazeo's CSR report, please contact [rse@eurazeo.com](mailto:rse@eurazeo.com).

### 2.6.1 REPORTING SCOPE

#### Period and frequency

The report covers the calendar year from January 1 to December 31, 2016. Eurazeo's CSR report has been included in its Registration Document every year since 2011.

#### Scope

The reporting focuses on Eurazeo SA and the majority-owned companies present in its portfolio from January 1 to December 31, 2016, in accordance with the rule laid down in the Grenelle II law.

The indicators consolidate the data for Eurazeo and its portfolio companies. Information relating to Eurazeo SA is presented separately for clarity. Reference to "Eurazeo SA" covers Eurazeo's activity in France; it excludes Eurazeo PME.

**Reference to "Eurazeo and its subsidiaries" includes the following companies: Eurazeo SA** (operations in France), **ANF Immobilier, Asmodee** (operations in France, the United Kingdom and the United States), **CIFA** (excluding social and governance indicators), **Fintrax** (operations in Ireland and the United Kingdom), **Eurazeo PME, management company and its subsidiaries, Groupe Colisée** (operations in France), **Dessange International** (operations in France and the United States), **Groupe Flash** (operations in France, Germany, Luxembourg, Poland and the Netherlands), **Léon de Bruxelles, Péters Surgical** (operations in France and Thailand) and **Vignall Lighting Group** (operations in France and the United States).

The 2016 reporting scope includes the following changes compared with 2015: due to its divestment, Foncia is no longer part of the scope; CIFA, Groupe Flash and Fintrax have been consolidated for the first time. These changes preclude trend analysis between 2015 and 2016.

The rules for the inclusion of disposals and acquisitions are identical for Eurazeo's reporting and the reporting of contributing investments:

- disposals made during the course of the year are removed from the 2016 reporting scope;

- acquisitions made during the course of the year are not taken into account in reporting in respect of 2016. They will be included in 2017 reporting;
- reporting is broken down by entity; each entity is responsible for producing its non-financial data.

The following companies performed trial CSR reporting in 2016: Orolia, MK Direct and Novacap. Accordingly, all companies majority owned by Eurazeo and Eurazeo PME performed CSR reporting. The data of the companies performing trial reporting are not consolidated in this report.

In addition to regulatory reporting obligations, the most relevant information and best practices of portfolio companies performing trial reporting (see previous paragraph) or companies outside Eurazeo's Grenelle II law reporting scope (AccorHotels, Desigual, Elis, Europcar, Moncler and Neovia) were included in this report in boxed text.

The 2016 Grenelle II law reporting scope ("Eurazeo and its subsidiaries") covers a total of 12 companies, breaking down into 27 separate entities in 10 countries, involving approximately 86 contributors.

### 2.6.2 ORGANIZATION OF REPORTING

The reporting approach is set out in a protocol customized by each company.

#### Data collection

In every company, the relevant departments manage the collection of non-financial data. Eurazeo's CSR Department subsequently coordinates the process and consolidates the information.

#### Reporting tool

To collect and consolidate non-financial information, Eurazeo used an online collection, processing and consolidation tool for quantitative and qualitative data. The CSR reporting tool sets out the indicators in four areas: environmental impact, social and societal impact, purchasing, and governance.

#### Data control, consolidation and verification

In each company, unit managers carry out the necessary checks to ensure the accuracy and reliability of the data. Local managers perform initial validation of the data using the reporting software. The software also contains the data from previous years to facilitate consistency checks, with an alert system when a 10% variation appears between the current year and the previous year. Each indicator is accompanied by a precise definition in French and English.

At Eurazeo, several internal controls have been established to ensure data reliability:

- consistency check with the data of the previous year;
- automatic calculation of ratios and totals in the software;
- comparison with market and/or external data.

Lastly, the consolidated data are also subject to consistency checks on consolidation. PwC, a Statutory Auditor appointed as an independent body by Eurazeo, reviewed the CSR information published in this report. Its opinion is provided in Section 2.7, p. 147.

### 2.6.3 CHOICE OF INDICATORS

Eurazeo's choice of CSR indicators is aimed at achieving two main objectives: managing the CSR performance of Eurazeo and its portfolio companies, and meeting reporting obligations as laid down by the Grenelle II law. The indicators are reviewed annually in a process of continuous improvement and to ensure the relevance of the indicators for the businesses conducted by Eurazeo and its portfolio companies. In 2016, Eurazeo's reporting framework comprised nearly 160 quantitative and qualitative indicators.

The indicators formulated as yes/no questions are consolidated in accordance with one of the following two methods: (1) the answer is deemed to be "yes" for a company when units responding "yes" within the Company represent more than 50% of its reference scope (revenue for environmental indicators and total workforce for social indicators); or (2) only the holding company's response is taken into account.

#### Frameworks used

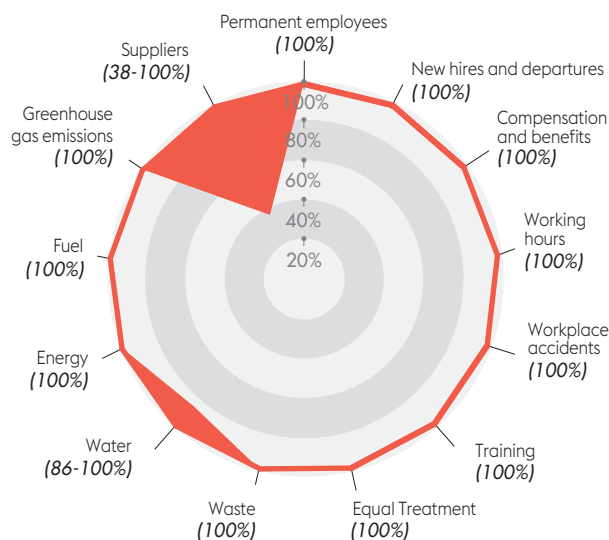
The indicators were defined by Eurazeo in accordance with the Grenelle II law requirements in collaboration with the Statutory Auditors and the portfolio companies. Eurazeo also took into account the Global Reporting Initiative (GRI) and the Advanced Level of the United Nations Global Compact. A cross-reference table (see p. 422) details references to the different standards used: Grenelle II law, GRI 4, Global Compact Advanced Level and AFIC ESG charter.

### 2.6.4 COVERAGE RATE

The data cover all or part of the total scope. For this reason, a coverage rate is calculated for each indicator. It is calculated on the basis of a reference scope completed by each reporting entity: revenue (environmental component), total workforce (social component) and total purchases (purchasing component). For each indicator, the contributor enters the scope covered, which allows the coverage rate to be calculated (equal to the scope covered divided by the reference scope). Thus, when data are not available for an entity, its coverage rate is 0%.

Some indicators are not applicable to the business lines of certain entities that have no industrial activity. The entities for which these indicators are not applicable are removed from the associated coverage rates.

#### 2016 CSR REPORTING: COVERAGE RATES BY TOPIC FOR THE SCOPE DEFINED BY THE GRENELLE II LAW FOR EURAZEO AND ITS SUBSIDIARIES



### 2.6.5 METHODOLOGICAL DETAILS AND LIMITATIONS

The methods used to calculate some indicators may have limitations due to:

- the absence of internationally recognized definitions (e.g. status or types of employment contracts);
- the limited availability and/or absence of certain underlying data required for calculations, creating the need for estimates;
- difficulties in collecting data.

When information is not available within the time limit, the most realistic estimate possible must be made. Estimated data must be clearly identified as such, and the methodology used to make estimates explained in the collection tool. Several methods may be adopted, including:

- estimate of information over the closest known rolling 12-month period to the closing date;
- estimate of information known partially for the period closest to the period under review extrapolated to reflect a period of 12 months;
- extrapolation based on a close reference or from a known and comparable sub-sample or the previous year.

## 2.7 REPORT OF ONE OF THE STATUTORY AUDITORS DESIGNATED AS INDEPENDENT THIRD-PARTY, ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

9

*This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditor of Eurazeo SA, appointed as an independent third party and certified by COFRAC under number 3-1060<sup>(1)</sup>, we hereby report to you on the Consolidated social, environmental and societal information for the year ended December 31, 2016, presented in the Management Report (hereinafter the "CSR Information"), in accordance with Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

### RESPONSIBILITY OF THE COMPANY

The Chairman of the Executive Board is responsible for preparing the Company's Management Report including with the provisions of Article R. 225-105-1 of the French Commercial Code (*Code de commerce*) and with the 2016 CSR reporting (hereinafter the "Guidelines"), summarized in the Management Report in Section 2.6 "Methodology" and Company's head office.

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of Ethics governing the audit profession and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with ethical rules, and applicable legal and regulatory texts.

### RESPONSIBILITY OF THE STATUTORY AUDITOR

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the Management Report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of six people between October 2016 and March 2017 and took around four weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed the procedures described below in accordance with the decree of May 13, 2013 determining the conditions in which the independent third party performs its engagement and the professional standards of the National Society of Auditors applicable to this engagement and with ISAE 3000 concerning our conclusion on the fairness of the CSR Information<sup>(2)</sup>.

(1) The scope is available at site [www.cofrac.fr](http://www.cofrac.fr).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.