

# Opinion on sustainability

## Summary



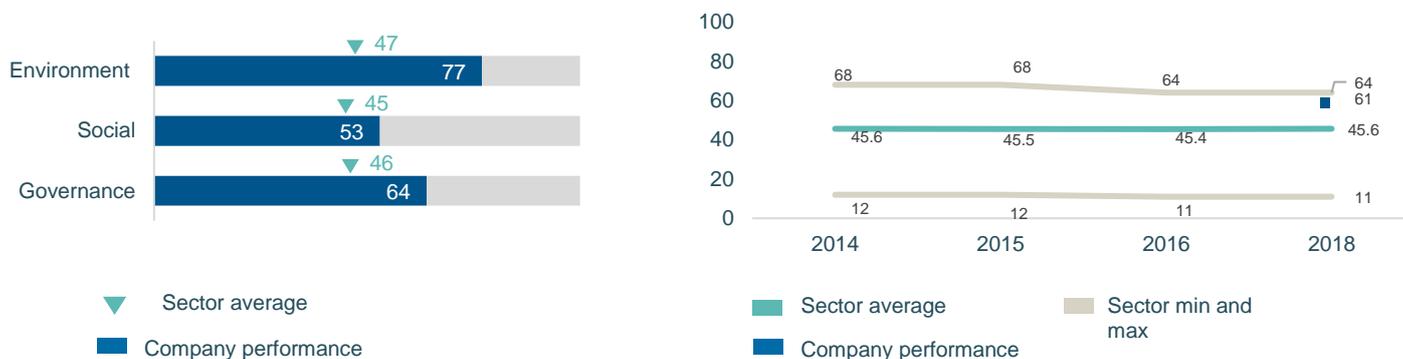
Rank in Sector	5/49	ESG Reporting Rate	91%
Rank in Region	60/1306	Sector average	68%
Rank in Universe	63/4440		

As of September 2018, Neoen obtains an A1 rating, reflecting its position within the 4% leading companies of Vigeo-Eiris rated worldwide universe. The company demonstrates a robust integration of ESG factors into its strategy, operations, and risk management (score of 61/100), fostered by a business focused on renewable energy, highly contributing to the transition to a low carbon economy.

Neoen is involved in the design, financing, supervision of construction and operation of power plants running with renewable energy sources. The company finances and monitors projects but subcontracts construction, maintenance and operation. The electricity is sold to network operators. Neoen has power plants in construction or operations in ten countries in Europe, Central America, MEA and Australia.

Neoen is rated for the first time by Vigeo Eiris in September 2018, in the frame of an Initial Public Offering project. As such, no trend can be analysed for the company's performance.

### ESG PERFORMANCE & TREND



### STRENGTHS

- ▶ A 100% renewable energy mix
- ▶ Corruption prevention
- ▶ Absence of allegation

### WEAKNESSES

- ▶ Public commitment towards the promotion of labour relations

### KEY TAKEAWAYS

**Impacts:** Neoen's energy mix (100% renewable) and the company's commitment to remain a producer of renewable electricity account for an advanced energy transition score and a highly positive contribution to sustainable development goals (the best position in our rating scale).

**Risks:** Neoen shows a solid risk management system, with a strong focus on legal security and operational efficiency.

**Management:** Neoen has integrated ESG factors in its governance system and appears to address the main challenges at stake for its activity, demonstrating a high level of maturity on environmental and compliance topics.

# Impacts

## VALUE CREATION AND SHARING

<p><b>% of revenues invested in activities creating sustainable value</b></p>	<p>Major</p>	<p>Projects financed by Neoen are considered as investments. These are primarily financed by external indebtedness.</p> <p>As of June 2018, Neoen states that the total amount of indebtedness raised related to projects since the company's creation is EUR 2,1 billion. This amount is more than 15 times above the company's 2017 turnover.</p> <p>100% of these investments are considered as creating sustainable value since they are linked to renewable electricity generation or storage.</p>
<p><b>R&amp;D investments</b></p>	<p>Stable</p>	<p>Neoen is a project development company and therefore not involved in R&amp;D on new technologies. However, Neoen engages in technological and legal watch on several technologies such as production of hydrogen from renewable sources, energy storage technologies and double sided photovoltaic panels:</p> <ul style="list-style-type: none"> <li>▶ The company's competence center, a team of four employees, is partly dedicated to this activity. The budget of this activity is stable and estimated at EUR 200 k per year</li> <li>▶ Neoen co-finances a research project on hydrogen production from renewable sources, at the University of Canberra</li> </ul> <p>Of note, 21 of the 48 companies rated in the Energy and Gas Utilities sector did not provide any information on amounts invested in R&amp;D during the past Vigeo-Eiris Rating. Neither did the other pure players in the renewable energy sector within Vigeo-Eiris universe disclose this information.</p>
<p><b>Ratio of employee wages and benefits against shareholders' dividends</b></p>	<p>No dividends distributed</p>	<p>Neoen is following a growth model and has therefore not distributed any dividend since its creation, in 2008. Benefits are used to finance the company's growth.</p>
<p><b>Transparency on taxes payment</b></p>	<p>Significant</p>	<p>The Company reports on taxes paid in key countries of operations: France, Australia and Portugal (France represents 60% of the company's workforce).</p>
<p><b>Operations in offshore financial centers, including non compliant OECD jurisdictions</b></p>	<p>Justified operations in OFC</p>	<p>The Company operates in one jurisdiction considered by the OECD as not compliant enough on tax transparency rules, Jamaica. However it justifies its presence in this country: Neoen is the majority shareholder in a photovoltaic project in Jamaica, for which the production unit construction has already started.</p>

**SOCIAL & ENVIRONMENTAL IMPACTS**

The company’s carbon footprint, as estimated by Vigeo-Eiris, is considered low and the company receives therefore a **grade A (carbon footprint score, the best score on Vigeo Eiris rating scale)** in this regard. In addition, the company’s efforts to ensure energy transition are considered advanced, which results in an **energy transition score of 73/100**.

<b>Employment growth</b>	Positive	The total number of employees has increased by 46% from 2015 to 2017, on a continuous trend. Neoen counts 134 employees as of 31 December 2017. As of June 2018, this increasing trend is confirmed since the company counts 148 employees.
<b>Projects leading to job creation</b>	Yes	<p>The company has development plans that are likely to lead to an increase in net employment in the coming years. Among others:</p> <ul style="list-style-type: none"> <li>▶ A 51 MW solar farm project in Jamaica, which is planned to enter into service in the first half of 2019</li> <li>▶ Two projects in the Victorian State of Australia, including a 100 MW solar farm and an integrated wind farm and energy storage project, expected to create about 120 local jobs.</li> <li>▶ A 202 MW solar farm project in Argentina</li> </ul>
<b>% of women in management and trend</b>	Increasing	The share of women in management has remained stable during the past 3 years and stands at 25% in 2017. This ratio is above the sector average of 21.3%.

**IMPACTS OF PRODUCTS & SERVICES**

81.6% of Neoen’s turnover comes directly from the sale of electricity, 100% of which is from renewable resources. As a result, the level of contribution of Neoen’s products **to the Sustainable Development Goals is considered as Major** (the highest position on Vigeo Eiris rating scale).

In addition, Neoen’s **overall contribution to the Sustainable Development Goals** is considered **Highly Positive**.

<p><b>Share of products &amp; Services contributing to sustainable development</b></p>	<p>Major</p>	<p>In 2017, 81.6% of Neoen’s turnover came from the sale of electricity from renewable sources, with the following breakdown:</p> <ul style="list-style-type: none"> <li>▶ 47.7% from photovoltaic electricity production</li> <li>▶ 45.2% from wind electricity production</li> <li>▶ 6.7% from biomass electricity and steam</li> <li>▶ 0.4% from electricity storage</li> </ul> <p>The remaining 18.4% came from the sale of green certificates and other services or development related to renewable electricity.</p> <p>As such 100% of the company’s revenues come from products and services contributing to sustainable development.</p>
<p><b>Performance for the development of renewable energy</b></p>	<p>Above sector average</p>	<p>100% of electricity sold by Neoen is from renewable sources. Only three other companies among the 49 players in the European Electric and Gas Utilities sector rated by Vigeo-Eiris show a share of renewable electricity production above 90%.</p>
<p><b>Performance trend for the promotion of access to energy</b></p>	<p>Unclear</p>	<p>Neoen reports on relevant indicators regarding the quantitative outcomes of its projects related to access to energy:</p> <ul style="list-style-type: none"> <li>- 182,000 people have accessed a clean energy in Nepal since 2001, thanks to the diffusion of solar lamps by Empower generation, an organisation of which Neoen is partner</li> <li>- In 2017, photovoltaic modules were installed so as to electrify eight schools in Senegal.</li> </ul> <p>These indicators are not consolidated over several years and do therefore not allow defining a trend.</p>

## Risks

---

### RISK FACTORS

The management of power plants' construction and operations involves significant **operational and legal risks related to working conditions of Neoen's direct and subcontracted workforce**. Neoen subcontracts the construction and maintenance of power plants to Engineering, Procurement and Construction (EPC) contractors who, in turn, subcontract part of the construction work to smaller operators.

- ▶ Hazards associated to the construction and maintenance of photovoltaic and wind generation units include, among others, working from height, working with electric installations, manipulating heavy loads, etc. Any accident on a worksite or criticism regarding health and safety standards applied by subcontractors could harm the company's brand image. A severe accident on a worksite could also lead to project delay or fines.
- ▶ Neoen bears also the responsibility for social standards applied on construction sites. This includes direct and subcontracted employees' working conditions (remunerations, working hours) but also the respect of workers' basic labour and human rights. The employment of illegal workers appears as a material risk on construction sites. In addition, the company operates in countries where the legal protection of workers' rights is frequently questioned by unions and human rights defenders (such as Jordan, the USA, and Zambia). Neoen's aptitude to demonstrate that it efficiently mitigates such social risks in its operations and supply chain is critical to sustain its attractiveness for finance providers, among them international development banks, who demand commitments and accountability on human rights respect and remediation. About 80% of each project conducted by Neoen is financed by loans from international development banks or national commercial banks.

Neoen's projects are large scale and long-term ones (contracts duration may vary from 20 to 30 years), with impacts on local communities that need to be assessed, managed and monitored in order to mitigate **legal and reputational risks linked to their incidences**:

- ▶ Some projects are conducted in developing countries (such as El Salvador and Jamaica) including countries with a very low HDI (such as Mozambique), where access to electricity is a major development driver for local communities. As such, the company's contribution to local social and economic development as well as promotion of access to energy for local communities surrounding its projects (including job creation, local purchase and support to electrification) are likely to improve Neoen's licence to operate.
- ▶ Photovoltaic and wind farms are subject to stringent environmental regulations. In addition, the installation of a photovoltaic power plant implies land clearing, which impacts the local ecosystems. The implementation of efficient environmental management systems, as well as systematic measures to mitigate operations' impacts on biodiversity is therefore key.

Neoen is developing projects in certain countries with a high **corruption** perception index (such as Zambia and Mozambique). These projects are, in most cases, awarded to the company via public bid tenders. They also involve negotiations with public entities to buy or rent land. For each project, Neoen works with several external partners, including the EPC contractors in charge of the plants' construction. Such transactions are exposed to material risks of corruption and are therefore under a growing scrutiny. As Neoen will conduct its Initial Public Offering, the company will from now on face a higher level of expectations in terms of commitment to prevent corruption risks and to account on its ethical risk management.

Neoen conducts its activities in a domain where technologies are evolving rapidly. To remain competitive the company needs to maintain the **competencies** to select the technologies that best suit each project.

- ▶ The company's competence center is conducting a technological and legal watch on the feasibility of new technologies such as hydrogen production and double sided photovoltaic panels. To ensure the efficiency of this watch, as well as potential appropriation of such technologies by the project management teams in the future, Neoen needs to ensure the continuous update of employees' knowledge.
- ▶ Since Neoen is experiencing an important growth, it also needs to ensure the retention of skilled employees, in order to balance the respective shares of newly recruited and experienced employees. In 2017, the turnover rate was of 19,4%, (representing 25 employees). Meanwhile, 23 additional full-time equivalent were employed, compared to 2016. As a result, new comers represented about 45% of the workforce. Career management and talent retention, two key factors of operational efficiency appear therefore as important challenges for the company.

**RISK MANAGEMENT**

In 2016, Neoen has started to implement a comprehensive risk control system, which covers the company’s major CSR risks. As of September 2018, the risk control system is in place and being audited internally.

Neoen’s risk control system entails:

- ▶ a risk mapping which has been conducted in 2016, with the support of an external consultant and in cooperation with concerned employees from each department;
- ▶ a listing of 99 controls addressing these risks and structured in eight processes, which has been completed in 2017. Responsibility for risk mitigation of each process is beared by a member of the executive committee;
- ▶ an auto-assessment procedure by each concerned entity, realised in 2018;
- ▶ an internal audit process, that has started in the second half of 2018. A system of crossed audits has been implemented in this frame;
- ▶ an external audit process, which is planned for 2019;
- ▶ regular presentation on the level of advancement in the implementation of this procedure to the Audit Committee.

This risk management procedure is still in the implementation stage but elements such as employees’ involvement in the identification of risks, the allocation of responsibility for risk mitigation to executive committee members, the audit by an external auditor and active supervision by the Audit committee increase our level of assurance on the solidity and efficiency of this risk management system.

Neoen’s major CSR risks are covered by the internal control system. These include:

- ▶ health and safety risks related to construction and maintenance activities by the company’s direct and indirect employees
- ▶ the necessity to maintain employees’ competency up to date and retain highly skilled employees
- ▶ risks related to potential corruption acts by Neoen’s employees or subcontractors
- ▶ risks of non-compliance to legal requirements on issues such as environment and health and safety

Our level of assurance on the company’s management of ESG risks stemming from Neoen’s activity is therefore robust.

Nevertheless, some areas for improvement have been identified:

- ▶ Neoen’s risk register mentions risks related to sub-contracted employees’ health and safety. However, risks related to potential breach of international standards related to workers’ rights, freedom of association and collective bargaining or the management of working hours by suppliers appear as sub-weighted in this matrix. Neoen’ exposure to such risk may increase as the company is developing activities related to energy storage. Neoen has already achieved one project in this field in 2017: the Hornsdale project in Australia (the world’s largest lithium-ion battery aimed at electricity storage), in cooperation with Tesla. In addition, in March 2018, Neoen has achieved the financial closing for the Bulgana Green Power Hub project, a 194 MW windfarm connected to a 20 MW lithium-ion battery, in Australia. Neoen also states that energy storage is one of the areas of focus of the technological watch. The sourcing of electric batteries components such as lithium, nickel and cobalt is under high stakeholders’ scrutiny and several large companies involved in electric batteries development have recently been subjects to allegations regarding working conditions imposed by indirect suppliers in India and the Democratic Republic of Congo. As Neoen’s international visibility may increase after the IPO, such potential impact on their reputation should be considered with care.
- ▶ We also note that risks related to possible changes in weather patterns (e.g decline of electricity production due to a long-term lack of wind on a given production site) or extreme climate events (e.g damages to production equipment) do not appear in the risk register. Neoen has informed Vigeo-Eiris that climate change is integrated into feasibility studies (since these are based on long-term climate data) as well as in the design of wind and solar farm. Integrating such risk in the company risk mapping could however allow for a more systematic mitigation approach with among other, discussion on this strategic topic at Board level.

**Assurance on Strategic Assets Risk mitigation**



**REPUTATION**

REPUTATION (/100)	57
Promotion of social and economic development	69
Executive Remuneration	61
Integration of social factors in the supply chain	56
Protection of biodiversity	56
Respect of human rights standards and prevention of violations	53
Promotion of access to energy	50

**OPERATIONAL EFFICIENCY**

OPERATIONS (/100)	74
Development of renewable energy	98
Audit and internal controls	76
Environmental strategy	65
Board of Directors	56

**HUMAN CAPITAL**

HUMAN CAPITAL (/100)	47
Career management and promotion of employability	53
Improvement of Health and safety conditions	53
Respect for freedom of association and the right to collective bargaining	44
Non-discrimination	43
Promotion of labour relations	43

**LEGAL SECURITY**

LEGAL SECURITY (/100)	69
Prevention of corruption	69

Weak: from 0 to 29

Limited: from 30 to 49

Robust: from 50 to 59

Advanced: from 60 to 100

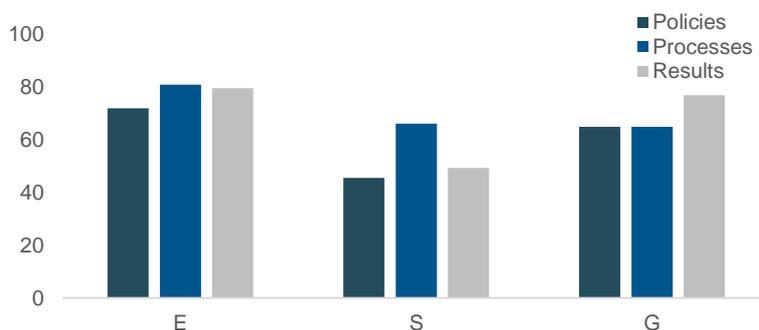
## Management

### INTEGRATION OF ESG DRIVERS INTO CORPORATE GOVERNANCE

The majority of factors under review receive a high level of assurance on Neoen’s willingness and capacity to integrate ESG factors into its governance structure and decision-making processes :

- ▶ The majority of Board members are non-executive directors. In addition, three members are independent: Helen Lee Bouygues, Christophe Gégout and Bertrand Dumazy.
- ▶ Responsibility for CSR issues is held by four members of the executive committee, one of which is a board member: Xavier Barbaro, CEO and member of the Board, is responsible for overall CSR issues; Olga Kharitonova, the general counsel, is in charge of HR and legal topics ; Paul-François Croisille, COO, is responsible for HSE issues and Romain Desrousseau, the Deputy CEO responsible for international development, is in charge of community involvement matters. As a result, ESG factors are considered integrated to the executive committee Management Dashboard. In addition, Axelle Vuillermet, head of institutional and finance communication, is in charge of CSR communication and reports directly to the CEO.
- ▶ Some of the relevant CSR issues for the company’s activities are discussed at board level: health and safety and community involvement issues are discussed as part of project review and the CEO is a member of the Health, Safety and Environment Committee. In addition, corruption, competencies and talent retention related issues are submitted to the Audit Committee, which supervises the implementation of the risk control procedure.
- ▶ The board’s diversity is considered robust since 43% of board members are women and some of them have professional experience in Neoen’s sector of activity (Xavier Barbaro is the company’s CEO and Christophe Gégout has expertise in the energy sector, for being the Financial Director of the Office of the Atomic Energy and Alternative Energies).
- ▶ The internal control system covers some of the CSR risks inherent to the company’s business operations. Neoen’s risk register mentions indeed the following risk categories: Health & safety; Pollution prevention; Corruption; Competencies development and retention. In addition, regular reporting on the implementation of the risk prevention procedure is made to the Audit committee.
- ▶ In the frame of Neoen’s contemplated transformation into a public limited company, the Company has published a first report on executives’ remuneration in September 2018, disclosing both the CEO’s remuneration amount and principles guiding incentives’ allocations. These rules include operational and CSR performance conditions, although the related quantified targets are not made public.

### ESG MANAGEMENT PERFORMANCES



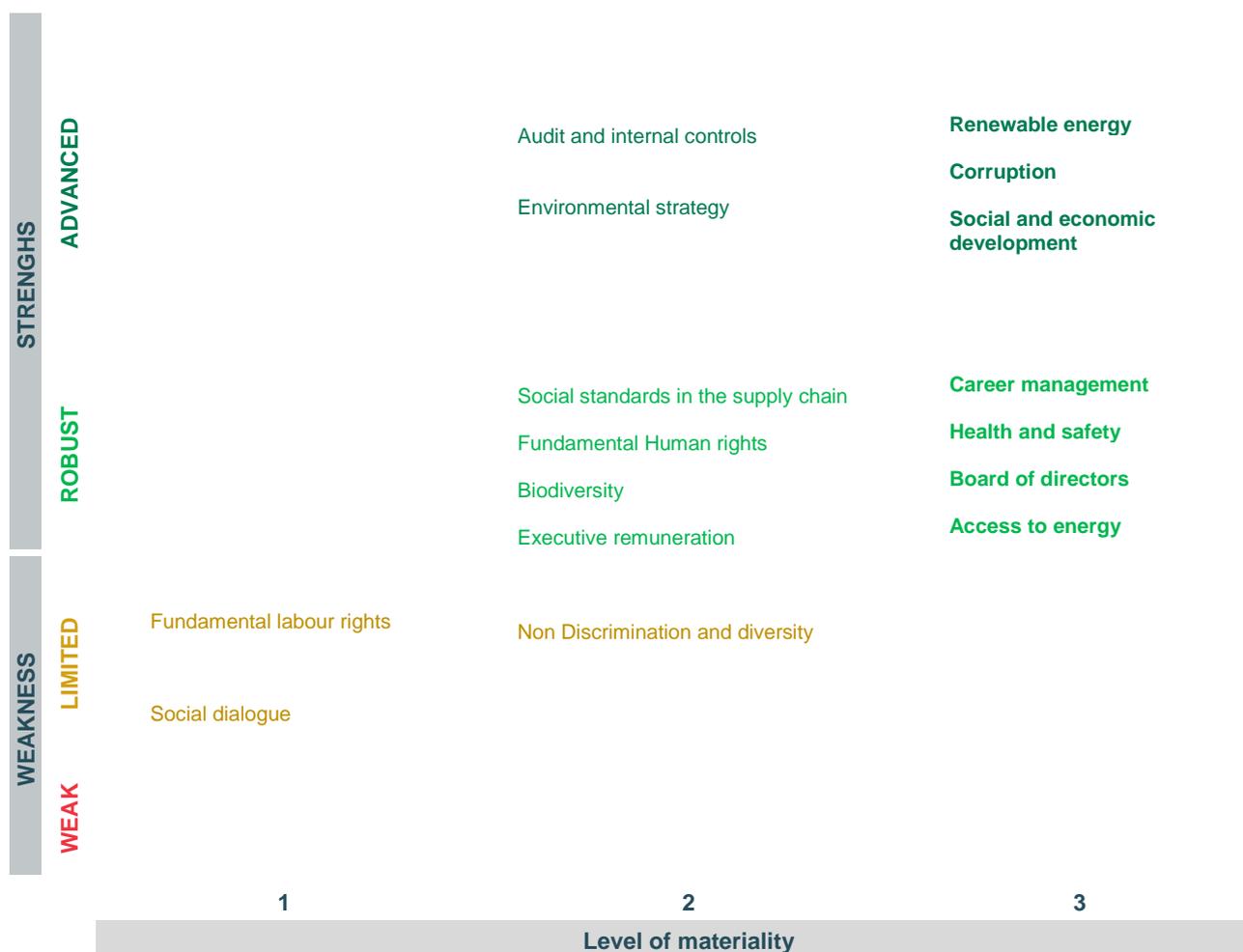
Neoen’s performance is robust on the governance and social pillars and advanced on environmental issues. The company’s managerial profile suggests that Neoen has addressed its CSR challenges with advanced processes and obtains overall positive results but communicates in a slightly less even manner on its strategy for each topic.

Neoen’s advanced performance on environmental issues is sustained by highly relevant policies regarding environmental strategy and renewable energy production. Comprehensive systems are in place to protect biodiversity and the company’s electricity generation capacity is 100% based on renewable sources. The company also discloses relevant KPIs on biodiversity protection.

Neoen’ scores on the governance pillar results from the sole assessment of corruption prevention issues. The company has identified its major responsibilities in this respect and the General Counsel bears the responsibility for corruption and fraud related matters. Means addressing corruption include both an internal control system with confidential reporting possibility and the provision of training to most exposed employees. Results are sustained by an explicit statement on the absence of corruption related incidents during the past two years and the absence of allegation.

Neoen shows a robust performance in the social pillar although these issues are, in relative terms, less evenly addressed. The company discloses public commitment towards most of its social responsibilities but these do often not include quantified targets or specific areas of focus. Neoen communicates on relevant measures addressing health and safety, competency, social dialogue, diversity and community related issues, while reporting on processes addressing basic human and labour rights challenges is more limited. Relevant KPIs are disclosed for competency development, health and safety, diversity and communities related issues but these do not always cover several years and address the entire scope of analysis. Results are strengthened by the absence of allegation on social related matters.

### ESG MATERIALITY AND PERFORMANCE MATRIX



Neoen has addressed the main CSR challenges at stake for its activity and obtains robust to advanced scores on most of the critical drivers at stake for its activity

- ▶ Neoen’s 100% **renewable energy** mix constitutes a strong differentiation factor in the Electric and Gas utilities sector. Contrary to most of its peers in the sector, Neoen is considered to perfectly mitigate energy transition risks such as potential increase of CO2 emission prices and volatility of fossil fuel costs. Neoen’s involvement in renewable energy production may also strengthen the company’s ability to raise capital among responsible investors concerned by the carbon footprint of their investment portfolio.
- ▶ Neoen’s advanced performance in terms of **corruption prevention and audit and internal controls** may positively impact the company’s ability to prevent damage to their legal security. An exhaustive commitment addresses corruption in Neoen’s Code of Conduct and the General Counsel is in charge of mitigating such risks. Means in place to prevent corruption include an internal control system with confidential reporting and training of the most exposed employees. Specific measures also target EPC contractors. In addition, Neoen reports on a solid risk control procedure, supervised by the audit committee, in cooperation with an external consultant. This solid prevention and control system may be a strong asset in the frame of further development projects in Latin America, among others.
- ▶ Operational and legal risks related to **health and safety and working conditions of Neoen’s direct and subcontracted workforce** are well addressed. Neoen reports on a comprehensive health and safety system, which covers both direct and subcontracted employees. KPIs disclosed for the direct workforce show positive trends. In addition, relevant measures ensure the integration of social standards by EPC contractors, including on site audits. These are positive signs as regards Neoen’s ability to prevent accidents on worksite, as well as allegations over social standards applied by suppliers. Nevertheless, Neoen does not report on health and safety KPIs for its subcontracted workforce. It’s also worth mentioning that social requirements to suppliers do not address issues such as working hours, non-discrimination or subcontracted workers’ right to collective bargaining. In a context of fast development in countries where workers rights may be subject to violations, Neoen would gain in extending social requirements towards EPC contractors.
- ▶ Our level of assurance on Neoen’s ability to **ensure the acceptability of its operations within local communities** is good. The company communicates on advanced measures to promote the socio-economic development of local communities as well as electrification in developing countries and discloses relevant KPIs in this respect. In addition, Neoen’s environmental strategy appears comprehensive and the company reports on systematic HSE management plans and audits of construction sites.
- ▶ One area for improvement concerns **social dialogue**, an issue on which the company has not yet formalized its strategy and commitment, although relevant processes to ensure employees’ information and consultation are in place. Neoen has informed Vigeo that the Company is currently working on the formalisation of a public commitment in this respect.

**ENVIRONMENT**

Strengths	Weaknesses
<p>Strong contribution to the energy transition</p> <p>Two factors may positively impact the company’s license to operate:</p> <ul style="list-style-type: none"> <li>▶ the comprehensive identification of environmental responsibilities and robust environmental management tools covering all projects</li> <li>▶ the advanced managerial tools and local measures addressing the company’s impacts on ecosystems</li> </ul>	<p>No significant weakness has been observed as regards Neoen’s management of environmental issues.</p>

**SOCIAL**

Strengths	Weaknesses
<p>Advanced measures ensure the mitigation of social risks in the supply chain</p> <p>Solid health and safety measures covering both employees and subcontracted workforce suggest a good ability to mitigate related legal and operational risks.</p> <p>Robust training and career management systems could positively impact Neoen’s ability to attract and retain talents</p> <p>Strong mitigation of operational risks linked to social and economic impacts on local communities, and promotion of access to energy</p>	<p>We have a limited assurance on the mitigation of social and reputational risks linked to the respect for freedom of association and collective bargaining in countries where such rights are subject to violations</p> <p>Providing more visibility on the company’ strategy towards the promotion of social dialogue could reinforce our assurance on human capital cohesion</p>

**GOVERNANCE**

Strengths	Weaknesses
Solid measures to mitigate legal and reputational risks linked to corruption facts  We have a high assurance on <ul style="list-style-type: none"> <li>▶ the identification and mitigation of CSR risks stemming from the company's activities</li> <li>▶ the integration of ESG factors into the company's strategy</li> </ul>	No significant weakness is observed on governance aspects. An area for improvement that remains regards transparency on the amount of severance pay for senior executives.

**ACCOUNTABILITY & REPORTING**

Neoen does not provide any public reporting based on GRI, TCFD or IRRG guidelines. Since the company is not yet a listed company, stakeholders' expectations in this respect are lower than for listed companies.

**COMPANY DETAILED EXPOSURE TO CONTROVERSIES**

ESG issues	Number of companies facing associated cases within the sector	Company exposure	Company Reactivity
Accidental pollution	11	No	N/A
Biodiversity	10	No	NA
Promotion of social & economic development	12	No	N/A
Prevention of corruption	5	No	N/A
Audit and internal control	6	No	N/A
Promotion of labour relations	3	No	N/A
Improvement of health and safety conditions	9	No	N/A
Respect for Human rights standards and prevention of violations	3	No	N/A
Non-discrimination	2	No	N/A
Promotion of access to energy	2	No	N/A

**CONTROVERSY MANAGEMENT**

No controversy has been observed for Neoen during the past two years. This strengthens Vigeo Eiris' assurance on the company's ability to manage its relations with stakeholders, on all CSR issues concerned by their activity.

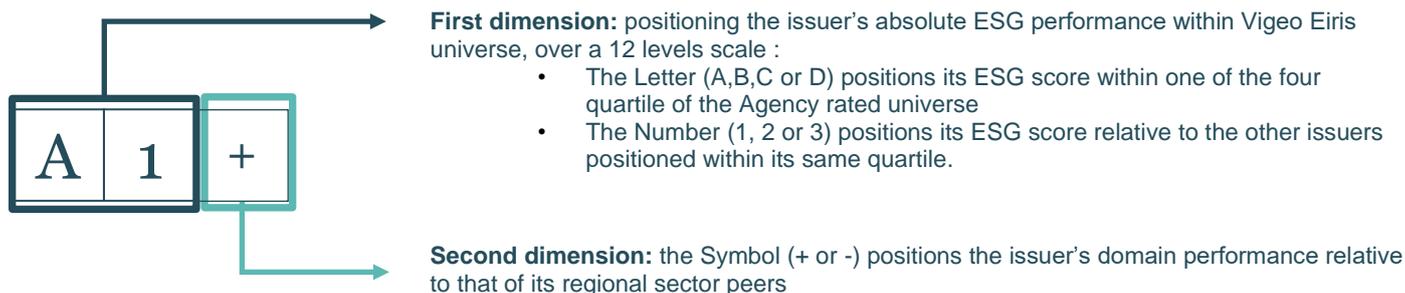
## Methodology

### Corporate Rating Scale

Vigeo Eiris consolidated rating scale varies from A1+ to D3-.

The consolidated rating translates the absolute and relative ESG performance of an issuer according to 2 dimensions :

- its quartile performance and its positioning within this quartile;
- its positioning relative to its peers.



### Strategic Assets Definition

Each sustainability driver of our rating framework impacts with a different intensity issuers’ immaterial strategic assets. Vigeo Eiris has categorised these immaterial assets into 4 classes: their reputation, their human capital cohesion, their operational efficiency and their legal security. The intensity of each sustainability driver on each class of asset translates into a weight from 0 to 3.

Vigeo Eiris postulates that a correlation exists between the level of commitment of an issuer towards each of the sustainability drivers analysed and its ability to protect and develop these 4 classes of strategic assets.

We infer from the ESG scores obtained by an issuer on the different sustainability drivers a level of risk mitigation of these strategic assets, level which is materialised by a score calculated by the following formula:

- “R”: Level of Risk Mitigation
- “y”: Asset under review (reputation, human capital cohesion, legal security, operational efficiency)
- “S”: Sustainability Driver score for which the weight of the asset X is weighted at 2 or 3
- “W”: Weight allocated to the asset under review within each sustainability driver

$$Ry = \frac{\sum(Sy \times Wy)}{\sum Wy}$$

**Risk Typology – The 4 main categories**

<p><b>Reputation</b></p>	<ol style="list-style-type: none"> <li>1. Brand recognition, Level and variations of brand image and organisation, its leaders and consulting shareholders</li> <li>2. Outbreak, persistence, reduction or elimination of rumours, allegations and controversies</li> <li>3. Licence to operate, Variation of societal acceptability (approbation of the implementation and/or extension of the company, obtainment and maintenance of operations permits and licences from public authorities or ordering parties)</li> <li>4. Talent attraction</li> <li>5. Variation of levels of shareholder support and satisfaction</li> </ol>
<p><b>Human Capital Cohesion</b></p>	<ol style="list-style-type: none"> <li>1. Stability of work relations and social conflict mitigation</li> <li>2. Retention of skills and know how, skills improvement</li> <li>3. Attraction and mobilisation of core skills</li> <li>4. Company culture and values</li> </ol>
<p><b>Operational Efficiency</b></p>	<ol style="list-style-type: none"> <li>1. Production cost management (work accidents, qualifaction, reducing energy consumption...)</li> <li>2. Competitiveness of products and services (training, waste reduction, employee training and participation)</li> <li>3. Organisational and process efficiency (audits and control mechanisms, environmental strategies...)</li> <li>4. Innovation and preventing production and organisational process techniques from becoming obsolete; prevention of technological obsolescence</li> <li>5. Security and quality of supplies and revenues</li> </ol>
<p><b>Legal Security</b></p>	<ol style="list-style-type: none"> <li>1. Recourse and complaints, litigations, legal proceedings trials, fines</li> </ol>

**Disclaimer & Copyright**

Vigeo Eiris provides its clients with information and/or analyses or opinion on factual, quantitative or statistical, managerial, economic, financial, governance, social, or technical data, in relation to companies, brands, products or services, assessed individually or with respect to sectors, regions, stakeholders or specific themes.

Vigeo Eiris is committed to making its best efforts when collecting, organising, consolidating, formatting, making available and/or delivering the aforementioned information, analyses and/or opinion to its clients. Although Vigeo Eiris ensures that it only uses publicly available information and information provided by the issuer under its own and exclusive responsibility, the agency cannot guarantee its accuracy, completeness or timeliness. The above elements (information, indicators, analyses, scores, and opinion) do not include or imply any approval or disapproval on their content from Vigeo Eiris, its executive officers, or its employees. These elements do not represent in any way a guarantee, or reference of legal, moral, philosophical, ethical or religious nature, supporting or opposing any investment or divestment decision, or any standpoint or opinion expressed in favour of, or against companies, products, services, sectors or regions directly or indirectly mentioned in Vigeo Eiris' deliverables. Our deliverables are not, and should not, be considered as a form of financial advice or recommendation. No investment or divestment decision should be attributed to the information or opinion provided by Vigeo Eiris. Our products and services must only be considered as one of the many elements related to the financial decision-making process.

Vigeo Eiris, its methodology, brand, and employees, shall under no circumstances, be held responsible for any kind of consequence (including economic, financial, or legal) derived from the interpretation of its information, analyses, opinion, scores, and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.