The Coface Group has made a commitment to cooperate in the field of corporate, environmental and societal issues for several years now. In 2003, it joined the United Nations Global Compact, through which it supports in its sphere of influence the ten principles of the Global Compact relating to human rights, international labour standards and the fight against corruption. Coface's human resources (HR) policy reflects its economic and corporate plan. It contributes to and accelerates the Coface Group's strategic transformations, while ensuring the development and engagement of its employees. The activity of Coface, a service-sector company, has a very limited direct impact on the environment. Nonetheless, the Coface Group is committed to environmental protection and sustainable development issues, and works on its indirect impacts, particularly with the management of its assets.

Carrying these principles even further, in 2015, Coface's general management created the role of Group Corporate Social Responsibility (CSR) manager, which is handled by the Corporate Secretary to ensure the monitoring of actions undertaken and those to be undertaken in this field by all Coface entities. In 2020, the Coface Group drew up a medium-term company-wide CSR plan, which is an integral part of its strategic plan and aimed at better integrating social, environmental and societal issues into its operations and businesses. The Coface Group has set up various working committees composed of members of its Executive Committee and structured around the following four areas: (i) "Coface: a responsible employer", (ii) "Coface: a responsible player", (ii) "Environment and sustainability" and (iv) "Culture of responsibility".

- As a responsible player, Coface seeks to contribute to environmental protection by improving the CSR rating of its investment portfolio and introducing a factor related to environmental protection in its risk underwriting policy.
- As a responsible employer, Coface is working to align gender equality initiatives in all of its geographical regions and to fight against discrimination.
- The purpose of the Environment and Sustainability Committee is to analyse the impact of the energy transition on our own risks, define our risk appetite and reduce our environmental footprint.
- Lastly, the purpose of the committee dedicated to the culture of responsibility is to promote awareness of CSR challenges at all levels of the Company.

In 2020, the global health crisis linked to the COVID-19 pandemic has profoundly altered the Company's organisation in the social, environmental and societal fields. As a result of the widespread use of teleworking, Coface has had to adapt by rethinking certain aspects of its organisation and initiating thinking on adapting the Group's actions, particularly in human resources. The consequences of teleworking have had a significant impact on the environmental data reported this year.

The reporting scope has been significantly expanded with the addition of five countries. It now includes France, Germany, Italy, Spain, the United Kingdom, Poland, Morocco, the Netherlands, Austria, Romania and the United States.

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

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

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

1. definition of the scope for non-financial risks: identification of risks and challenges with potentially significant impacts on the Group, or which the Group represents for society in general.
2. this scope has been defined based on the findings from its CSR reporting for the last few years, in consultation with the Risk Department. A restricted scope of risks and challenges was then defined by the Group to ensure the consistency of its mapping with its business sector, geographic locations and core challenges;
3. risk assessment: each risk was assessed using an approach consistent with that implemented by the Group's Risk Department. All risks were rated based on two criteria: the inherent level of the risk occurring and the level of control over this risk;
4. risk prioritisation: based on the assessments, the Group identified and ranked ten priority non-financial risks, which were approved by the competent departments.

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

SIGNIFICANT NON-FINANCIAL RISKS	DESCRIPTION OF THE RISK AND IMPACT	POLICIES AND ACTIONS TO REDUCE THE RISK	UNIVERSAL REGISTRATION DOCUMENT REFERENCE
Attracting and retaining talent	• Management of talent and employee well-being • Impact on service quality and loss of value for the business	Coface has put in place action plans to attract and retain talent, as well as training plans for all its employees. Coface has developed international occupational mobility initiatives and encourages functional mobility. The Company has also implemented monitoring for the development of its high-potential employees.	Sections 6.1.3 and 6.1.5
Employee engagement	• Employee engagement • Skill recruitment requirements • Training to adapt employees' skills in line with the Group's changes • Impact on service quality and loss of value for the business	In 2017, 2018 and 2020, Coface measured its employees' satisfaction and engagement with a survey. This enables it to draw up action plans and work in line with a continuous improvement approach.	Section 6.1.5
Diversity and equal opportunities	• Diversity and equal opportunities • Impact on service quality and loss of value for the business	Coface is leading several programmes to ensure gender equality, the promotion of employment for people with disabilities, and the development of a non-discriminatory universe for LGBT+ people.	Section 6.1.4
Risks related to the coronavirus epidemic	• An exceptional event • Impact: negative impact on Coface's business activity	Coface has insurance coverage and business continuity plans. Coface has estimated the impact of this risk on credit risk, the risk on premiums collected, and the risk associated with the investment portfolio.	Section 5.2.5
Risks relating to corruption	• Acts of corruption • Impacts: disputes, penalties or withdrawal of the right to operate under licence	Coface has put in place an Anti-Corruption Code of conduct, supported by a training and awareness programme for all employees, procedures for assessing business partners, and accounting controls.	Section 6.3.6
Risks relating to tax evasion	• Transfer of assets to a country where the tax burden is lower in order to avoid a tax expense • Impacts: penalties against the Company	The KYC (Know Your Customer) procedure and monitoring approach are strengthened when the local entity is located in a tax haven. Coface complies with the tax laws applicable in the jurisdictions where the Group operates.	Section 6.3.6
Risks relating to data protection and cybersecurity	• Loss of confidentiality, integrity or availability of the insurer's information systems and data, whether internal or outsourced. • Impacts: financial consequences on the Group's results, customer complaints, non-compliance or civil liability for our senior managers due to a major failure in IT systems (*e.g.* illegitimate access or cyberattack resulting in the disclosure of information or business interruption).	At the Group Risk Division, the Chief Information Security Officer (CISO) defines the Group cybersecurity risk management policy. He or she manages the Group Information Systems Security and Business Continuity Committee and participates in Group Risk Committee meetings chaired by the Chief Executive Officer. The Group Head of IT Security adapts these policies into operational security procedures.	Sections 5.2.5 and 6.3.6
Risks relating to failure to adapt the activity to environmental challenges	• Implementation of an internal environmental policy (water, energy, paper) • Impacts on the Company's image and reputation	Coface is committed to reducing its water, energy, paper and fuel consumption.	Section 6.2
Risks relating to the failure to adapt to changes in asset management practices	• Socially responsible investment policy • Impacts on the Company's image and reputation	Coface has set up reporting systems to measure and reduce the carbon footprint of its investment portfolio.	Section 6.3.5

6

6.1 CORPORATE INFORMATION

6.1.1 Human Resources and performance development policy

Each year, the Group Human Resources Department reviews and shares all of its governance principles with its contacts in Coface regions and countries; these principles are presented together with the overall HR strategy. The goal is to adopt a common vision of the organisation of the function, its challenges and the application of its policies, particularly regarding Talent Reviews and succession plans, the compensation policy and HR support for the businesses.

Introduction

The objectives of the Human Resources function were significantly reoriented in 2020 as a result of the health crisis. This led us to prioritise the safety and health of employees, implementing teleworking widely as soon as the local health context so required. Consequently, between 70% and 95% of the Company has been working from home since mid-March. The new work organisation structures have had to be redesigned, and support for their implementation has become a priority. This support was widely appreciated by employees, as demonstrated by our engagement surveys. Digital training on new managerial skills has been developed. Managers have also been trained on tools and management methods to ensure team cohesion and take into account the mental health of employees during these periods of anxiety and uncertainty. Some initially planned objectives have been postponed, such as the implementation of an overall HR Management System (HRSI). Other objectives have been strengthened in the light of the health crisis, and notably support for cultural change. The cultural transformation project within the framework of Fit to Win has proved essential during this crisis period and shown its usefulness. In particular, the discipline of risk management has proved essential. The ability to adapt quickly and the agility introduced in our corporate culture have been particularly necessary to cope with the impacts of the crisis. The quality of the managerial culture and the sense of responsibility that we have developed in recent years have also proved critical in supporting the teams and maintaining cohesion and engagement through uncertainties. In 2020, we focused our efforts on diversity and inclusion, the cornerstones of an effective global culture that a society such as ours, with its extensive geographical and cultural diversity, is duty bound to maintain.

In a further important development this year, the Group's social indicators were redesigned to become more relevant given the new reporting scope. Coface sought to favour indicators that are monitored centrally and more consistent with the Group's strategy. As such, the emphasis was placed on the gender equality index and the employee engagement score, as well as the number of employees on international transfer assignments in 2020 and the number of new international transfer assignments during the year. Quantitative training indicators (number of people trained and number of training hours) have therefore been discontinued, though countries continue to monitor them at local level.

6.1.2 Managing the impact of the health crisis

Employee safety a priority at the start of the health crisis

Given Coface's international presence, the health crisis began for Coface employees in China and then for all employees in Asia. Very quickly, employees in the region started working from home, reducing and then halting all travel outside the region, and then within the region. The crisis then spread, with an acceleration in mid-March 2020, when almost all employees were put on teleworking.

As the risks increased, crisis units met daily in each of the regions concerned, enabling a highly proactive response to developments in the health situation. Call-tree procedures were reactivated, IT was equipment tested, and the very sudden ramp-up of teleworking took place smoothly. This enabled the Company to continue its business activities, including in particular a global risk action plan, carried out in an extremely short time considering its scale.

The crisis units also coordinated communication and travel recommendations, closely monitoring the health situation. Lastly, they managed the safety protocols specific to each workplace, as well as cleaning, access and attendance recommendations.

This extremely local management by the risk and human resources teams was applauded extensively by our employees in the *My Voice* engagement survey administered in June. Seventy-seven per cent of our employees considered the Company's management of the health situation to be satisfactory in terms of safety and health.

A new work organisation system

Logistics aspects

The widespread implementation of teleworking was supported by the "business technology" teams, which simultaneously led several projects regarding the provision of laptops for all staff, the security of communications, and the management of IT and telephone infrastructures and resources. Since then, these teams have gradually improved our digital working tools.

Almost all workstations proved compatible with teleworking. Through the efficient organisation of IT, the adaptation of processes to teleworking, and the use of new technologies (especially electronic signatures), the Company was able to continue its business with no significant obstacles and with normal productivity standards. In June, 85% of our employees considered that teleworking tools were effective (My Voice survey, June 2020).

/ HOW COFACE EMPLOYEES PERCEIVED THE ORGANISATION'S RESPONSE TO THE CRISIS

Concern & connection **79%**

Senior Leadership Response **83%**

Employee Wellness/ Health/Safety **77%**

Virtual Work Effectiveness **85%**

This organisation of remote teams was accompanied by a large-scale internal communication system largely exceeding service needs. We significantly strengthened communication channels to maintain closely-knit teams and committed employees, driven by a strong sense of belonging to working groups, while preventing the risk of isolation. Each region thus initiated a special survey of all employees on specific aspects relating to moral and mental health. These surveys supplemented the annual My Voice survey cited above. They served to identify avenues for improvement in the communication plan. In a more in-depth manner, subsequent to these surveys the regions have developed processes for connecting with employees, such as:

- an increase in digital meetings bringing together all employees, to strengthen top-down internal information and to increase meetings by function, to strengthen bonds and share best practices remotely;
- a system of interviews conducted by Human Resources in the Western Europe region, in which employees in the teams were contacted individually to discuss their morale, any potential isolation some of them might feel, or any excessive workloads that could potentially induce stress. Approximately 300 employees were contacted during the first lockdown. The interviews were repeated during the second lockdown, particularly targeting individuals whose managers informed us as potentially subject to a risk of isolation;
- the MAR region rolled out an app called "How are you?" to help identify stress or isolation situations;
- most managers have been trained in remote management, with a particular focus on identifying and managing isolation and stress situations. Nearly 150 managers in France attended a day-long training session, including role playing, to learn how to react in these situations;
- the CLIC virtual training platform was also used to share best practices on remote management through recorded webinars from different parts of the world.

Social dialogue was strengthened with the negotiation of agreements on how to support teleworking. These meetings gave rise to in-depth discussions with the social partners and genuine cooperation, particularly in France and Germany, both during the health crisis, concerning the adoption of the new work organisation, and, in the longer term, the future organisation once the crisis is over. In France, an agreement on teleworking was signed in 2020 and two signatures took place at the beginning of 2021. In Germany, 35 agreements were signed with the various works councils.

Some sites, such as the Bois-Colombes head office, took advantage of vacated offices to carry out renovations of common spaces (setting up a bicycle parking area, reorganising the canteen, refreshing the reception hall, creating a gym, etc.)

6.1.3 Supporting and reinforcing business

Introduction

Looking beyond the health situation, 2020 was a pivotal year with the launch of the Build to Lead plan. The plan involved the launch of numerous strategic initiatives. To that end, the human resources teams managed social and organisational aspects and the development of specific skills, either through training or by calling on new experts and managers from outside the Company.

A few figures representing the reality of our business

The following data come from the Group's HR reporting tool, available online. The database is updated in real time and receives a steady flow of data from local HR managers in the countries. The information is consolidated on the last business day of the month, enabling the production of monthly scorecards. This reporting includes the individual contract, activity, business and length-of-service data for each legal entity of the Group, as well as information on the hierarchical links between the various positions.

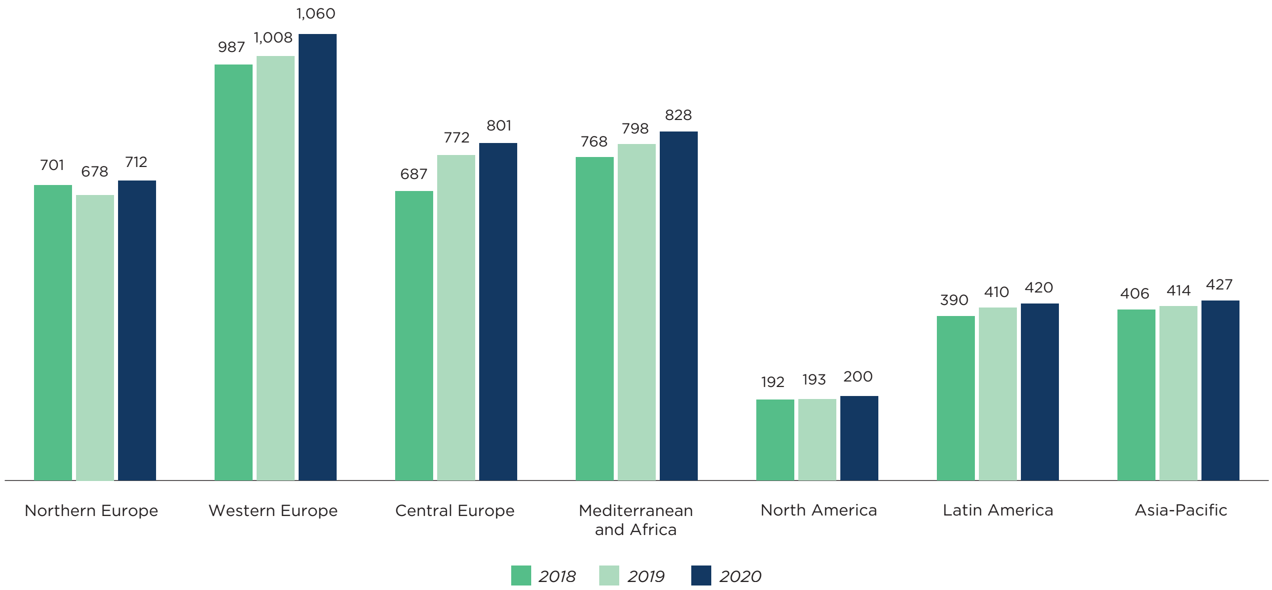
The tool also serves as a strategic planning tool for staff, as it makes it possible to manage recruitment actions and internal transfers within the context of a reference budget. The breakdown of Coface's workforce is presented below:

Strong international dimension

At December 31, 2020, the Group employed 4,448 people based in 57 countries, compared with 4,273 at December 31, 2019. The following table presents the geographical breakdown of the Group's workforce since December 31, 2018:

WORKFORCE	2020	2019	2018
Northern Europe	712	678	701
Western Europe	1,060	1,008	987
Central Europe	801	772	687
Mediterranean and Africa	828	798	768
North America	200	193	192
Latin America	420	410	390
Asia-Pacific	427	414	406
TOTAL	**4,448**	**4,273**	**4,131**

/ BREAKDOWN OF WORKFORCE BY REGION



Source: Amundi

The Coface workforce increased by 4.1% in 2020, the result of a slight increase in the workforce in each region.

In Northern Europe, Coface acquired GIEK Kredittforsikring AS (27 employees), the leader in credit insurance in Norway with a substantial share of the market. The Company was renamed Coface GK Forsikring AS. The acquisition contributes to Coface's strategy of profitable growth.

The Mediterranean & Africa region benefited from the development of the shared service centre in Morocco, while the Central Europe region benefited from the development of the shared service centre in Romania.

Meanwhile, North America internalised some of its insurance agents.

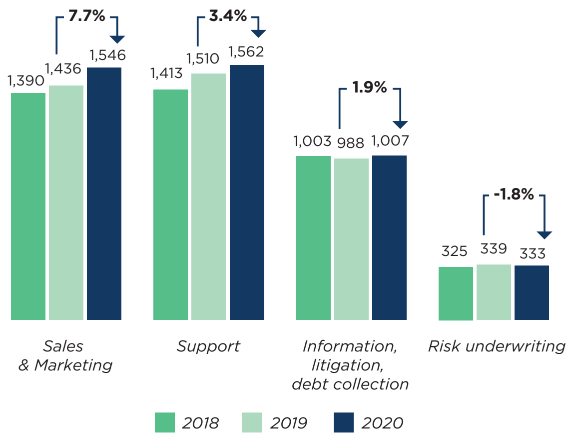
Lastly, the development of the sale of information has led to a number of recruitments at head office and regionally.

Activities across diverse sectors

The table below breaks down the Group's workforce by type of activity since December 31, 2018:

WORKFORCE	2020	2019	2018	CHANGE 2020 *VS.* 2019
Sales & Marketing	1,546	1,436	1,390	7.7%
Support	1,562	1,510	1,413	3.4%
Information, litigation, debt collection	1,007	988	1,003	1.9%
Risk underwriting	333	339	325	-1.8%
TOTAL	**4,448**	**4,273**	**4,131**	**4.1%**

/ BREAKDOWN OF WORKFORCE BY ACTIVITY



In 2020, 1,546 employees were assigned to sales and marketing, 1,562 to support functions, 1,007 to information, litigation and debt collection, and 333 to risk underwriting.

The change in the headcount of the support functions reflects the strengthening of the Finance functions, in order to work on accounting projects such as IFRS 17, as well as the strengthening of IT functions, with the recruitment of data scientists and IT experts.

The increase in Sales & Marketing staff results from growth in the sales of information, which has led to the recruitment of numerous sales staff, as well as the finalisation of integration among sales staff in the United States.

Different types of employment contracts and changes in the workforce

In France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States, the workforce at December 31, 2020 totalled 2,808 employees and can be broken down as follows for permanent contracts:

	2020	2019	2018
France	98.4%	97.8%	97.8%
Germany	99.5%	99.3%	99.5%
Italy	100.0%	99.0%	99.5%
Spain	100.0%	100.0%	100.0%
United Kingdom	99.0%	98.0%	99.0%
Poland	81.2%	86.1%	
Austria	100.0%		
Morocco	98.1%		
Netherlands	88.4%		
Romania	98.2%		
United States	100.0%		

As we can see, Coface employs people mostly on permanent contracts.

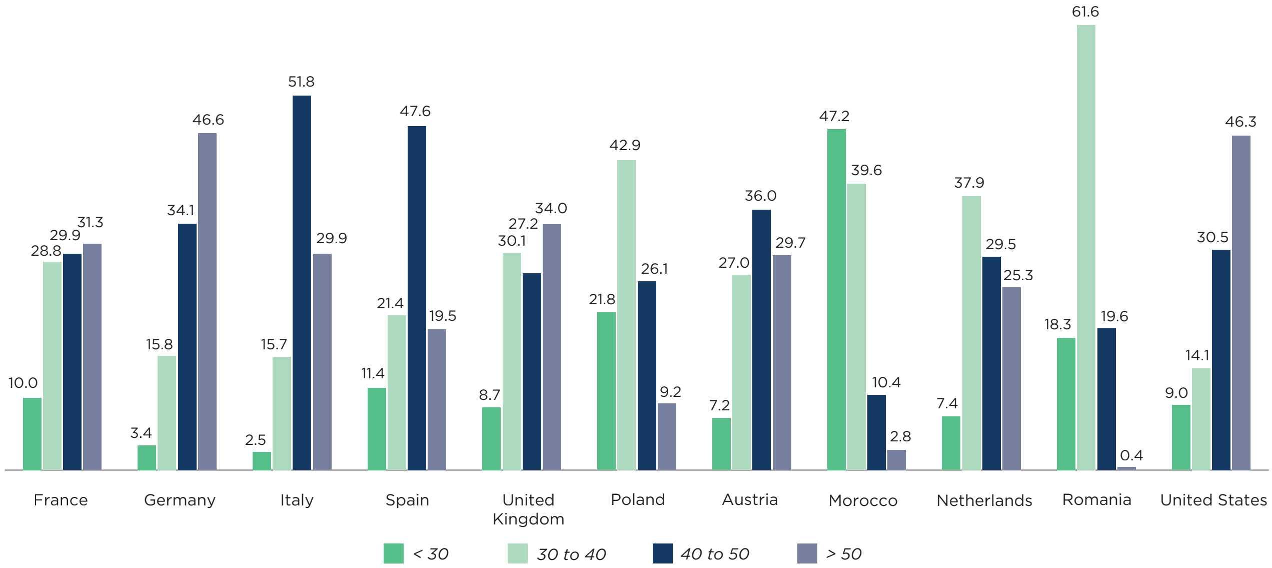
In 2020 in France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States, the Company counted 341 new employees, of whom 272 on permanent contracts, and 274 departures. The reader should be aware of some slight methodological changes in this respect, with fixed-term contracts having been recorded in employee inflows and outflows since 2018. It should also be noted that departures and arrivals also include the departure from one country and arrival in another country, in the case of international mobility.

Different age ranges

At December 31, 2020, the age ranges of employees in France, Germany, Italy, Spain, the UK, Poland, Austria, Morocco, the Netherlands, Romania and the United States were as follows:

AGE RANGES	FRANCE	GERMANY	ITALY	SPAIN	UNITED KINGDOM	POLAND	AUSTRIA	MOROCCO	NETHER-LANDS	ROMANIA	UNITED STATES
< 30	10.0%	3.4%	2.5%	11.4%	8.7%	21.8%	7.2%	47.2%	7.4%	18.3%	9.0%
30 to 40	28.8%	15.8%	15.7%	21.4%	30.1%	42.9%	27.0%	39.6%	37.9%	61.6%	14.1%
40 to 50	29.9%	34.1%	51.8%	47.6%	27.2%	26.1%	36.0%	10.4%	29.5%	19.6%	30.5%
> 50	31.3%	46.6%	29.9%	19.5%	34.0%	9.2%	29.7%	2.8%	25.3%	0.4%	46.3%

/ AGE RANGES BY COUNTRY (IN %)



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

It should also be noted that an agreement to support business transformation was signed in 2019 with the European Works Council as part of a project to change client services and shared services.

To facilitate collaboration, Coface France also organised an "Intergenerational Collaboration" conference at the Bois-Colombes premises in September 2018. This gave rise to extensive positive feedback from Coface employees.

Nearly 87% of employees in Morocco, 80% of those in Romania and around 65% of those in Poland are under 40 years old, reversing the trends present so far in other countries within the reporting scope.

Sustained investment in training and the development of collaborative practices to serve business interests

Involvement and development of Sales teams

Coface continued to roll out its Commercial Academy, a global programme developed with an internationally renowned partner, Krauthammer, and inspired by the best market practices. The aim of the programme is to develop the key skills of the sales teams, and also to strengthen their engagement.

It targets all sales staff worldwide, all products, segments and distribution channels included.

To boost buy-in and foster dialogue between participants, it is provided in the local language. To date, 324 employees in 22 countries and 5 regions (in Europe and North America) have benefited from the programme.

Employee appreciation for the programme is as strong as ever, both for classroom sessions (where these were possible) and for digital sessions. Coface has successfully adapted its approach to COVID-19 restrictions and continued to implement the programme.

In North America, a specific course on how to succeed in remote sales has been introduced. Coface has thus assisted local teams in an exercise for which they were not always prepared, and which sometimes involves skills different from those used in physical sales. Forty employees attended this training course, or almost all of the sales teams. Feedback is excellent and the approach is expected to be rolled out in other regions in 2021.

In France, a pilot training course for the business lines, products, tools and working processes at Coface was developed in-house in collaboration with numerous players at the Sales function, the HR teams and a former Commercial Head. The goal was to bring together knowledge dispersed among individuals to constitute expertise that can be imparted to sales staff having recently joined the Company and all new recruits. The roll-out of these "Coface Fundamentals for Sales people" began in September with eight participants and will have its full impact in 2021. This pilot is intended to be used in other regions by the countries interested.

Other remarkable initiatives concerning the sales teams and aimed at serving the business include the work on overhauling the sales organisation in Germany, carried out according to a process involving employees. Some 120 employees – the vast majority of the team – were able to work together as part of five successive workshops between January and March, the aim being to propose a new organisational project. The latter is currently being discussed with the social partners and implementation is planned for early-2021.

The Underwriting Academy project

The Group Subscription Department has launched a major initiative, supported by the Group HR Department, to bring together and structure business knowledge in the form of training paths and modules. The aim is to develop the expertise of Underwriting employees around the world and to train new recruits in this area. Courses will also be available for all other employees, including new recruits, to familiarise themselves with Coface's core business and understand its fundamentals and inner workings.

For Underwriting employees, the programme will comprise digital content, classroom seminars and short exchanges of work experience between colleagues in different teams, the aim being to better understand the activity, needs and interactions that they may subsequently have as part of their duties. Lastly, a certification process is also planned for risk underwriters with a view to increasing their level of delegation.

For the time being, and in the context of the COVID-19 pandemic, the priority is on developing digital modules. Using modern tools for producing animated educational content to develop fun and easy-to-use materials, the teams are in the design phase of training modules. Around 90 modules should be available from February 2021, rising to 130 by the end of the second half of the year.

CLIC, a proven digital training platform

The Underwriting Academy will be available on CLIC (Coface Learning, Interactive Center), the online training platform launched successfully in November 2019. Since then, CLIC, highly appreciated by employees, and which has enabled Coface to take a new step forward in training, has met all of its promises:

- it has recorded 950,000 views since launch;
- more than 230 modules have been posted online by HR or business line experts;
- it makes training broadly accessible and encourages "circular training", in which each individual can propose content accessible to their colleagues. Some 500 contributions have been recorded, with more than 50,000 views;
- the CLIC mobile app has been available since October 2020, for a mobile and agile version of training;
- the platform features simple and practical functionalities for managers, who are able to monitor the completion of training by their team, as well as HR, which can generate reports and schedule reminders very easily.

Through its ergonomics, CLIC in 2020 was enhanced with eight new mandatory training courses with a more user-friendly form (code of conduct, fraud prevention, etc.), up from two in 2019, with an average achievement rate of 95% at the Group (*vs.* 90% in 2019).

CLIC also proved to be an invaluable resource when teleworking was implemented widely in early 2020. It was used to share a large number of tips and best practices on remote working, published by the HR community at the Group, regional or local level. A webinar was held with the regional heads and support functions to dialogue on remote management techniques, the difficulties they might encounter and their empirical approach to adapt to the situation. By maintaining bonds and quickly sharing knowledge, it has clearly driven adaptation, reassured employees and helped each staff member to continue their activity under the best possible conditions.

Other remote training initiatives and (tele)working in a time of crisis

In Germany, six webinars from 1.5 to 2 hours were offered to all employees, entitled "Facing the Crisis Together". The webinars focused on topics such as time management, resilience and well-being, particularly as regards teleworking and the uncertainties generated by the crisis, which has disrupted points of reference.

In North America, more than 20 local leaders also took part in a webinar on how to deliver high-impact communication in video conferencing and how to harness a range of technologies for effective teleworking. A similar event was organised in Italy with the Carpe Diem Master Classes, aimed at familiarising all employees with the various IT tools.

Strong contribution to the improvement of the cost ratio

The Group Human Resources Department and its entire international network are the leading partners of the Finance Department in terms of managing payroll and personnel costs. The Compensation and Benefits team coordinates all the annual compensation processes centrally:

- **determination of the increase budgets of each country** taking into account the mandatory legal or contractual provisions, the economic environment of the country concerned (inflation, unemployment rate, market growth forecasts, etc.), and the financial performance and issues of the entity concerned (holding, growth outlook, etc.);
- **control of compliance with budgets and individual distribution rules** with respect to market practices, internal equity, particularly between women and men, and the individual contribution assessed during the annual performance review interview. The Group does not authorise individual compensation increases outside of the annual review exercise, except for promotions or exceptional adjustments and subject to the joint approval of the Finance Department for the budget component and the Human Resources Department in terms of individual positioning;
- **participation in compensation surveys** with an expert compensation consulting firm in the financial services sector. The purpose of these surveys is to strengthen knowledge of market practices and ensure an informed oversight of Group compensation. The surveys are administered every two years in Coface's main countries and at entities facing significant market tension. Thirteen target countries were covered in 2020;
- **definition of the variable compensation policy for senior management**, calculation and analysis of individual bonuses submitted to approval by Coface's CEO. In 2020, the bonus policy was quickly adapted to address the economic uncertainties stemming from the health crisis, ensure consistency between variable compensation and Group results, and respect fairness within the functions. The Group also ensured that a collective part, linked to the financial results of the parent company, was applicable to all employees eligible for a bonus;
- **corporate benefits** are determined by each Group entity in an effort to closely address local concerns. The Group ensures uniform practices and ensures a level of social protection that is competitive in the market and respectful of its employees worldwide. A Group car policy was defined in 2020 with the aim of harmonizing practices and reducing the carbon impact of the vehicle fleet.

Coface's remuneration policy is established in accordance with the provisions of Solvency 2. Generally speaking, compensation practices should contribute to effective risk management at the Company, and in particular:

- ensure strict compliance with the laws and regulations applicable to insurance companies;
- prevent conflicts of interest and not encourage risk-taking beyond the limits of the Company's risk tolerance;
- be consistent with the Company's strategy, interests and long-term results;
- guarantee the Company's capacity to keep an appropriate level of own funds.

A mix of internal and external skills to strengthen teams

Coface continued to actively recruit externally in order to fill positions in the top 200 (202 Senior Managers exactly). 87 have been recruited since January 2016, of whom 26 since July 2019, or 13% of the top 200. Over the same period, 30 have been promoted internally, or 15% of the total. For the first time in four years, more positions in the top 200 were filled through internal transfers than through external recruitment.

New skills have also been sourced for the Transformation Office and Datalab teams, and to enable Coface to develop in new markets such as information sales. Employees with completely new skills have strengthened Coface's teams, including API skills in the innovation team, information skills through three regional leaders in information sales, and specific skills in products, pricing and partnerships adapted to the information world.

Coface has also harnessed its highest-potential individuals to strengthen its teams. For example, nearly 30% of 2020 high-potential employees, all position levels combined, have been offered new functions since July 2019.

With 75 nationalities and 304 employees working outside their home country, Coface continues to stand apart through its multicultural approach and exposes a large proportion of its teams to work with diverse cultures, through its global and integrated business model. International mobility is essential to employee development and the sharing of a common corporate culture. Despite the context, this mobility remained particularly strong last year:

- 76 employees were on an international assignment in 2020, compared with 72 in 2019;
- 20 new assignments were initiated in 2020. Naturally, all these new transfers fully comply with immigration rules and restrictions related to the health context while protecting the well-being of the employees concerned. Adding the eight employees whose offers were accepted in 2020, but whose departures had to be postponed to 2021 due to the pandemic, the total is almost identical to 2019, at 28 *vs.* 29;
- cross-regional transfers increased, to 65% new expatriates compared with 52% last year;
- short-term assignments (3- to 12-month assignments) rose sharply, in line with the Group's objectives, increasing from four to six employees. Three others have been postponed to 2021, and two cancelled;
- employees aged under 35 accounted for more than half of new departures for the first time (55%), compared with 28% in 2019;
- finally, the proportion of non-French employees increased slightly, rising to 75%.

Modernising the employer brand

The Group's plan to renew and harmonise its employer brand worldwide has been postponed to 2021. The approach initially adopted was no longer suited to the pandemic context and had to be reviewed. In-depth work initiated in 2019 with the Group Executive Committee, the HR and Communications communities and employee representatives was finalised in 2020 to define the key aspects that characterise Coface as an employer, around the world, and make it attractive to applicants. These aspects will be illustrated in 2021 through a digital communication campaign in the social media turning the spotlight on Coface's employees. The campaign will boast a modern and vibrant visual identity. All Coface employer communications will then feature the same graphic cues and enable the Company to gain greater visibility and impact.

In the meantime, local entities have already started to initiate a more assertive message with candidates:

- Coface in France has developed recurring visuals to announce its job offers on social networks and capitalised on employees to increase posts within their communities in order to boost its chances of attracting good applicants;
- for example, the CER region recently trained 80 employees on the use of LinkedIn to make them real ambassadors of the Company on this social network and enhance the visibility of communication campaigns, such as #WeDon'tStop, which promoted Coface's ability to adapt swiftly and seamlessly to teleworking. Many countries have also contributed to promoting Coface through this initiative.

6.1.4 Differentiating as a responsible employer to boost employee diversity

Introduction

Throughout the *Fit to Win* period, we conducted a global gender equality initiative. The plan has led to numerous achievements, including a significant improvement in pay equality, mentoring for women with potential, the development of women's networks, and the monitoring of progress on the increased proportion of women managers. Coface is moving ahead with this initiative and strengthening it for the coming years but has decided to expand its efforts on diversity and inclusion above and beyond gender equality, in order to be seen as an employer that is more responsible for its human environment and the communities in which it operates.

Relatively balanced gender breakdown

The male/female balance (just over 54% women throughout the Group in 2020, and 39% female managers), as with the cultural diversity within the Company and each Coface region, is an asset for the Group, which has for several years taken steps towards promoting internal mobility and access to roles of responsibility for its employees.

The table below shows the change in female representation, number of managers and women in management roles in countries within the reporting scope since 2018:

		2020	2019	2018
France	% women	49.2%	50.4%	50.5%
	% of managers	24.2%	23.0%	23.1%
	% women among managers	37.4%	37.6%	37.4%
Germany	% women	54.1%	53.7%	53.6%
	% of managers	15.4%	15.4%	15.1%
	% women among managers	18.8%	20.0%	18.4%
Italy	% women	49.7%	50.8%	50.8%
	% of managers	24.9%	30.9%	28.6%
	% women among managers	36.7%	42.4%	44.4%
Spain	% women	65.2%	64.3%	64.7%
	% of managers	19.0%	21.6%	26.3%
	% women among managers	37.5%	30.2%	42.0%
United Kingdom	% women	40.8%	40.4%	41.0%
	% of managers	25.2%	23.2%	21.0%
	% women among managers	26.9%	26.1%	23.8%
Poland	% women	64.8%	63.3%	
	% of managers	14.6%	16.5%	
	% women among managers	52.6%	51.3%	
Austria	% women	63.1%		
	% of managers	20.7%		
	% women among managers	56.5%		
Morocco	% women	63.2%		
	% of managers	16.0%		
	% women among managers	35.3%		
Netherlands	% women	49.5%		
	% of managers	23.2%		
	% women among managers	36.4%		
Romania	% women	54.0%		
	% of managers	21.4%		
	% women among managers	45.8%		
United States	% women	46.3%		
	% of managers	28.2%		
	% women among managers	44.0%		

The proportion of women in management positions is increasing in Spain, Poland and the United Kingdom.

In 2019, the French government established a gender equality index aimed at eliminating pay inequalities between women and men. In the first year, Coface obtained an excellent score (91 points in the first year and 85 in the second year, above the legal limit set at 75 points), the result of in-depth work carried out for 3 years by the Human Resources teams in France.

Drawing on this experience, the Group is now seeking to extend this initiative and adapt the index with a view to applying it to all entities around the world.

This Group index is calculated on 100 points based on five criteria:

- pay gaps between women and men (40 points);
- proportion of women and men receiving a wage increase (20 points);
- proportion of women and men who have been promoted (15 points);
- percentage of women in the Group's top 10 remuneration (10 points);
- proportion of women in senior manager positions (15 points).

The first four criteria are based directly on the methodology of the French index. The calculation is rounded out by an additional criterion on equality in the promotion of women in senior management.

Note that for the first criterion, 19 countries (countries >50 employees) are taken into account in the analysis and account for 80% of the Group's workforce, while the other criteria take into account the Group as a whole.

For the first year, the Coface Group posted a satisfactory score of 81 points. If there is not yet a global benchmark, it is because the Group is a pioneer in the expansion of this gender equality index worldwide.

This unique indicator makes it possible to assess the Group's performance in gender equality at international level. Ultimately, the goal is to close the pay gap between men and women, facilitate and support women's careers and promote diversity within our teams. This project is therefore part of one of the Group's many initiatives on diversity and inclusion. It reflects the Group's responsible commitment to combating all forms of discrimination.

In 2019, Coface launched a Mentoring programme for women (Mentoring to Win) through a pilot deployed in France with ten participants. The aim was to encourage these women to invest in their careers, develop leadership skills necessary for promotion and gain visibility from the Group's top management. The pilot concluded in the second quarter of 2020 with a debriefing of each of the mentee-mentor pairs. It largely fulfilled the participants' aspirations, while the mentors were also delighted with their experience. All of them appreciated the highly structured approach and the initial training to help each individual appropriate the programme, as well as the systematic follow-up by the HR teams and the regular meetings of all those involved in the programme. One of the participants was even proposed a new position abroad by her mentor following the program. The mentoring initiative continued in 2020 with minor adaptations, detailed below.

In the regions, initiatives to promote gender equality continued, including at CER, where the #IPledge campaign was relayed widely in social media such as LinkedIn and Yammer to highlight women leaders and draw attention to the importance of the proportion of women in management teams.

Again at CER, the Women to Win webinars launched in 2019 continued in 2020 with the successive participation of two leaders from other companies, one from Poland and one from the Netherlands.

A global event bringing together a sample of women from various Coface countries was also scheduled to take place in 2019 but had to be cancelled owing to the health crisis.

Anti-discrimination measures: disability

Coface has initiated a policy on the inclusion of persons with disabilities in France. This policy is widely communicated and encouraged internally in all regions, the aim being to generate comparable initiatives in other parts of the Company. The policy in France has three objectives:

1. Raise disability awareness among Coface managers and employees,
2. Implement actions to communicate on disabilities as one of the major areas of our CSR policy,
3. Increase the number of employees with disabilities over the long term.

The policy took concrete form in 2020 with the organisation of the "Disability Awareness Week" from 16 to 20 November 2020 (European Week for the Employment of Persons with Disabilities). The week was marked by original events to develop awareness, such as a "Handiquizz" launched with all employees, a screening of the film *Patients* (by French singer Grand Corps Malade) followed by a digital debate on disabilities, and a conference and testimonial from a person with disabilities. The initiative will be developed in France in 2021 with awareness-raising for managers, internal events, partnerships with organisations promoting the recruitment of persons with disabilities, and a review of human resources practices and policies to foster their inclusion.

Combating discrimination: LGBT+ charter

In November 2020, Coface signed the commitment charter of L'Autre Cercle, an organisation that promotes the inclusion of LGBT+ people in the workplace. Coface joins the 149 other signatories of the charter. Coface is committed to promoting diversity at the Company, particularly by taking action to include all individuals and fight against all forms of discrimination. By co-signing the charter, Coface undertakes to:

- create an inclusive environment for LGBT+ employees;
- promote equal rights and treatment for all employees, regardless of their sexual orientation or identity;
- support employees who have been victims of discrimination in the workplace;
- measure progress and share best practices to improve the overall occupational environment.

Coface has set up a working group to extend this initiative to other Group countries outside France. An action plan has been established, the key focuses in 2021 being to:

- develop awareness among managers and employees of the inclusion of LGBT+ people at the Company;
- review HR policies to make HR processes and employees' rights more egalitarian and more inclusive with regard to all sexual orientations.

Student sponsorship

As part of its commitment to fostering equal opportunities, Coface has chosen to provide financial support to students from financially disadvantaged backgrounds. Aware of not being able to meet this challenge alone, Coface sought out partners with experience in this area. To that end, the Group met with the founders of the Potter endowment fund, created in 2019 by Anne and Frédéric Potter. The fund provides financial support to students from modest backgrounds, encouraging them to choose studies in preparatory scientific classes, and then at engineering schools, through grants awarded throughout their course.

Coface and the Potter endowment fund have decided to work together to support this cause through a sponsorship agreement. Under the agreement, Coface provides the time and skills of two of its motivated employees seeking to work on assignments with a social impact. The two employees have, since December 2020, devoted one day a week each, to the initiative. Their goal is to help the fund develop its reputation, promote its mission, manage applications and contribute to the organisation of selection panels. Coface will also participate in the selection jury for grant applicants.

6.1.5 Differentiating as an employer to boost cultural transformation

My Voice: a tool to improve the employee experience

Since 2017, Coface has worked extensively to improve the engagement of its employees, launching global surveys and rolling out action plans at each level of the organization through various working groups. This way of operating with working groups, set up widely across the Group's various countries, has not only made it possible to find concrete solutions for improvements, built with employees, but has also introduced a new way of working thanks to a more bottom-up and collaborative approach, for instance holding inter-department meetings, organising regular meetings and actively engaging employees in these improvements, and making them accountable for My Voice actions.

The results of each survey enabled each function, country, region or even the Group to identify areas for improvement and propose solutions over the long term. For example, the results are used to develop and adapt the Group Human Resources strategy each year.

In June 2020, Coface sought more than ever to measure the satisfaction and engagement of its employees during the COVID-19 pandemic by launching its third My Voice engagement survey. It was an important time to listen to employees and ask questions specific to crisis management. With its rich experience and benchmark of 14 million respondents, the external service provider Kincentric (formerly AON Hewitt) guided Coface in the choice of questions and safeguarded the anonymity and confidentiality of the responses.

In addition to the seven questions related to the management of the COVID-19 crisis, seven further questions were added to the questionnaire, mainly concerning line managers and their ability to act as "career coaches", as well as customer orientation, development opportunities and performance management.

In 2020, My Voice was conducted in 13 languages (four more than in 2018) and obtained a record participation rate of 94%, demonstrating more than ever the strong attachment of employees to Coface and a desire for constructive improvement.

Coface's engagement score increased substantially this year, rising **24 points** from 38% to 62%. In an important development, the scores on the various aspects of the employee experience also improved significantly, across all Company regions.

The results are now at the median level of our service provider's benchmark. This is an impressive step forward, but it confirms the need for Coface to pursue its efforts to forge an even stronger approach on improving the employee experience.

The results of My Voice 2020 were presented by region, country and function in September 2020. The regions, countries and functions then worked on their action plans on all the topics highlighted by the survey as requiring improvement, starting in October.

Coface plans to organise a steering committee in early 2021 to review the action plans of the regions and functions and define a global action plan for the Company.

This questionnaire approach is now used much more widely in some countries and functions to gather the opinions of employees upstream and downstream of decisions. For example, Poland has launched numerous questionnaires to understand how to better communicate with employees and what their specific needs are in terms of benefits, training and upskilling, as well as other aspects such as their preferences on the organisation of the holiday season. China now conducts surveys almost every week with simple and direct questions to measure in real time the climate and understanding of organisational decisions.

To address this growing need for questionnaires in the regions, along with the development of teleworking and Coface's determination to further improve the employee experience, the Company is seeking how to better assess and monitor the impact of its action plans, while facilitating ongoing dialogue with employees. To that end, Coface in 2021 plans to purchase a platform for launching "pulse" surveys that are shorter, more regular and focused on one or two topics only. The goal is for each region or country to target groups of employees to better understand their specific concerns (such as those of newcomers or people in a specific function in a specific country), launch specific actions and monitor their success and impact over time, and adapt or strengthen actions according to the results.

A new Group onboarding programme

As a global company whose success is based on close collaboration between all its players, Coface pays particular attention to all of its new hires through a new Group onboarding programme. Around the world, the objectives of the new IntoCoface programme are to enable newcomers to quickly become operational and efficient and to develop the sense of belonging to an international community, with a view to strengthening collective efficiency and engagement. The programme also aims to provide managers with the resources for facilitating and structuring the integration of their new employees. Naturally, IntoCoface was designed to meet the expectations of newcomers, at a time when they need to feel that their decision to join Coface was the right one. The programme helps to guide them, understand their role in the organisation and feel good at the Company, in their team and in their position.

IntoCoface thus establishes a common framework with mandatory milestones and shared content. As soon as they arrive on their first day, each new employee is greeted with a welcome message from Xavier Durand. They then attend an introduction meeting at which the manager presents the Group, the local entity, the organisation of the team, and the position using a ready-to-use kit. Individual meetings are also held in the first few weeks to help newcomers to get to know their team and key contacts and absorb the Company culture through contact with their colleagues. In this spirit, an "onboarding buddy" is available in large countries, helping new recruits to network outside of their immediate environment. A few weeks later, newcomers participate in a “job shadowing” experience to spend a few hours in other departments and better understand Coface’s organisation. Mandatory training and job-related training are also scheduled in the first month. The key components of the newcomer’s onboarding programme are available *via* their home page on the CLIC digital training platform, specially designed to support their first steps at the Company.

To help them settle in seamlessly, new employees benefit from regular follow-up from their manager and a debriefing meeting with their manager’s manager and their Human Resources manager.

The IntoCoface programme is the result of close collaboration between the Group and Regional HR teams, and with the steering committee made up of senior management representatives from various countries. It supplements existing best practices at local level, such as a presentation of the various departments for newcomers in France and an app that pushes daily content to newcomers in Spain.

The programme is rolled out through a wide-ranging training, communication and change-management plan for managers at the time of the actual integration of a new employee. After gradually ramping up in 2020, the objective is to fully implement the programme across the entire Group starting in early 2021.

To optimise the programme, Coface plans to collect initial feedback from managers, local HR and newcomers at the beginning of 2021. More specifically, the Company plans to create more digital content and refine certain components to best meet the requirements of extended teleworking.

Continued development of managerial skills

Enabling all of its managers to improve their team-leading abilities remains one of Coface’s priorities. A key focus in 2020 was remote management.

In France, a new “Being a Manager at Coface” programme was launched. Fifty-three managers have already completed the first mandatory module that sets out, or recalls, the fundamentals of management. The common foundation of the programme is supplemented by a module, set for roll-out in 2021, on the internal rules and procedures that all managers are expected to know. A series of optional modules will also be proposed, covering, for example, communication techniques, recruitment interviews and the management of complex situations. One of these modules, on change management, was launched in 2020 and completed by 26 managers. The others will be available in 2021. A supplementary training course on effective remote management was also swiftly implemented in response to the COVID-19 crisis. Nearly 150 managers (almost all of the managerial population) were able to complete the course.

In Mexico, the Leadership Lab was launched in October. It consists of five successive sessions of 1.5 hours in which managers consider and discuss topics related to leadership and collective efficiency. In addition, a webinar was organized on leadership in times of crisis, focusing on emotional intelligence, stress management and resilience.

In Asia-Pacific, access to LinkedIn learning courses on management and leadership and coaching and communication skills was provided to a pilot population of 58 employees in the region for six months. The programme is interspersed with eight digital sessions in which small groups of individuals share the knowledge they have acquired and their experiences relating to these topics. The regional management team is part of this pilot.

The MAR region is also harnessing the LinkedIn catalogue to provide 140 of its employees with training content, for example on the development of managerial skills. The initiative appears to have proved interesting for employees, with each one thus far having devoted an average five hours to self-training.

At the Group level, training courses on the annual performance review provided to all entities include a new section on the preparation of assessments and year-end reviews in a context of crisis and widespread teleworking. The training includes advice on posture and empathy, as well as interpersonal communication by videoconferencing for digital reviews.

Lastly, numerous contributions on remote leadership have been posted since April on the CLIC digital training platform. The Group and regional HR teams have co-developed a reference document to share a set of best practices on remote work and management. Many other documents were also shared by a large number of local HR teams or other contributors, including external sources.

A range of initiatives for talent development

At Group level, several new initiatives were launched in 2020:

- a Risk Underwriting talent programme, enabling employees working in the countries to join the Group’s team of experts for a six-month programme in which they take on a support role for the regions similar to that of experts. This programme accelerates the development of business skills as well as coordination, matrix work and communication in an intercultural environment. Participants benefit from a mentor for a period of six months to one year to work on their personal development, contribute to a cross-team project, and develop their bespoke individual development plan with the support of the Group Talent Director. Fifteen candidates representing all the Group’s regions applied. The first person to be selected, from the Netherlands, joined the Group’s teams in September. His successor in the programme, currently based in Hong Kong, is expected to arrive in France in early March 2021;
- the use of mentoring as a talent development tool will be rolled out widely. In 2020, all the regions aimed to launch it with at least one class of mentees in a structured manner and inspired by key success factors identified during the pilot in France. Participants have been identified across all regions and the training has already started in some of them. Effective mentoring work has already begun in Asia-Pacific and will be initiated everywhere else in early 2021. In total, more than 50 mentees worldwide will benefit from this programme in the 2020-2021 season. The programme is now open to

both men and women, but Coface has ensured that the latter account for at least 50% of participants, with the unwavering objective of facilitating women's access to senior positions;

- lastly, all the countries set an objective to build an individual development plan for each high-potential woman consisting of at least one action identified as a career accelerator not included in the usual scope of the position and conventional training. Nearly 80 employees are concerned by this initiative. Tools have been shared with HR teams to help them choose relevant activities. These development plans are reviewed in mid-December by Carine Pichon, CFO and Sponsor of the gender equality programme, and Pierre Bévierre, Group Head of Human Resources.

Annual talent reviews and monthly Group talent sharing committees continue to be held. This year, for the first time, functional talent reviews were created for Finance and the Global Solutions sales organisation. They will be supplemented by a similar exercise for the new Business Information function to enhance understanding, at global level, of the quality of the teams and their ability to meet the challenges of tomorrow. Career discussions, conducted notably by the Group Talent Department, have been rolled out systematically to reach the most employees likely to develop outside their home country and/or in key positions.

The Group also continues to build on its International Internship Program (VIE) to feed its international talent pool and promote its employer brand among young people. We are committed to a dynamic of loyalty and aim to maximise the recruitment of volunteer interns at the end of the assignment. In 2020, we welcomed 36 volunteers in 14 countries, with 12 missions beginning in the year and 50% of our volunteers being recruited at the Group at the end of their assignment. In 2021, we plan to welcome 17 new international interns.

Locally, several talent development programs are also being developed or have already been launched:

- in France, the Management has approved a comprehensive programme focused on career discussions with members of management and HR teams, a certified external leadership programme, and off-the-shelf activities such as coaching. The programme will be implemented in 2021;
- in the MAR Region, a new programme has been launched for all high-potential individuals with two pillars:
  - digital round tables with regional director Cécile Paillard in groups of 15, to discuss topics freely selected by participants,
  - specific My Voice workshops have been set up at the regional level in addition to those held in the countries to propose innovative initiatives to strengthen employee engagement and Coface's employer brand. The three best ideas selected by the participants themselves will be presented to the Regional Management Committee;
  - In addition, the Italian programme "It's Talent Time" continues to be rolled out, based on discussions with a leader on his or her career, the aim being to take inspiration from these talented individuals, as well as training sessions. This year's theme is "the leader of the future".

Compensation policy

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

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

- **attract, motivate and retain the best talent.** Each year, the Group awards free performance shares to an identified regulated population in the context of the Solvency II Directive (Executive Committee, key functions and employees with significant influence on the Company's risk profile), for whom a portion of variable compensation must be deferred, and to certain key employees as part of the reward and retention policy. The vesting period for this scheme is set at three years;
- **encourage individual and collective performance.** The bonus policy is reviewed and approved each year by the Management Committee with regard to the Group's priorities. It incorporates collective financial and non-financial objectives. In 2020, customer satisfaction and employee engagement figured among the objectives of all the Group's senior managers;
- **position the Group competitively on the market while respecting its financial balance.** Since 2017, the Group has regularly participated in compensation surveys with a compensation consulting firm specialised in the financial services sector. The objective is to increase knowledge of market practices and ensure informed oversight of Group compensation. This exercise concerned 36 countries between 2017 and 2018, covering nearly 90% of the Group's functions and 13 target countries in 2020;
- **comply with the regulations in force and guarantee internal fairness and professional equality**, particularly between men and women. As part of its annual review, the Compensation Department ensures that the distribution of budgets for pay rises notably respects gender equality. In France, the Human Resources Department carried out substantive work over a three-year period aimed at correcting these inequalities. These efforts were reflected in Coface's excellent result in the occupational equality index implemented in connection with equal pay legislation. With a score of 85 out of 100 for 2019, Coface is now above the legal obligation set at 75 points. Drawing on this experience, Coface has decided to go further by adapting the France index to the entire Group. For 2020, the Group achieved a very good result of 81 points and set itself a target for continuous improvement in this area;
- **be consistent with the Group's objectives and support its development strategy in the long term.** The Group's policy aims to prevent any conflict of interest in its remuneration practices and integrate social and environmental issues into its thinking. In 2020, the Group defined its global car policy with the main objectives of harmonising practices and reducing the carbon impact of the vehicle fleet.

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

6.2 ENVIRONMENTAL INFORMATION

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

6.2.1 General environmental policy

The Company is fully committed to protecting the environment. Its approach to reducing its environmental footprint has significantly influenced its real estate choices, particularly in the choice of its head office, and the efforts rolled out to reduce its greenhouse gas emissions, consumption of energy and paper, along with other initiatives established in France and abroad which encourage waste sorting and recycling, particularly for parts of obsolete IT equipment.

In 2020, as in previous years, there was no environmental litigation and no indemnity was paid in application of a legal decision rendered in that subject area. The Group has therefore not established any guarantee or provisions to cover that risk.

In France, environmental aspects were a determining factor for Coface in choosing the building that has housed its head office in Bois-Colombes since 2013. This building, which can host approximately 1,200 employees, is certified NF MQE (high environmental quality for construction) and BREEAM (BRE Environmental Assessment Method). It thus incorporates current best practices in terms of the immediate environmental impact, construction materials and processes, and production of waste. This building has furthermore been certified "low energy" (*bâtiment basse consommation* – BBC); its standard energy consumption is thus limited. The building preserves natural resources, thanks to limited water needs for green areas due to rooftop water recovery, solar panels situated on the roof and low-consumption exterior lighting.

In Germany, the main office located in Mainz is certified "Ökoprofit" for its sparing use of energy resources.

6.2.2 Sustainable use of resources

The Group only consumes water in the operation of its service-sector premises: air conditioning, cooling of electronic equipment, cafeteria, maintenance, sanitary facilities and watering of green areas.

In 2020, water consumption totalled 30,178 m^3. Consumption decreased significantly this year owing to the widespread use of teleworking due to the COVID-19 pandemic, despite the broadening of the reporting scope. Water consumption totalled 38,847 m^3 in 2019, *versus* 31,368 m^3 in 2018, for the entire reporting scope, due to efficient control of the water distribution network and maintenance.

6.2.3 Climate change

The Group has taken various initiatives to reduce its environmental footprint, in particular with regard to greenhouse gas emissions, through the policies presented below and its new socially responsible investment (SRI) policy (see Section 6.3.5).

Actions are also led across the Group on the initiative of employees. In France, for example, 2020 saw the creation of "Green to Lead", a network of employees seeking to raise their colleagues' awareness of environmental issues. Through newsletters, Green to Lead informs and suggests concrete actions to employees in their daily working lives. For example, for the European Week of Waste Reduction in November 2020, the Green to Lead group offered some employees the opportunity to participate in a "Climate Overview" workshop in order to better understand aspects and relationships in climate change. Green to Lead also works with the Facilities Management Department to prepare for the return to the office of employees and propose more eco-responsible solutions (in particular the reduction of printing and waste).

Energy consumption

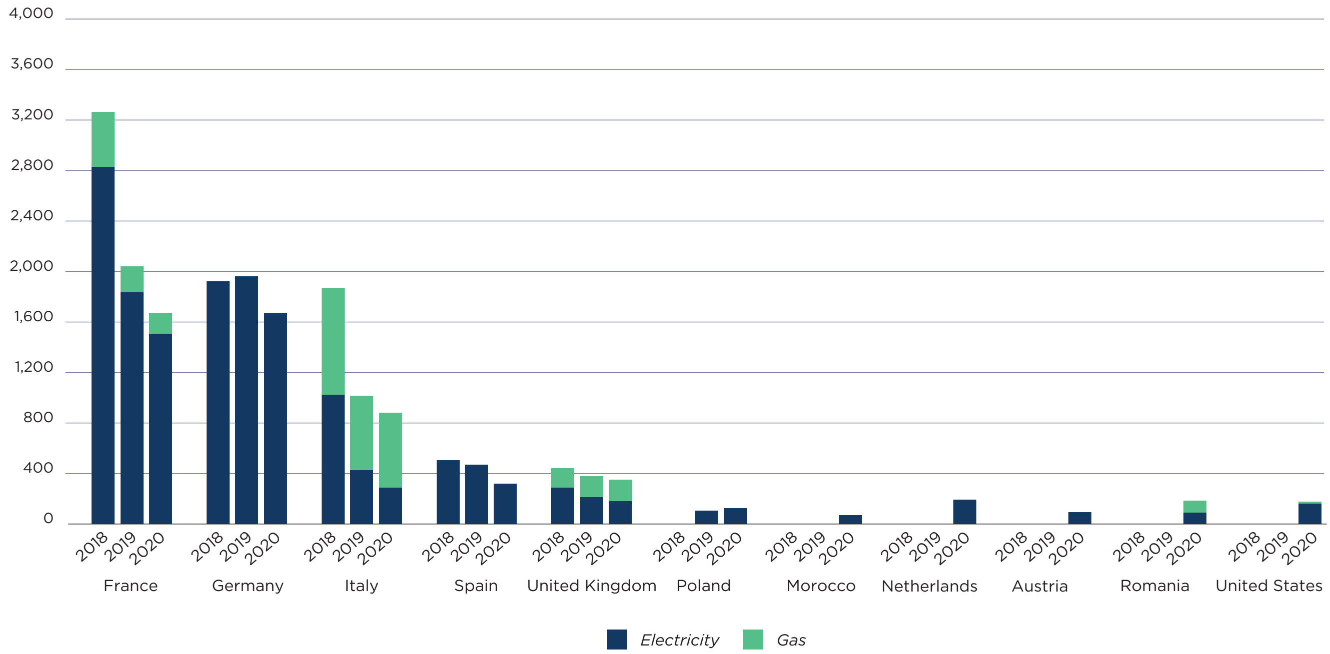
The Group's energy consumption concerns lighting, air conditioning and heating of the premises.

The Group implements actions to reduce energy consumption, which translate into the environmental choices made in terms of real estate (see the features of the building housing the head office and the main office in Germany), which have allowed energy consumption to be significantly decreased.

/ REPORTED ENERGY CONSUMPTION SINCE 2018 FOR THE REPORTING SCOPE

	REPORTING SCOPE 2020 FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND THE UNITED STATES		2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND THE UNITED KINGDOM		2018 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND THE UNITED KINGDOM	
	CONSUMPTION	EQUIV. CO_2	CONSUMPTION	EQUIV. CO_2	CONSUMPTION	EQUIV. CO_2
Electricity	4,690 MWh	694 tCO_2e	5,007 MWh	573 tCO_2e	6,562 MWh	719 tCO_2e
Gas	1,038 MWh	233 tCO_2e	963 MWh	214 tCO_2e	1,503 MWh	355 tCO_2e
Surface area	65,123 m^2		34,776 m^2		73,159 m^2	

	2020		2019		2018	
(Consumption MWh)	ELECTRICITY	GAS	ELECTRICITY	GAS	ELECTRICITY	GAS
France	1,507	165	1,836	205	2,826	439
Germany	1,673	N/A	1,960	N/A	1,920	N/A
Italy	286	594	427	588	1,024	844
Spain	317	N/A	469	N/A	505	N/A
United Kingdom	179	171	210	170	287	155
Poland	123	N/A	104	N/A		
Morocco	68	N/A				
Netherlands	192	N/A				
Austria	93	N/A				
Romania	91	93				
United States	159	17				



The share of renewable energy at the Bois-Colombes building in France, where Coface's head office is located, represents approximately 14% of its total consumption. Furthermore, the roof of this head office is covered by some 100 square metres of solar panels, which reduce its gas consumption by reheating the water supplied to sanitary facilities and to the restaurant. In place since 2015, the panels have made it possible to save four to six months of gas consumption per year, depending on the year, from 2018 to 2020. Since September 1, 2018, the surface area of the head office in France has been reduced by nearly 40%, reducing its energy consumption levels.

In Germany, electricity consumption does not generate any greenhouse gas emissions, as Coface Germany has opted for an energy contract fully based on renewable energy sources.

Despite the addition of five countries in the reporting scope, gas and electricity consumption changed little overall in 2020 owing to the teleworking implemented due to the COVID-19 pandemic.

Travel policy

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

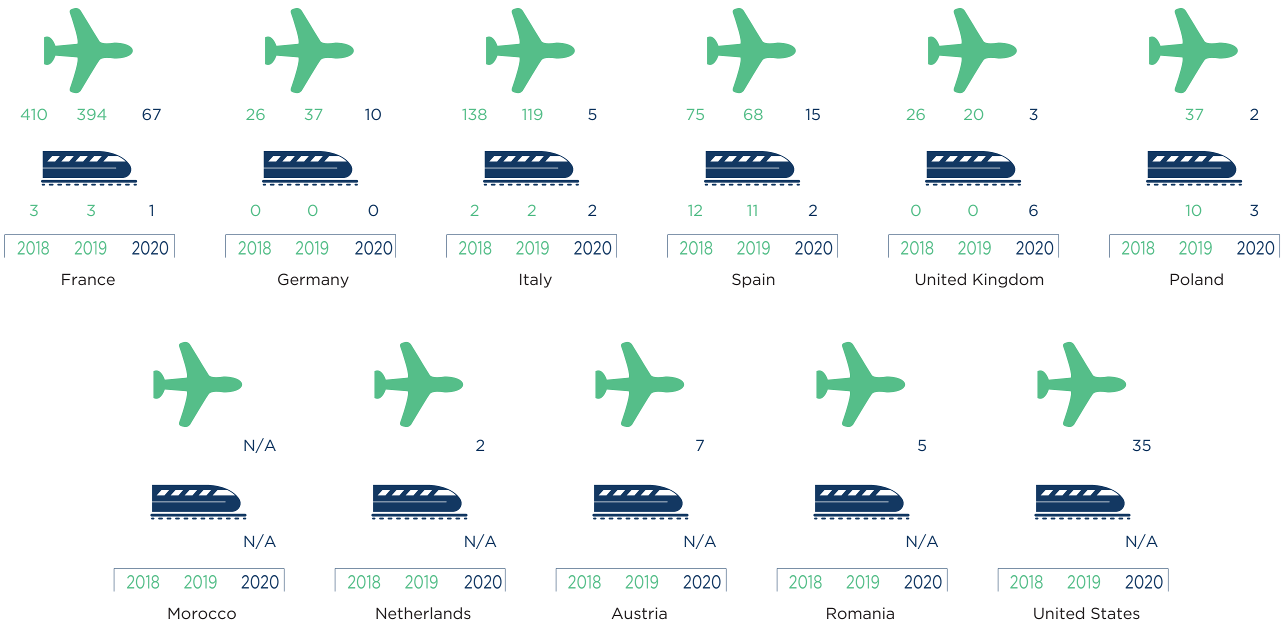
As part of this update, special attention was paid to environmental issues. In order to fully involve employees in this approach, the Group travel policy highlights a number of best practices aimed at raising employee awareness with regard to business travel:

- opting for telephone calls or video conferences;
- choosing train travel for short trips;
- proposing carpooling solutions between co-workers and/or taxi sharing;
- limiting printing by carrying out all procedures online (boarding pass, insurance card, etc.).

In 2020, the global health crisis stemming from the COVID-19 pandemic led to a significant reduction in travel.

TYPE OF TRAVEL	METRIC TONNES EQUIV. CO_2 FOR THE 2020 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND UNITED STATES	METRIC TONNES EQUIV. CO_2 FOR THE 2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UK AND POLAND	METRIC TONNES EQUIV. CO_2 IN TONNES 2018 FRANCE, GERMANY, ITALY, SPAIN AND THE UK
Aeroplane	151	675	675
Train	15	27	18

	2020		2019		2018	
(Metric tonnes equiv. CO_2)	TRAIN	AEROPLANE	TRAIN	AEROPLANE	TRAIN	AEROPLANE
France	1	67	3	394	3	410
Germany	0	10	0	37	0	26
Italy	2	5	2	119	2	138
Spain	2	15	11	68	12	75
United Kingdom	6	3	0	20	0	26
Poland	3	2	10	37		
Morocco	N/A	N/A				
Netherlands	N/A	2				
Austria	N/A	7				
Romania	N/A	5				
United States	N/A	35				



In 2020, due to the global health crisis linked to COVID-19 and a strict travel authorisation policy implemented by the Group in response to the pandemic, air and train travel fell significantly across the reporting scope. As a result, greenhouse gas consumption related to air and train travel followed the same trend.

Vehicle policy

Within the reporting scope, countries adopt initiatives to reduce fuel consumption, such as Coface in France, which regularly upgrades its vehicles and selects them based on a number of criteria, including CO_2 emissions per kilometre travelled. The average for the vehicle fleet in France was 104.08 g/km in 2020 compared with 104.2 g/km in 2019. Greenhouse gas emissions were down sharply at the Group level owing to a sharp decline in travel related to the COVID-19 pandemic.

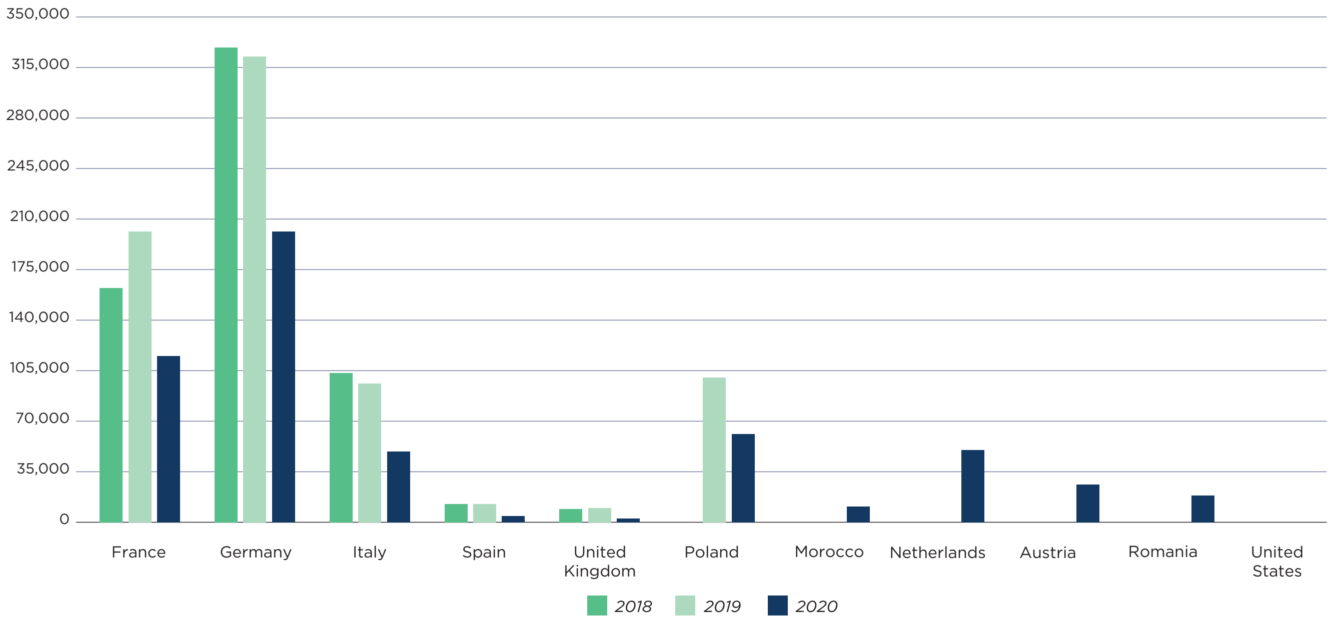
/ TABLE OF CONSUMPTION SINCE 2018

FUEL: DIESEL AND FOUR-STAR PREMIUM FUEL	2020 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM, POLAND, MOROCCO, NETHERLANDS, AUSTRIA, ROMANIA AND UNITED STATES	2019 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN, UK AND POLAND	2018 REPORTING SCOPE FRANCE, GERMANY, ITALY, SPAIN AND UK
Litres	538,505	716,527	622,592
Metric tonnes equiv. CO_2	1,437	1,847	1,561

(Fuel (Diesel and four-star premium fuel) in litres)	2020	2019	2018
France	115,197	166,930	162,246
Germany	201,394	322,688	328,776
Italy	48,865	96,243	103,344
Spain	4,263	12,784 (1)	12,632 (1)
United Kingdom	2,584	9,983	9,320
Poland	61,098	100,277	
Morocco	10,755		
Netherlands	49,929		
Austria	25,979		
Romania	18,442		
United States	N/A (2)		

(1) The data relating to Spain for 2020 are limited to the fuel consumed by vehicles leased or belonging to Coface. As a result, the figures for 2018 and 2019 have been corrected to ensure consistency in the reporting method.
(2) As the United States does not have a fleet of owned or leased vehicles, it does not report this indicator.

/ FUEL (DIESEL & FOUR STAR PREMIUM FUEL) IN LITRES



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

In 2020, Coface implemented a Group car policy applicable to all entities, the main objectives being uniform and consistent practices and a reduction in the carbon impact of its vehicle fleet. The vehicles offered in each country's catalogue must now be adapted to the use of drivers, favouring hybrid and petrol models and limiting diesel models to the highest-mileage drivers. Coface has also set a target CO_2 standard set at 140 g/km (WLTP standards) per vehicle and thus hopes to significantly reduce the environmental impact of its fleet over the next two years. Additional options that have a negative impact on vehicle consumption are also prohibited.

In France, the proposed new catalogue must enable a reduction of an average 3 grams of CO_2 for its fleet and the share of diesel is expected to be reduced by 28%. The catalogue will be reviewed regularly to adapt to the market and constantly ensure optimised choice relative to environmental impact. All-electric models are under consideration and should be included in the catalogue proposed in France in the second half of 2021.

6.3 SOCIETAL INFORMATION

6.3.1 Regional, economic and social impact

Support for client development

The very nature of credit insurance contributes to the development of economic trade by offering companies secure commercial transactions, as presented in Section 1.3.1 “Description of the credit insurance business”. Coface, as a leading market player, strives to offer its clients products that are best suited to their needs, in support of their development. It has made innovation a strategic cornerstone of its development.

The Company has made a commitment to raising the awareness of its policyholders and prospects about relevant environmental, social and governance issues through segment-specific economic studies on its website, some of which refer to CSR issues. As is the case every year, Coface’s Economic Research division published several studies in 2020 on the economic situation of emerging countries (“Country & Sector Risk Survey” published quarterly) and on the renewable energy sector *(Global Transport: What does the future hold beyond COVID-19? - Global renewable energies: continued ascension despite the COVID-19 pandemic)*.

Coface now includes environmental risks in its methodology for assessing country risks. Two key risks for companies have been identified:

- physical risk measures the frequency of occurrence of exceptional weather events (such as the fires in Brazil and Australia in 2019). It depends on the country’s exposure to this type of event (measured notably by taking into account long-term projections of agricultural yields, rising temperatures in the country, rising sea levels, etc.) and its sensitivity, measured by indicators of geographical, demographic and social structure (such as the share of the rural population and the population over 65, and the poverty rate) and the dependence on other countries for goods that will become rarer with climate change (share of imports in total farming produce, water and energy);
- transition risk: faced with these future climate changes and in an effort to avoid some of them, governments are taking action (such as anti-pollution standards in the automotive sector in Europe and China) and the population is changing its consumption behaviour. While these regulatory and behavioural changes will have beneficial effects in the medium term, in the short term they are likely to jeopardise companies having failed to prepare for these changes in production and consumption methods. Transition risk is measured based on the frequency of the country’s government’s participation in conferences on environmental change, the treatment of this issue in the national media, and the number of measures taken by the government to effectively combat global warming and pollution (national emissions level, energy efficiency of the main business sectors and investments in the energy transition);

The exposure index is used to measure the extent to which a country can be vulnerable to climate disruption and captures the physical impact of climate risk. The sensitivity index, based on topographic and demographic variables as well as the country’s economic structure (*i.e.* sensitivity of the country’s main sectors of activity to a climate shock), makes it possible to assess the impact of a climate shock.

These two indices combined are used to assess a country’s vulnerability to climate hazards and are based on six sectors essential to a country’s proper functioning: food, access to water, the health system, ecosystem services, human habitat, and infrastructure. A country is considered to be highly exposed if a climate hazard can significantly limit access to drinking water, cause food insecurity, or if the quality of infrastructure is not sufficient to respond to this type of crisis. At the same time, a country is considered to be highly sensitive where its economy relies heavily on imports.

Forging of links with the local social and economic network

With teams located in 57 countries for maximum proximity to the economic and social network, the Group favours the hiring of local employees, who are trained in the credit insurance businesses and have detailed knowledge of the business environment. It thus contributes to strengthening its expertise, while developing local players in the countries.

6.3.2 Solidarity initiatives

In 2020, owing to the COVID-19 health crisis, solidarity initiatives could not be implemented in the same way as in previous years. The year was thus an opportunity for the Group, *via* the “Coface: A Responsible Employer” Committee, to initiate discussions on future initiatives in its operating countries. The Group has decided to favour local initiatives in the coming years as finely tuned as possible to the local context.

6.3.3 Subcontracting and suppliers

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

This policy, approved by the Company's Board of Directors in 2016 and reviewed annually ever since, considers the following as constituting material or critical activities, pursuant to the applicable regulations: (i) the following four key functions (see also Section 5.3.1 "Internal Control System"): the risk management function, the compliance verification function, the internal audit function and the actuarial function; as well as (ii) the other functions comprising the core credit insurance business, the interruption of which is likely to have a significant impact on the Company's business or its ability to effectively manage risks, or jeopardise the conditions under which it obtained its approval.

In 2019, the Company amended its outsourcing policy, which now covers "standard" functions and important and/or critical functions and activities.

Standard contracts must incorporate a number of conventional contractual clauses (purpose, duration, financial conditions, service provider's liability, *force majeure*, non-performance, termination, etc.). Their conclusion is subject to the implementation of Know Your Supplier due diligence and their submission to a call for tenders.

Coface and all its subsidiaries have therefore pledged to select service providers who meet the high-quality service standards and have the qualifications and skills necessary to efficiently handle the outsourced service, while avoiding any conflict of interest and guaranteeing data confidentiality. In accordance with the applicable regulations, with regard to important or critical activities, they must notify the French Prudential Supervision and Resolution Authority (ACPR) of their intention to outsource services falling within the scope of the procedure, in accordance with the applicable regulations, no later than six weeks before the effective date of the contract. Any outsourcing contract to be signed with a service provider should include certain mandatory clauses imposed by Coface and be approved by the Company's Board of Directors prior to signature.

To date, the main material or critical activities outsourced by the Group concern the Company's financial investment management activity and, in a few limited countries, the risk underwriting activity.

In 2020, Coface mapped the Group's outsourcing activities. The work covered the outsourcing of standard services and major or critical services carried out by all Coface Group regions to third parties or within the Group to another Coface entity.

The work served to:

- review existing outsourcing at the Group;
- distinguish between simple services and outsourcing services within the meaning of the Solvency II Regulation;
- classify outsourcing according to their "standard" or "important or critical" category;
- verify the compliance of contracts with applicable regulations and the Group outsourcing policy;
- propose a remediation plan;
- establish regular reporting on outsourcing.

The remediation plan will be implemented in 2021, application being differentiated according to the criticality of the contracts concerned, their date of conclusion and their geographical area.

For contracts relating to important or critical functions concluded after the entry into force of Solvency II, remediation will be both contractual (integration of absent contractual clauses) and regulatory (notification to the ACPR) upon the renewal of these contracts or in the event of an amendment.

Other contracts will mainly be subject to contractual remediation, in accordance with applicable local law and under the supervision of regional legal managers.

In the context of its relations with suppliers more generally, Coface has established a regularly reviewed purchasing procedure that sets out the general conditions for the purchase of supplies and services and specifies the rules to be followed in terms of supplier consultation and selection (including the conditions for issuing calls for tenders). Since 2017, Coface has also been signatory to the *Charte Relations Fournisseurs Responsables* (responsible supplier relationship charter) led by two French agencies, the *Médiateur des entreprises* (business ombudsman) and the *Conseil national des achats* (purchasing association). This charter consists of 10 commitments for a responsible purchasing policy towards suppliers. It enables Coface to apply, in concrete terms, its willingness to foster fair and transparent relationships with its suppliers. In accordance with the French "Sapin II" law of December 10, 2016 concerning transparency, anti-corruption and the modernisation of economic life, Coface has set up an assessment of suppliers looking at the corruption risk.

6.3.4 Underwriting policy

Coface is committed to an ongoing process to strengthen its commitments to corporate social responsibility.

For our short-term credit insurance business, the following guidelines are applied:

a. regarding the coal industry, Coface applies a very restrictive underwriting policy for any credit insurance policy covering:

- a commodity trader for its coal sales,
- a transport, freight and logistics company for its sales if more than 50% of its insured business is linked to coal;

b. the insured activity of any policy issued by Coface or its partners shall not directly include anything related to lethal (non-pharmaceutical) drugs, gambling, pornography or endangered species trading activities;

c. similarly, in addition to the underwriting framework for the strictly controlled defence industry as part of CSR directives (anti-personnel mines or cluster bombs, sanctioned countries, etc.) and the Group's compliance rules (list of country risk levels, KYC), an extremely restrictive underwriting policy is implemented in the defence industry sector in terms both of sensitive countries and sensitive equipment:

- a sensitive country is a non-OECD country, or any country not qualified as a full democracy or a flawed democracy (*i.e.* a hybrid regime and authoritarian regime) by "The Economist" in its democracy index (https://en.wikipedia.org/wiki/Democracy_Index),
- sensitive equipment is constituted by fatal equipment (including weapons, ammunition, missiles, mortar canons, tanks, armed vehicles, rockets, war ships and submarines, and electronic missile guidance equipment).

Trucks, unarmed helicopters, bullet-proof vests, surveillance systems and other equipment are not considered as sensitive equipment.

For transactions relating to sensitive countries and equipment, Coface limits its underwriting to a minority stake combining (i) a stake of less than 45% and (ii) excluding a higher share in a syndicated policy.

In addition, as a responsible player, Coface is seeking to contribute to environmental protection by introducing a factor related to environmental protection in its risk underwriting policy. In 2021, Coface developed a tool/methodology to direct its risk portfolio towards a "greener colour".

6.3.5 Socially responsible investment (SRI)

In addition to the investment policy within the Group and in connection with Article 173 of the law of August 17, 2015 on Energy Transition for Green Growth applicable to Coface, in 2016 the Group defined its responsible investment policy and the goals pursued consistent with its role as credit insurer and the protection of its reputation. In accordance with the transparency goals set by this regulation, the Group provides qualitative and quantitative information on the implementation of this policy.

Being a Socially Responsible Investor, according to Coface, means both including oversight and analysis measures in its investment policy in order to fulfil its obligations towards its policyholders, and integrating into its investment decisions, where appropriate, factors related to respect for the social, environmental and governance quality goals of the companies in which it invests (hereafter the "ESG factors").

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

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

The SRI strategy is thus based on three pillars, with each one being the subject of a dedicated quarterly or annual report. The Group has entrusted Amundi, its dedicated global manager, with producing reporting elements and analysing potential impacts on the management of its investments. Thus, in partnership with Amundi, in 2016 Coface set up a mechanism to address the regulatory requirements and to measure the carbon footprint of its portfolios. Accordingly, calculating and disclosing information on Coface's carbon exposure is the foundation of its commitment in this area.

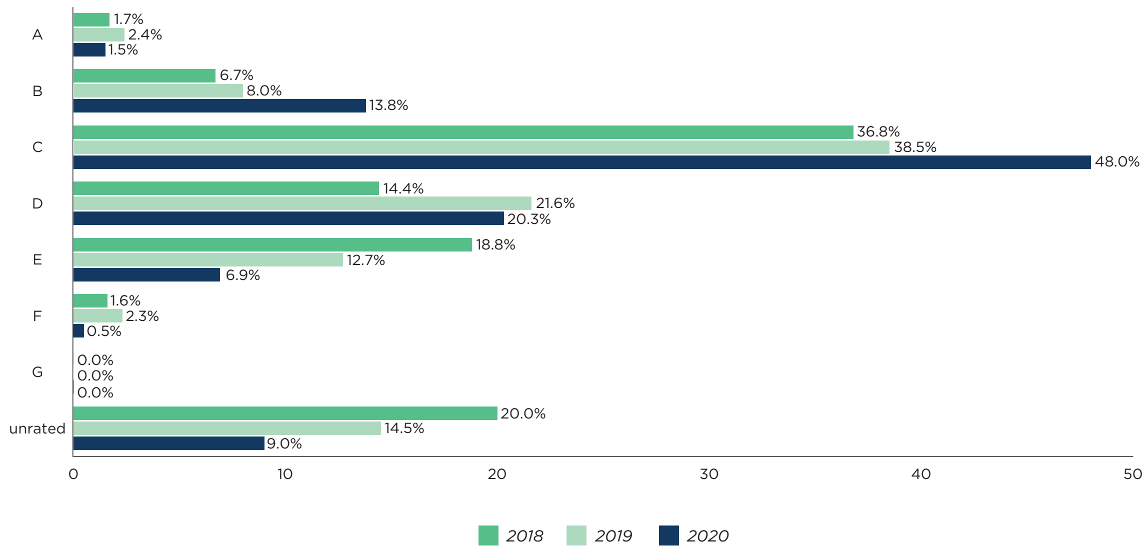
The three pillars of Coface's Socially Responsible Investor strategy are as follows:

1. ESG factors: Incorporating sensitivity to these factors within asset management while maintaining a primary goal of risk and reputation management.

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

   At December 31, 2020, the overall ESG rating of the investment portfolio was C, an improvement on the C- rating at end-2019. Since December 2018, Coface has decided not to invest directly in any securities from issuers with a G rating or issuers with more than 30% of their turnover linked to coal mining, in line with Amundi's policy.

/ ESG RATING OF THE INVESTMENT PORTFOLIO



Source: Amundi

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed securities and non-cash securities are rated with a coverage ratio greater than 90% at December 31, 2020.

2. Taking part in voting at the Shareholders' Meetings of companies held in the portfolio through the delegated managers and encouraging dialogue with their management on best practices based on the practices implemented on these topics through the managers selected by Coface.

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

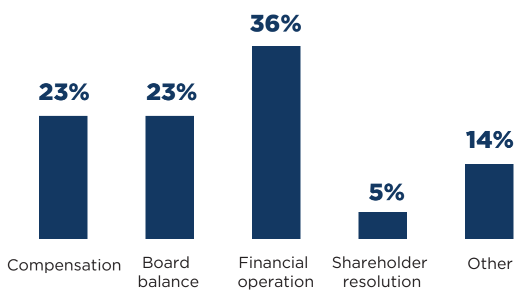
- overall voting statistics for each of the Coface dedicated funds (with a focus on geographic breakdown, opposition rates and main opposition topics);
- the list of meetings at which voting rights are exercised and during which an opposition voting right was exercised (broken down by company, country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

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

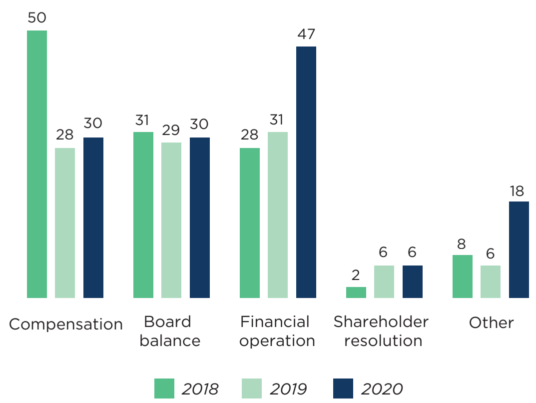
Amundi transmits its voting policy annually to the Group, to include the best corporate governance, social responsibility and environmental practices.

The percentage of opposition votes exercised by Amundi on behalf of Coface at Shareholders' Meetings held in 2020 are presented below, by topic:

/ OPPOSITION VOTES ON SHARE POSITIONS HELD DIRECTLY (%)



/ OPPOSITION VOTES ON SHARE POSITIONS HELD DIRECTLY (NUMBER)



Source: Amundi

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

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

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

Amundi provides a quarterly carbon report including:

1. A presentation of carbon emissions (per million euros invested and per million euros in turnover) and carbon reserves (per million euros invested).

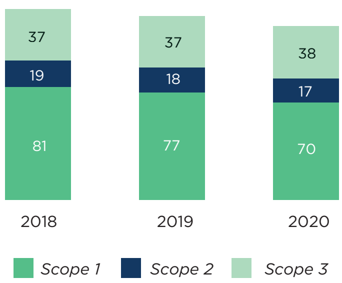
All the data are presented in absolute and relative terms with regard to a benchmark index determined according to the strategic allocation of the platform.

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

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

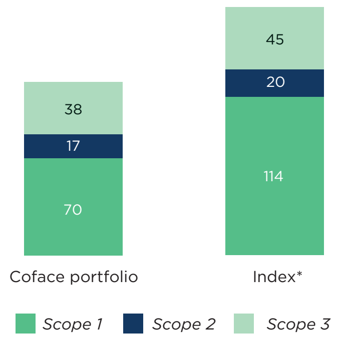
- Scope 1: all direct emissions from sources owned or controlled by the Company;
- Scope 2: all indirect emissions resulting from the purchase or production of electricity, steam or heat;
- Scope 3: all other indirect emissions upstream and downstream of the value chain. Only emissions upstream and *via*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

/ CARBON EMISSIONS PER MILLION EUROS INVESTED (TCO2/€M)



Source: Amundi

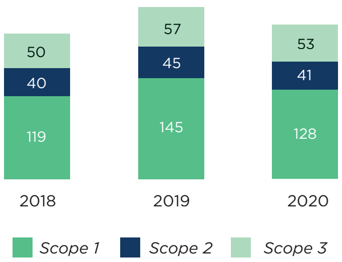
/ CARBON EMISSIONS PER MILLION EUROS INVESTED AT DECEMBER 31, 2020



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

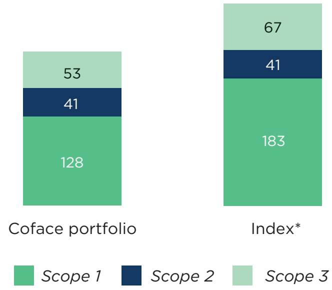
This indicator measures emissions from the portfolio in metric tonnes of CO_2 equivalent per million euros invested. It is an indicator of emissions resulting from investment in the portfolio. It is down for the year, primarily for emissions from Scope 1. Carbon emissions per million euros invested were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

/ CARBON EMISSIONS PER MILLION EUROS OF TURNOVER



Source: Amundi

/ CARBON EMISSIONS PER MILLION EUROS OF TURNOVER AT DECEMBER 31, 2020

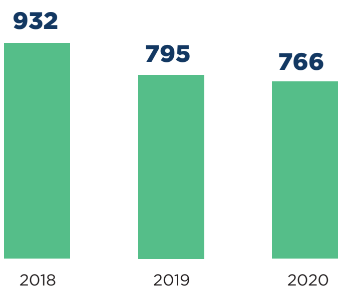


Source: Amundi
** Index: 85% ML EURO BROAD + 10% MSCI EMU + 5% THE BOFA ML GLOBAL HY*

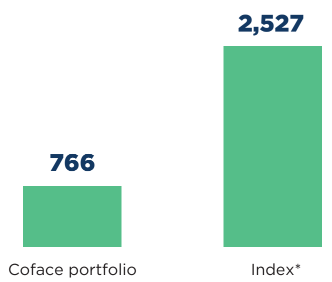
This indicator measures average emissions in metric tonnes of CO_2 equivalent per unit of revenue generated by the companies (in millions of euros). It is an indicator of the carbon intensity of the value chain of companies in the portfolio. It decreased over the year, mainly in Scope 1. Carbon emissions per million euros of revenue were also lower than those of the benchmark index.

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed corporate securities and non-cash corporate securities are rated with a coverage ratio greater than 92% at December 31, 2020.

/ CARBON RESERVES PER MILLION EUROS INVESTED



/ CARBON RESERVES PER MILLION EUROS INVESTED AT DECEMBER 31, 2020



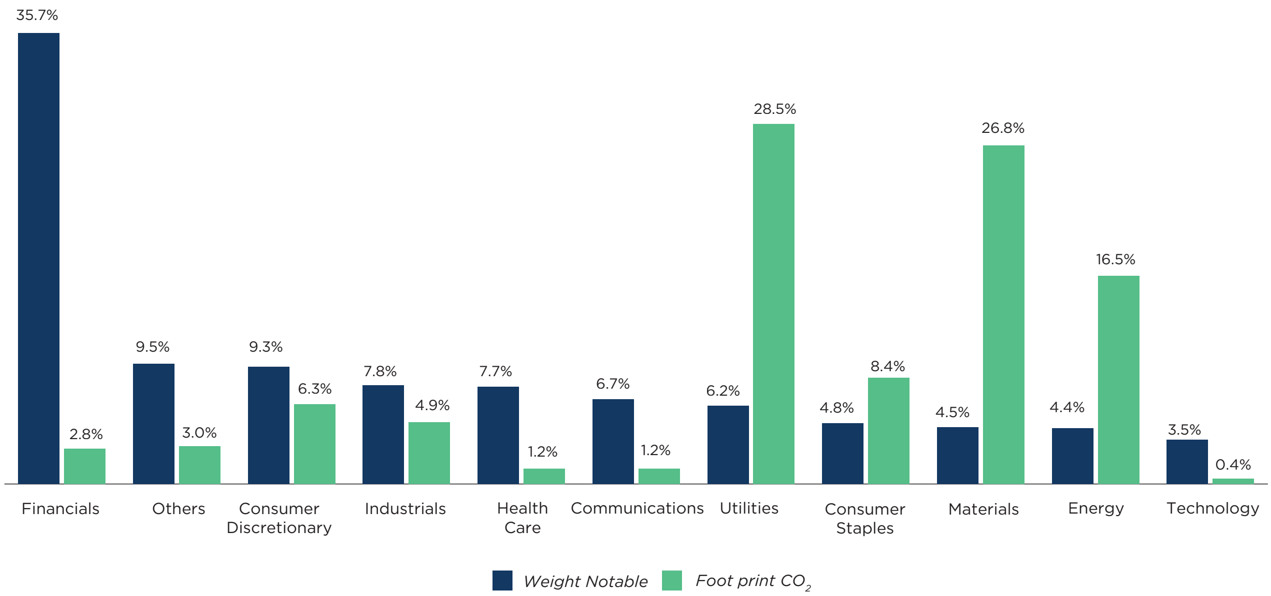
Source: Amundi
** Index: 85% ML EURO BROAD + 10% MSCI EMU + 5% THE BOFA ML GLOBAL HY*

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

N.B.: The portfolio monitored by Amundi represents 98% of Coface's total portfolio. Only listed companies and non-cash securities in the energy sector are rated.

2. Sectoral and geographical contributions to carbon emissions

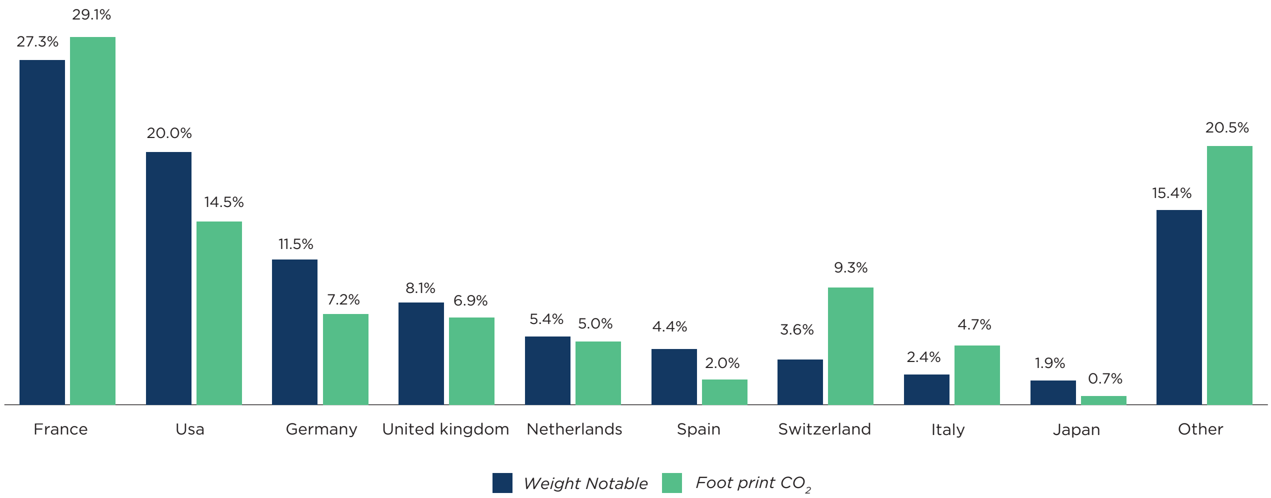
/ SECTORAL CONTRIBUTIONS AT DECEMBER 31, 2020



Source: Amundi

The biggest contributors at end-2020 were public utilities, materials and energy. The smallest contributors were finance, health and technology.

/ GEOGRAPHICAL CONTRIBUTIONS AT DECEMBER 31, 2020



Source: Amundi

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

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

6.3.6 Fair practices and respect for human rights

The importance of compliance in general is crucial for the management team and is highlighted during each conference or presentation for employees. More specifically, during each top-200 annual conference, the CEO always mentions the importance of integrity and ethics in his speech. In addition, employees' ethical commitments are one of the essential aspects monitored by the executive leadership team through the annual satisfaction survey covering all the Group's employees. This engagement has risen constantly since 2018.

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

In addition, in 2018, the Group appointed an ombudsman to whom any integrity issues, violations of the code of conduct or non-compliance with the law and regulations may be reported if necessary.

With regard to lobbying, Coface does not directly or habitually carry out any activity in this field and has no employee whose appointed duty or mission involves lobbying public or political entities. Nevertheless, any action undertaken in this respect should naturally be carried out in the context of the ethical rules laid down by Coface in the aforesaid code of conduct, which includes a number of anti-corruption rules. In addition to the code of conduct and the Anti-Corruption Code, a lobbying code will be introduced in 2021.

1. The fight against corruption

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

The Anti-Corruption Code consists of three parts: a reminder of general rules, specific rules and practical advice. The general rules define corruption, unfair advantages and the beneficiary concept, as well as the legal framework for corruption. The specific features of corruption involving public agents are also explained. The section on specific rules defines the rules on sensitive issues in terms of corruption: gifts and invitations, facilitation payments, political contributions, lobbying, charities and sponsorship.

Since 2017, Coface has focused on implementing the provisions set out in the "Sapin II" law on transparency, anti-corruption and modernisation of the economy. As a result, the Anti-Corruption Code is accompanied by the following (non-exhaustive list):

- the roll-out of a programme to train and raise awareness among all Group employees. An e-learning course on the code of conduct, including an anti-corruption component, was implemented in 2020 and assigned to all employees. Each course has been made available in the main languages to ensure better understanding by employees. Specific e-learning courses have been provided for staff deemed to be most exposed;
- a mapping of corruption risks, drawn up for each Coface Group entity and per function within each entity. The mapping was updated in 2019 *via* 30 workshops involving 118 employees from several entities (France, Germany, the United States, Italy, Poland, Brazil, China, Russia and Turkey) to cover the different activities of Coface, the various distribution channels (direct, *via* brokers, *via* agents, reinsurance with third-party insurance companies), entity sizes and market types (mature (Europe/USA), emerging (Asia, South America, Middle East));
- a global framework for assessing third parties. For suppliers and intermediaries, a control system for third parties was set up in 2020. The system is based on a third-parties evaluation procedure, which notably describes the scope and controls to be applied with third parties, as well as the governance model. Third parties undergo strict identification and evaluation procedures and suppliers considered medium- or high-risk are subject to review and approval by the Compliance Department;
- an ethical whistleblowing system. Coface has put in place an internal whistleblowing system, as described in the Anti-Corruption Code and the code of conduct. The internal whistleblowing system is subject to a dedicated and detailed procedure, reviewed in 2019. The basic principles stipulate that the persons concerned must have the choice between several reporting and communication channels and that members of staff reporting incidents in good faith must be protected and their identity must, in principle, remain confidential;
- accounting controls and second-level controls were implemented in 2019 and pursued in 2020 to strengthen the entire system. The internal audit also included the review of the anti-corruption system in its 2019 and 2021 audit plan.

2. Combating financial crime

Within the context of combating financial crime, every year the Group strengthens the tools and roll-out of procedures to best control all risks linked to financial crime.

The framework procedures updated regularly and transposed locally include a global procedure on the prevention of money laundering and terrorist financing and a KYC procedure on customer identification, verification and knowledge. These framework procedures are accompanied by various operational procedures (including on suspicious transaction reporting, the examination of suspicious transactions, and enhanced due diligence measures for transactions involving entities located in tax havens).

The procedures are implemented by the international network of local and regional compliance officers in charge of compliance at the Group.

An e-learning training programme on combating money laundering and the financing of terrorism was reviewed in 2020 and assigned to all employees. Each course has been made available in the main languages to ensure better understanding by employees. Communication and awareness-raising initiatives were also carried out regularly with employees to enable them to detect warning signs regarding money laundering and the financing of terrorism.

In its business activities, the systematic implementation of the aforementioned due diligence allows Coface to exclude suspicious transactions and to annually review clients identified as high-risk.

The Group is also preparing the roll-out in 2021 of a procedure relating to the control of dual-use goods.

3. Compliance with international sanctions

In terms of compliance with international and local sanctions, Coface, for all Group entities, screens new customers before entering into a relationship and performs automated screening of existing customers. In addition to sanctions, the tool also enables the identification of negative information on customers and thus strengthens Coface's reputational-risk management.

4. Fraud prevention

In 2020, Coface reinforced its fraud prevention system by:

- strengthening governance with the creation of fraud committees, led by the correspondents in charge of fraud prevention;
- creating fraud risk mapping, implemented in 2019 on the risks of fraud related to Coface's insurance business and adapted in 2020 in all the Group's operating countries;
- updating the fraud prevention procedural corpus (*i.e.* fraud prevention policy, fraud analysis procedure, reporting procedure);
- implementing communication and e-learning training initiatives (*i.e.* training for employees in sales, underwriting and finance and training on CEO fraud for all employees);
- bolstering management of the fraud correspondent network present in each Coface country.

5. IT system security and data confidentiality

Coface pays great attention to the security of its IT systems and the confidentiality of data concerning policyholders and their clients. An IT charter incorporated into the internal regulations contains all the rules comprising Coface's security system, of which all employees are reminded annually in order to prevent any breach or threat to the data and systems (viruses, cyberattacks, information leaks, identity theft, hacking, phishing, whaling, etc.).

Attention to information system and data security is also demonstrated through the Group's choice of suppliers, the conditions in which it stores data on policyholders and their clients, its implementation of and compliance with the regulation and industry data protection standards (active and passive protection measures such as firewalls, and business continuity plans – see also Section 1.8 "Information systems and processes"), and through the addition of specific contract clauses during both the pre-contractual and contractual phases.

6. Protection of personal data

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

- maintaining of data processing records by the Data Protection Officer;
- inclusion of GDPR clauses in contracts with its clients and suppliers;
- communication of the "Privacy Notice" to Coface clients.

In March 2019, Coface also submitted for CNIL approval the Binding Corporate Rules (BCR), as defined in Article 47 of the GDPR, with a view to setting a global framework for transfers of data outside the European Union.

8. Protection of human rights

As a member of the United Nations Global Compact, Coface follows the principles stated therein relating to the protection of human rights:

- to promote and respect the protection of international human rights law in its sphere of influence; and
- to ensure that it is never complicit in human rights violations.

9. Tax transparency

Coface complies with the tax laws applicable in the jurisdictions where the Group is located. The Group's tax policy is defined by the Group Tax Department. It is applied at regional level through six seven regional tax correspondents.

In addition to regular discussions depending on the issues to be processed, meetings are organised quarterly by the Group Tax Department with each of the regional CFOs and tax correspondents for a general review of the tax topics in their region.

Ahead of each meeting, the tax correspondent sends the Group Tax Department a report on current tax audits and related provisions.

Coface also complies with the standards established by the OECD to combat the erosion of tax bases and the transfer of profits through the implementation of a centralised transfer pricing policy, a governance system serving to identity aggressive tax arrangements with a view to reporting them (DAC 6), and the filing of a declaration per country (Country-By-Country Reporting, CBCR).

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

6.4 CSR INITIATIVES INTEGRATED INTO THE BUILD TO LEAD PLAN

Work on devising and implementing the projects of the four CSR committees will continue in 2021 and 2022.

In the medium term, the Company notably plans to:

- develop a tool/methodology to direct its risk portfolio towards a "greener colour", and improve the ESG component of its investment portfolio;
- analyse/publish the impact of its energy transition on its own risks and define its risk appetite;
- establish a lobbying code of conduct;
- improve the proportion of women in top management by setting a specific objective;
- set measurable goals for our environmental footprint with the support of the Green to Lead initiative; and
- continue internal CSR communication and awareness-raising.

Environmental reporting is extended each year to new countries to improve the monitoring of the Group's carbon footprint and identify the investments required for better energy consumption.

6.5 REPORTING FRAMEWORKS AND METHODOLOGY

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

General organisation of the report

Coface strengthens its non-financial reporting guidelines every year in order to ensure a unique and consistent framework across the reporting scope.

The information presented in this document was produced internally on the basis of information provided by the heads of each area concerned. The corporate information and indicators were supplied by the HR Departments of the entities in the reporting scope and by the person in charge of Personnel Reporting and were coordinated by the Group Human Resources Department. The environmental information comes from the departments in charge of facilities management in the reporting scope. The societal information was supplied by the Compliance Department, and information on the socially responsible investment policy was supplied by the Group Investment, Financing and Treasury Department. These last three categories of information were coordinated by the Group Legal Department.

Reporting period

Unless stated otherwise, all figures refer to financial year 2020, corresponding to calendar year 2020.

Comparable data, on a like-for-like basis, is sometimes presented for previous years for purposes of comparison.

Reporting scope

The information presented in this document was produced for the first time for financial year 2014, and the figures contained therein concerned the French scope, with an illustration of the policies, processes, tools, initiatives and actions at Group level.

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

FINANCIAL YEAR	REPORTING SCOPE	INFORMATION REGARDING THE SCOPE ADDED	SCOPE REPRESENTA-TIVENESS WITH REGARD TO THE GROUP'S WORKFORCE	SCOPE REPRESENTA-TIVENESS WITH REGARD TO THE GROUP'S TURNOVER
2014	France	The French scope concerns (i) COFACE SA and (ii) its subsidiary, Compagnie française d'assurance pour le commerce extérieur (iii) excluding its second subsidiary, Coface Re, which is not registered in France and has a total workforce of 11 employees based in Switzerland.	24%	20%
2015	France and Germany	The German scope concerns the three German companies, Coface Finanz GmbH, Coface Rating GmbH and Coface Debitorenmanagement GmbH, as well as the German branch of Compagnie française d'assurance pour le commerce extérieur.	40%	36%
2016	France, Germany and Italy	Italy includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur and a service company devoted to debt collection operations, Coface Italia SRL.	43%	43%
2017*	France, Germany, Italy and Spain	Spain includes the insurance branch and a service entity, Coface Servicios España.	42%	53%
2018	France, Germany, Italy, Spain and the UK	The UK includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface UK Holdings Ltd and a service entity, Coface UK Services Ltd.	43%	56%
2019	France, Germany, Italy, Spain, UK and Poland	Poland includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, two service entities, Coface Poland Insurance Services and Coface Poland CMS, as well as a factoring company, Coface Poland Factoring.	47%	59%
2020	France, Germany, Italy, Spain, United Kingdom, Poland, Morocco, Netherlands, Austria, Romania and United States	**1.** Morocco includes the insurance subsidiary of the Company, Coface Maroc SA and a service subsidiary, Coface Services Maghreb. **2.** The Netherlands includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Netherland Branch and a service entity, Coface Nederland Services BV. **3.** Austria includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Niederlassung Austria, the holding company, Coface Central Europe Holding GmbH and the service entity, Coface Austria Kreditversicherung Service GmbH. **4.** Romania includes the insurance branch of Compagnie française d'assurance pour le commerce extérieur, Coface Sucursala Bucuresti and two service entities, Coface Romania Insurance Services and Coface Romania CMS. **5.** The United States comprises two insurance subsidiaries of the Company, Coface North America Inc and Coface North America Insurance Company, the holding company, Coface North America Holding Company and the service subsidiary, Coface Services North America Inc.	62%	73%

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

Methodological details on the information communicated

Corporate

- In 2020, the corporate indicators, excluding those on the Group's workforce, concerned the scope of France, Germany, Italy, Spain, the United Kingdom, Poland, Austria, Morocco, the Netherlands, Romania and the United States. However, as mentioned above, the description of policies, processes and HR tools are defined at Group level.
- All figures concerning the workforce, seniority, age and diversity were obtained from Group HRD Reporting, an online internal tool.
- The workforce figures provided relate to employees at December 31, 2020 on permanent or fixed-term contracts (including expatriates and people who have temporarily left the Company), excluding people who have permanently left the Company, interns, trainees, V.I.E. international interns, temporary staff, consultants and subcontractors.
- Cases of long-term sick leave (over three months) are now classified as "employees who have temporarily left the Company".

Employee arrivals include all employees recruited on permanent and fixed-term contracts since the start of 2020.

- Contract renewals are not recorded as new arrivals. However, any person who was not part of the recorded workforce (consultant, intern, etc.) and is awarded a fixed-term or permanent contract must be recorded as a new arrival.
- The number of departures includes all the reasons for departures for people on permanent and fixed-term contracts: resignation, dismissal, termination by mutual agreement, end of probation period initiated by the employee and/or employer, retirement or death, until December 31 of the year (inclusive). Cases when fixed-term contracts have ended are not included in the list of departures.
- The indicator for the "percentage of female managers" takes into account the percentage of female managers in the workforce at December 31, 2020, *i.e.* the number of women in management positions among the workforce (numerator) out of the total number of employees in manager positions (denominator).
- The following employees must be recorded as managers:
  - General management;
  - Middle management and managers.
- The number of expatriates during 2020 is equal to the total number of people on international transfers during the year (from January 1 to December 31, 2020), regardless of the contractual status (expatriate, seconded, local+), the initial departure date (before or during year N) and the duration of the assignment (long term or short term). Persons having completed their assignment before the end of the year, and those having taken up their position remotely due to exceptional circumstances delaying the planned start date in the host country, are recorded. Conversely, persons whose positions have been transferred to another country and employees recruited outside another country are excluded.
- The number of new international assignments in 2020 is equal to the total number of people who began their international transfer during the year (from January 1 to December 31), regardless of the contractual status (expatriate, seconded, local+) and the duration of the assignment (long or short term). The same inclusion and exclusion rules as the previous indicator apply.
- The My Voice engagement score is that provided by our external supplier, through the compiling of results, on a reporting platform (as a reminder, Coface cannot have access to individual results). The score is calculated based on six questions: the manner in which the employee talks about Coface, their desire to remain at Coface and how they believe Coface motivates them to do "a little more" than their day-to-day work. For Kincentric to consider them as engaged, a person must have an individual average of at least 4.5 (on a scale of 1 to 6) on all six engagement issues. The engagement score taken into account is that of the survey conducted in June 2020.
- Employees with a permanent and fixed-term contract with Coface are asked to participate in the My Voice survey, as well as VIEs (constituting a substantial talent pool for Coface) and certain apprentices who have been working for Coface for more than a year. In contrast, employees with less than 3 months of service or an external contract, interns and apprentices (less than one year at Coface) are not asked to participate.
- For the gender index, Coface took its inspiration from the French regulations implemented to measure and eliminate the pay gap between men and women. Based on this experience, the Company decided to build a unique gender index for the Group as part of its corporate and social responsibility plan.
- The following are excluded from this calculation: Coface Re and BDC are excluded because they do not belong to a region and correspond to small or very specific groups and executive members (except for criterion 4 *Bis*).

Environmental

	REPORTING SCOPE	COMMENT	ELECTRICITY CONSUM-PTION *(kWh)*	GAS CONSUM-PTION *(kWh)*	PETROL CONSUM PTION *(L)*	DIESEL CONSUM PTION *(L)*	TRAIN TRAVEL	AIR TRAVEL	WATER CONSUM-PTION *(m^3)*
France	Registered office (Bois-Colombes) and offices in Lyon, Strasbourg, Nantes and Toulouse.	Gas consumption excludes office space at head office and regional premises.	ü	ü	ü	ü	ü	ü	ü
Germany	Mainz (main office) and offices in Hamburg, Berlin, Hanover, Nuremberg, Düsseldorf, Bielefeld, Frankfurt, Cologne, Karlsruhe, Stuttgart and Munich	Coface Germany does not use gas. For its electricity consumption, the contract provides for 100% renewable resources. For rail travel, the Deutsche Bahn contract, which is more expensive, provides for the 100% offsetting of emissions.	ü	X	ü	ü	ü	ü	ü
Italy	Milan (main office) and 1 office in Rome		ü	ü	ü	ü	ü	ü	ü
Spain	Madrid (main office) and offices in San Sebastián, Alicante, Valencia, Seville, Pamplona, Barcelona and A Coruña.	Coface Spain does not use gas. The water consumption of offices outside the capital is not available.	ü	X	ü	ü	ü	ü	ü
United Kingdom	London (main office) and offices in Watford, Birmingham and Manchester.	Part of the distance travelled by train and plane in the UK is not reported because some of the staff do not use the services of the dedicated travel agent.	ü	ü	ü	ü	ü	ü	ü
Poland	Warsaw (main office) and offices in Krakow, Gdynia, Katowice and Poznan	Coface Poland does not use gas.	ü	X	ü	ü	ü	ü	ü
Netherlands	Breda (main office)	Coface Netherlands does not consume gas. For travel, the country does not have a reporting system for train travel in terms of mileage.	ü	X	ü	ü	X	ü	ü
Austria	Vienna (main office) and 1 office in Graz.	Coface Austria does not use gas.	ü	X	ü	ü	ü	ü	ü
Romania	Bucharest (main office) and 2 offices in Cluj and Timisoara.	Timisoara (shared offices: ex. reporting). No train travel for offices.	ü	ü	ü	ü	X	ü	ü
Morocco	Casablanca (main office)	The country does not use train travel and mileage for air travel is not available.	ü	X	ü	ü	X	X	ü
United States	Princeton (main office) and offices in Boston (closed in November 2020), Hunt Valley, Oak Brook (opened in April 2020), Miami, Shenandoah, Franklin, New York and California.	As no vehicles are leased or owned, the information is not available. Only the California office reported gas use.	ü	ü	X	X	ü	ü	ü

- Greenhouse gas emissions have been calculated:
  - for energy consumption, based on CO_2 emission conversion factors reported by local suppliers – primarily for electricity – or the CO_2 emission conversion factors available in the French agency for sustainable development (ADEME) Base carbone® database, with regard to fuel consumption;
  - for transport, based on the CO_2 emission conversion factors reported by suppliers and/or based on the CO_2 emission conversion factors available in the ADEME Base carbone® database.
- Reported fuel consumption corresponds to the consumption of company vehicle fleets for long-term leasing. No country in the scope owns vehicles.

As the Company's activity has a limited impact on the areas listed below, they have not been, or are no longer, covered:

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