

UN Global Compact

PROGRESS ON DEPLOYMENT OF THE GROUP CORPORATE SOCIAL RESPONSIBILITY PROGRAM

A yearly assessment of the progress done by the Group in the field of Corporate Social Responsibility is being carried out since 2012. In 2014, Fives decided to publish its annual objectives in addition to the year-on-year changes in order to highlight its priorities for the coming year.

The firm Exfi-Partners has also assessed the Group's corporate social responsibility process annually since 2013. This analysis is based on a materiality matrix (facing).

Their findings provide information to the Group for talks about priorities and determinations to make across the whole corporate social responsibility program.

The following table (see opposite) details the overall progress made by the corporate social responsibility program of the Group and how that progress relates to the commitment made by Fives to respect and promote the 10 principles of the United Nations Global Compact.

Their correlation with the 10 principles of the UN Global Compact is indicated by "GC1" (Global Compact 1) for the program that corresponds to Principle 1 of the United Nations Global Compact, and so on, as detailed below:



Human Rights

GC1. Businesses should support and respect the protection of internationally proclaimed human rights; and
GC2. Ensure that they are not complicit in Human Rights abuses.

Labor

GC3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
GC4. The elimination of all forms of forced and compulsory labor;
GC5. The effective abolition of child labor; and
GC6. The elimination of discrimination in respect of employment and occupation.

Environment

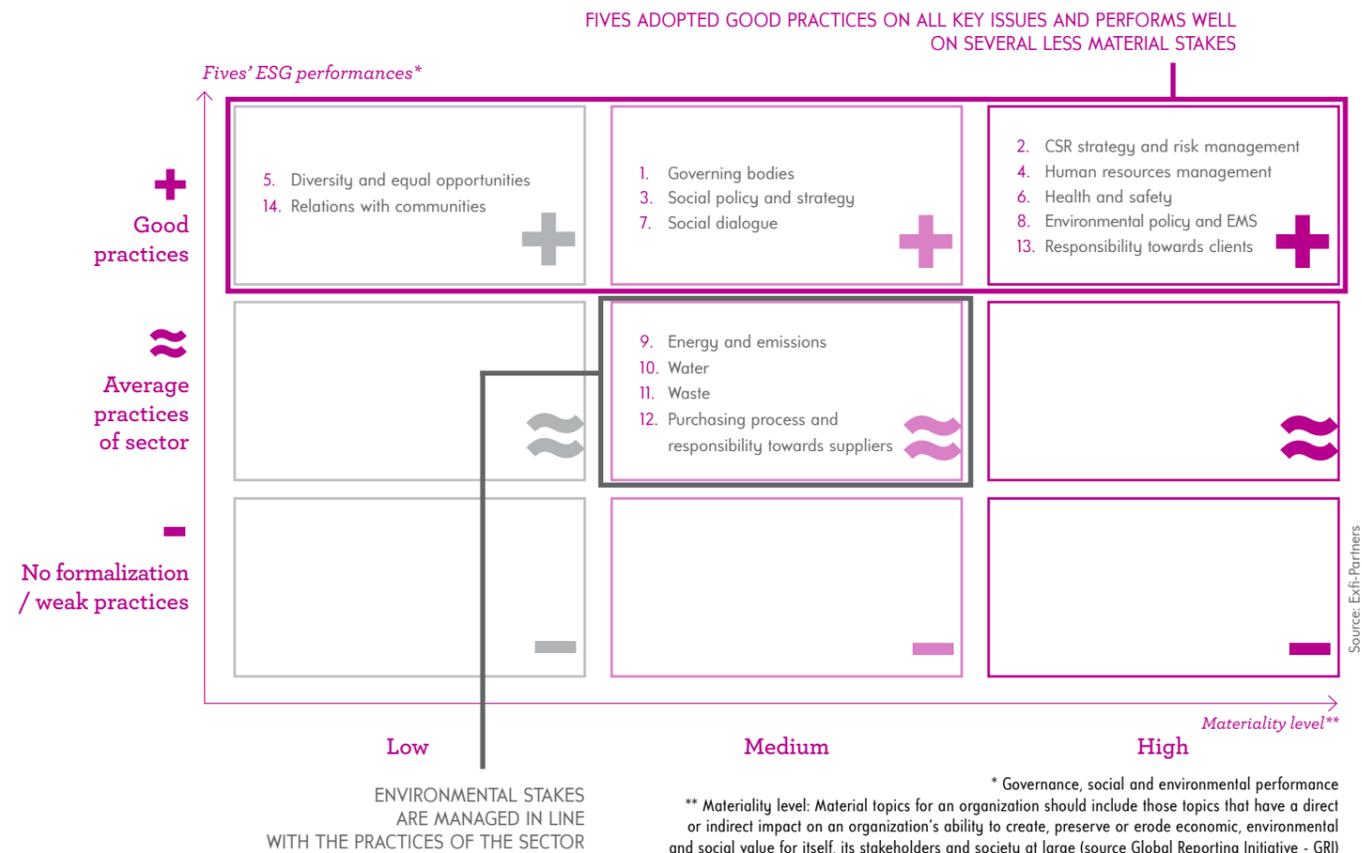
GC7. Businesses should support a precautionary approach to environmental challenges;
GC8. Undertake initiatives to promote greater environmental responsibility; and
GC9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

GC10. Businesses should work against corruption in all its forms, including extortion and bribery.

"We use the United Nations Global Compact to regularly re-assess our commitments, and provide official accountability for our actions."

Frédéric Sanchez, Chairman of the Executive Board



External evaluation by Exfi-Partners

For the second year in a row, Exfi-Partners has conducted an evaluation of the Group's corporate social responsibility program. The evaluation was based on documents, questionnaires and interviews that were used to balance out the evaluation guidelines Fives applies and to measure Fives' performance against these guidelines.

The materiality matrix above provides an overview of these two working strategies:

- On the x-axis, materiality reflects the significance of each topic in relation to Fives' business (according to the Global Reporting Initiative⁽¹⁾, these are "topics that have a direct or indirect impact on an organization's ability to create, preserve or erode [...] value for itself, its stakeholders and society at large")
- On the y-axis, Environmental and Social performance and Governance (ESG) pertains to Fives' ability to understand these topics.

The findings are informing Group talks about priorities and determinations to make across the whole social responsibility program.

According to Exfi-Partners, the key areas of social responsibility for Fives are part of the following Fives programs (detailed on pages 72-75):

- 2. CSR strategy and risk management: Good practices** / Embed the CSR priorities into the organization of each Fives entity (CSR coaching and Fives Directives and Guidelines Manual)
- 4. Human resources management and 6. Health & safety: Good practices** / Provide a safe and motivating workplace
- 8. Environmental policy and Environmental Management System (EMS): Good practices** / Environmental ISO 14001 certification program
- 13. Responsibility towards clients: Good practices** / Engineered Sustainability® eco-design program

⁽¹⁾ The Global Reporting Initiative is an organization that advocates for the standardization of sustainable development reporting practices to encourage the use of best practices and comparisons of organizations.

Commitment	Program	Achievements at end-2015	2016 goals	Level of maturity
Minimizing the environmental footprint of the Group and its customers	Engineered Sustainability® Internal eco-design program which meets (and exceeds) the requirements of the ISO 14062 standard. It's an innovation process that can lead to the award of a brand identifying best-in-class products in terms of environmental and safety performance. EY awarded this program an insurance certificate in 2013. GC 8 - GC 9	<ul style="list-style-type: none"> Significant increase in sales of Engineered Sustainability® branded products: <ul style="list-style-type: none"> - 3 products branded in 2015, for a total of 9 - 7 products undergoing analysis - 39% of target subsidiaries involved in the program - the number of people trained has doubled since 2014, bringing the total up to 250. The CO₂ emissions prevented by these technologies throughout their lifespans are estimated at 1.4M tCO₂-eq for products sold in 2015 alone. 2015 also saw the triennial review of the first Engineered Sustainability® branded product, the CentriSpray™ Chamber Washer. Redesign studies have been launched in order to better meet the automotive market's needs. The Centrispray™ Chamber Washer will go through brand re-approval in 2016. 	<ul style="list-style-type: none"> - 7 products are currently undergoing analysis, and 2 of them will receive the Engineered Sustainability® brand in early 2016: CTD Flex+ (coal tar distillation) and Lineos (pitch fume treatment for port storage). - Review the second Fives Engineered Sustainability® branded product: Stein Digit@l Furnace® AT 2.0. - Implement the eco-design approach even earlier in the pre-project phase and in the design offices, thanks to dedicated resources and guides. 	
	Mandatory environmental certification program for all Group industrial sites based on the date they joined the Group (the first phase ended in 2014 for sites there prior to 2012). GC 7 - GC 8	<ul style="list-style-type: none"> - At the end of December 2015, 37 sites had received ISO 14001 certification, including 28 industrial sites (74% of industrial sites). - All 8 of the subsidiaries subject to the European Directive on energy efficiency successfully completed the energy audits of their sites. - Environmental committee involving the Group's Purchasing, Innovation and CSR departments created. The committee's objective is to ensure that the Group's environmental approach is consistent and effective. 	<ul style="list-style-type: none"> - 8 industrial sites to be ISO 14001 certified by end 2017. - Launch the support program for entities which recently joined the Group. - Assist the subsidiaries in formalizing action plans to improve their energy performance. 	
Promoting fair practices on the marketplace	Fives Code of conduct Adoption of the Code of conduct by all employees by: - Distributing it to all employees - Writing a reading guide for the Code of conduct, and practical examples to train all Group managers, to feed into an annual discussion of the Code in each team. GC 10	<ul style="list-style-type: none"> - All subsidiaries present the Code of conduct to new hires before signing their contract. - Code of conduct distributed in 88% of companies and to 84% of those companies' employees. - The number of subsidiaries which hold an annual presentation dropped to 10%. 	<ul style="list-style-type: none"> - Train the subsidiaries' management teams on preventing corruption and anti-competitive practices. - Remind the directives on distribution of the Code of conduct. 	
	Business ethics Intensify the program on corruption prevention and anti-competition practices through special training sessions, rollout of the new Group Directive on these issues and enhance the Group agent management toolbox. GC 10	<ul style="list-style-type: none"> - Agent management procedures overhauled. - Second phase of deployment launched: 2 pilot sessions on risk analysis in North America and the United Kingdom. 	<ul style="list-style-type: none"> - Make the new Agent management Directive official and distribute it. - Continue the roll-out of the Business Ethics Directive with training and working sessions in the subsidiaries. 	

Commitment	Program	Achievements at end-2015	2016 goals	Level of maturity
Promoting fair practices on the marketplace	Responsible purchasing Incorporate our social responsibility goals into our relations with subcontractors and suppliers. GC 1 - GC 2 - GC 3 - GC 4 - GC 5	<ul style="list-style-type: none"> - Purchasing Directive updated to require subsidiaries to take CSR criteria into account. - Subsidiaries increasingly integrate HSE and CSR criteria in the broadest sense into their sub-contractor selection process: 15% of them consider it the key criterion in their decision. 	<ul style="list-style-type: none"> - Include HSE and ethics in purchasing performance self-assessments. - Go further with Reach implementation in Europe. - Start the process of ensuring that subsidiaries comply with the "UK Modern Slavery Act". 	
	Promote social responsibility in our commercial offer Figure out how to make social and environmental impacts part of the offer and the CSR performance levels for Fives and every subsidiary part of the sales pitch. GC 9	<ul style="list-style-type: none"> - EcoVadis rating: Confirmed (Gold), 71/100, top 2% of the panel of 20,000 businesses assessed by EcoVadis at end 2015. 	<ul style="list-style-type: none"> - Enhance multi-channel internal communications on CSR: Intranet, corporate social network, distribution of our customers' CSR reports. - Provide sales staff with a document which recaps the key events and figures. 	
Providing a safe and motivating working environment	Safety roadmap for 2016 Move the Group towards a safety culture shared by all. In three years, halve the accident frequency rate for employees and temporary staff, with the ultimate goal remaining zero severe accidents. Our aim is to reach a maximum accident frequency rate of 4 in 2016 for employees and temporary staff.	<ul style="list-style-type: none"> - 2016 frequency rate target achieved in 2015: 3.91, despite the tragedy of 1 fatal accident and 4 severe accidents. - Group Health & Safety Coordination team enhanced: North America and Europe. - Safety community trained to investigate the underlying causes of accidents - Targeted actions implemented to increase management involvement in safety. 	<ul style="list-style-type: none"> - Roll out the Group's Safety Golden Rules. - Roll out a field safety and observation dialog visit program: <ul style="list-style-type: none"> > Ambassador training > Management team training > Objectives for number of visits in 2016. - Create a working group to identify ways to improve accident prevention on supervision sites. 	
	Promoting diversity and raising awareness of non-discrimination Gender equality: Tracking of the percentage of women hired, access to training and promotion; awareness raised of discriminatory practices. Older people: Tracking of the agreement on older people signed in France. However, the over-50s employment rate is high, and the challenge for Fives in many of its subsidiaries is to transfer know-how. Employment of disabled people: Awareness-raising campaign since 2012 and sharing of best practices. GC 6	<ul style="list-style-type: none"> Gender equality 16% of employees are women. 37% of women are engineers or managers. Older people 35% of employees are 50 or over. 41% of employees have been with the Group for over 10 years (16% for over 25 years). Disability awareness campaign - The communication resources are still in place in the subsidiaries. - A new review completed at end 2015 shows that the Group met 86.6% of its employment requirements for France. Anti-discrimination training - In India: Creation of a training course on sexual harassment prevention. - In France, 233 people received anti-discrimination training in 2014 and 2015. - In the US, over 600 people were trained in 2014 and 2015. - Special initiative: In the US, an initiative has been launched to encourage hiring military veterans. 	<ul style="list-style-type: none"> Age The intergenerational agreement will expire on September 30, 2016, meaning that new negotiations must be held to: - Propose a new support plan for older employees. - Use awareness initiatives to increase the percentage of young employees at Fives. Disabilities - In France: The reductions listed in the annual declarations must be analyzed, particularly those related to people over age 50. - Implement an action plan to stabilize the employment rate at Fives, despite the risk of retirements. Training - Conduct sexual harassment prevention training in all Indian subsidiaries. 	
	Harmonization of the employee welfare protection regime Harmonize and challenge the employee welfare protection regime in the main domains where the Group has a presence.	<ul style="list-style-type: none"> - Mostly harmonized progressive social coverage plans, in France, China and India. - Creation of a Group savings plan in France. 	<ul style="list-style-type: none"> - Formalize the Group's benefits policy. - Continue harmonization in India and China and extend to the United States and Canada. 	

Topic non identified
 Emergent
 In construction
 Defined, with deployment in progress
 Fully and satisfactorily deployed

Commitment	Program	Achievements at end-2015	2016 goals	Level of maturity
Providing a safe and motivating working environment	Identification and management of employees with potential (CEDRE) Annual career management committee in each subsidiary, attended by the management team and a Human Resources representative, to: - Determine which measures need to be taken to improve employee performance. - Approve personal career plans.	- 46% of employees have been assessed by a CEDRE career management committee which includes at least one member of the Fives Executive committee. - In 2015, certain recently acquired subsidiaries were included in the program for the first time: Fives ITAS, Fives OTO, Fives Machining Systems in Shanghai (its US-based sister companies were included in 2014).	Bring Fives ECL and its subsidiaries (acquired in mid-2015) into the program.	●
	Training and career path support for promising employees - New employee programs - Ongoing training - Dedicated training for promising employees.	Fives Leadership Factory: - Second session of LeadershipRise@Fives. A total of roughly fifty people have gone through the course over the past two years. - Launch of Manager@Fives: 80 people involved in 2015. Starter meeting: Group-wide consolidation of the program, with an overall 40% increase. The United States saw particularly strong progress, doubling the number of people covered. Career booster: This program has also been implemented worldwide, but France remains over-represented with 70% of interviews.	Fives Leadership Factory: - Objective of 25 people for the LeadershipRise@Fives. - Objective of 165 people for Manager@Fives. - Launch BusinessManagement@Fives: First session planned for June, for 25 people. Continue the starter meeting and career booster programs in all zones.	●
	Develop an anticipatory strategy on jobs and organizations at each company Develop this strategy with a 5-step program: - Define the company strategy. - Determine the business goals and the operational goals. - Identify the skills required to achieve these goals. - Qualify the existing positions in the company and the associated required skills. - Analyse the shortfall and build action plans.	- Local HR community expanded to encourage closer relationships, with the creation of the position of HRD India in addition to the existing positions in France, the US, China and Italy. - In France, program finalized or under way for 95% of companies.	Continue this project, particularly by listing the subsidiaries which already use this type of process outside France.	●
	Maintenance of know-how within the Group Process existing in France since 2009. Sharing meetings held two or three times a year, to review the workloads/under-loads and make staff allocation decisions, ranging from several weeks to several months.	- Staff loans increased by nearly 50% in France: 126 people were involved in the program in 2015. - First loans in North American in 2015.	Continue the resource pooling program, by seeking to extend it into more zones.	●

Commitment	Program	Achievements at end-2015	2016 goals	Level of maturity
Providing a safe and motivating working environment	World employee opinion survey An opinion survey conducted among all Group employees every three years, designed to measure satisfaction levels and any organizational malfunctions, and which gives rise to the implementation of action plans proposed by employee bodies.	- 70% responded to the internal satisfaction survey. - The criteria with the most positive responses are relationships with co-workers (93% satisfied) and feeling safe at one's workstation (92% satisfied). - The main expectations involve internal organization and management of variations in activity levels. - Overall, 74% of respondents are happy to work for their company, a slight drop compared to 2012.	- Set up employee working groups in each subsidiary to develop action plans to improve the weak points identified.	●
Incorporating CSR priorities into the organization of all Fives entities	Distribute best practices and Group Directives Compilation of Directives and Guidelines covering all Group jobs, linked to internal control rules. GC 1 to GC 10	- Improve internal communications by creating a section on the Group intranet portal. - Directives and Guidelines Manual presented to the new subsidiaries.	- Continue to update the Directives to take into account the changes to Fives' Governance and business. - Improve the integration of new subsidiaries.	●
	CSR coaching One-day working meeting with each subsidiary's management committee, to identify the key CSR challenges and priority improvement areas. Annual tracking of the action plan. GC 1 à GC 10	The program was stabilized in 2015, and no new subsidiaries have joined the program.	Reposition the program in light of the Group transformation project: FivesWAY.	●