

Cegedim

2016

SDR

Extract of 2016
Annual Financial Report <<<

6

Cegedim's Corporate Social Responsibility

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6.1 Cegedim's core values

Cegedim's values aim at federating its employees around keys messages below:



6.2 Employment information

6.2.1 Employment

6.2.1.1 Employees

The Cegedim Group's total workforce as of December 31, 2016 was 4,062 employees versus 3,723 as of December 31, 2015. (The 2015 headcount has been adjusted upward to include 68 US employees who were added through acquisitions in the fourth quarter of 2015 and had previously been omitted).

Employees based in France represented 68% of the Cegedim Group's total workforce in 2016.

97% of employees are employed under open-ended contracts, 96% in France and 98% abroad.

In 2016, the Cegedim Group hired 1,266 employees. Among them, 966 were under open-ended contracts (of which 60% were in France), 300 were under temporary contracts (of which 91% were in France). 16 employees joined the Group through acquisitions of entities.

	31.12.2015	31.12.2016
Total staff in the Group	3,723*	4,062
Staff in France	2,525	2,749
Employees on open-ended contracts	3,603	3,936
As a % of total staff	97%	97%
As a % of staff in France	96%	96%
As a % of international staff	99%	98%
Additions	1,152	1,266
Of which new hires on open-ended contracts	888	966
Of which new hires on temporary contracts	264	300
Of which change in consolidation scope	147	16
Subtractions	790	943

* 3,655 employees reported in 2015 + 68 US employees added through US acquisitions.

In order to support the Company's plans and initiatives, Cegedim:

- Hires several hundred employees in France each year, with an ever-increasing effort to promote diversity among the Company's employees and to help persons with disabilities enter the workforce;
- Employs a large number of interns and young people under work-study contracts;
- Recruits employees internationally through its presence in over 11 countries around the world.

- The Group hires temporary employees when needed.

The breakdown of the workforce by region as of December 31, 2016 is as follows:

Zone	% of employees as of Dec. 31, 2016
France	68%
EMEA hors France	26%
America	6%

In 2016, based on legally available data, 59% of the Group's employees were men, with an average age of 41, and 41% were women, with an average age of 39.

In 2016, 943 Cegedim employees left the Group, 647 in France and 296 abroad. Reductions in staff include completed temporary employment contracts, completed assignments, completed trial periods, resignations, changes in consolidation (entities sold), mutually-agreed terminations, layoffs and deaths.

In France, layoffs accounted for 7% of all the 647 causes for staff departures. With regard to the procedures around staff departures in France, 10 disputes were initiated in 2016.

6.2.1.2 Compensation and evaluations

The Group's compensation policy aims to recognize talent by rewarding both individual and group wide performance, with greater weight accorded to individual performance.

A fixed and variable compensation policy is in place for certain employees to incentivize high performance:

- The variable portion of Operational Managers' compensation is objectives-based, reflecting the Company's overall strategic direction in terms of the Group's growth, profitability and cash flow;
- The compensation paid to salespeople, consultants, Project Directors, and certain operational employees includes a variable component. It is based on achieving yearly objectives established by senior management; these are for the most part individual and to a lesser degree group-wide.

Each year, the Cegedim Group's managers meet with their team members one-on-one for an individual assessment and to review target achievement. An assessment guide is provided to participants to ensure that discussions take place under the best possible conditions. The assessment takes place in the first quarter using the internal software tool known as "Evaluadim".

Semi-annual assessments are held as the case may be, and others are held systematically at the end of trial periods in order to examine the work done by employees.

Under the "generational contract" signed in 2014, the Group is committed to, inter alia, maintaining the employment of older workers, hiring more young people under 25 and managing the end of its employees' careers. The Group pursues the terms of the "generational contract" although it is not anymore a compulsory tool.

A Compensation Committee was formed in 2010. Its main duties are to review and make proposals to the Board of Directors on the compensation of Cegedim's Directors, Chairman & CEO and Deputy Managing Directors. The Committee also examines the policies relating to the attribution of free shares and variable compensation. It consists of three Directors of the Board, including one Independent Director. In the past fiscal year, the Compensation Committee met twice.

6.2.1.3 Payroll costs

Payroll costs include net salaries, benefits in kind, variable compensation, bonuses and incentives, as well as payroll taxes and contributions to social welfare programs for employees. The fluctuation in these costs over the past two years is as follows:

In thousands of euros	12.31.2015	12.31.2016
Payroll costs	187,021	206,092

Employees make up the Group's main resource and represent one of the most significant expenses. Cegedim adapts its wage policy appropriately in order to motivate talent, ensure training and recruiting while maintaining salary costs within a reasonable growth level.

There are employment benefits (at minimum health insurance, which can be supplemented with other benefits plans) and retirement benefits for employees in all countries where such are required by law. The Group intends to gradually broaden such plans into those countries where they are not required by law. As a practical matter nearly all Group employees have been offered health insurance.

6.2.2 Work organization

6.2.2.1 Organization of work hours

For employees in France, who represent 68% of the Cegedim Group's total workforce, work hours are organized based on an annual total of 216 work days with a contractual work week of 35 hours, in exchange for reduced work hour ("RTT" for working time containment) days. There are 13 RTT days per year.

Employees receive 25 days of paid annual vacation, plus certain paid vacation time for legal holidays or days off established under Company agreements.

The provisions applied for overtime comply with the collective bargaining agreements applied within each entity.

Outside of France, the local regulations governing work hours are observed in each respective country. If there are no regulations, the Cegedim Group applies work hour requirements that are considered reasonable by the Human Resources Department of that region, in consultation with the head office. In all countries where it operates, the Group respects the conventions of the International Labor Organization.

There were 106 employees working under part-time contracts in France and 30 part-time employees abroad.

In 2016, absenteeism (absence due to sickness, family events such as maternity, marriage, etc., and unjustified absences) totaled 9.9 days per employee in France (including 13% for maternity and 68% for sickness) and 10.8 days per employee for the Group. Paid leave and reduced work hour days are not included in the above absenteeism statistics.

6.2.2.2 Professional relations and collective bargaining agreements

The Cegedim Group works to maintain good relations with its employees and their representatives and fosters regular dialogue between the parties.

In the French subsidiaries and in the Group as a whole, there are a very large number of collective bargaining agreements in place. It is not possible to provide a detailed list of all of them. None of the agreements set up in France have yet been opposed by the employee or union representatives, which illustrates the relevance of the social dialogue.

In 2016 in France, collective bargaining agreements were negotiated on working time, anchored in three main components; the organization of working hours, supporting roaming, and telecommuting or part-time work.

The working time agreement was signed in July 2016 by almost all of the Group's French entities. The last 3 ratifications are planned for the first half of 2017.

In 2016, all the French unions gave their agreement in principle to a very important and innovative agreement on roaming. It should be signed in the first half of 2017. This agreement acknowledges the roaming nature of certain jobs (travel, commuting, overnight stays) requiring setting up appropriate monitoring of the workload and granting specific compensatory measures.

With these two major agreements, the Group continues its initiative to control employees' workloads and ensures that they get their mandatory rest time. It is based on a tool for daily monitoring of working hours and immediately alerting the chain of command, and the HR Department, in the event of an anomaly.

The third component on working hours concerns the practices of telecommuting and part-time work. In 2016 negotiations began and this subject is on the agenda for 2017 initiatives.

In the French subsidiaries, the major agreements include profit-sharing agreements (signed for 3 years) and an incentive plan agreement. They are reviewed annually with the staff representative bodies.

In the French entities and in the Group as a whole, there are employee representatives and Works Councils elected in the legal frameworks.

In France the Group has 2 UES (Economic and Social United), in Boulogne-Billancourt and Niort, as well as sites in Toulouse, Marseille and Rodez.

A member of top management regularly attends all mandatory meetings with the staff representatives. In addition, two members of the Works Council serve on Cegedim SA's Board of Directors.

For all entities combined, in France, there were about 150 meetings in 2016, or about 550 hours, with the elected representatives from the various bodies (Works Councils, Staff Delegates, Union Delegates, CHSCT, etc.).

The themes covered by social dialogue are not always the same based on the entities. The most frequent in particular have to do with working time, hygiene and safety, compensation, training, and investments and disposals.

The Group respects the obligations towards the various staff representation bodies around the world. It ensures that these bodies are created and monitors the frequency of meetings or the discussion themes (on the life of the company's employees, the organization, hours, safety, health, departures, etc.).

6.2.2.3 Works Committee

It is impossible to report the activities of all the Works Committees in the Group. It can be noted, however, that in 2016, no local Works Committee brought to the Group HR Department a major question that was not handled successfully at the local level.

With respect to the Works Committee at the parent company, Cegedim SA, pursuant to article L. 432-4 of the French Labor Code, it should be noted that this Works Committee made no comment on the Company's economic and employment situation in 2016.

In 2016, the Works Committee of the UES of Boulogne-Billancourt, France, met 12 times for Ordinary Meetings and 3 times for Extraordinary Meetings.

6.2.2.4 Information and communication

Within the Company, information is disseminated via the following communication tools:

- An Intranet, launched in 2013, one purpose of which is to collect a set of documents including: the welcome packet, which provides information specific to each country and what is available to employees there;
- An in-house newsletter;
- Intranet news messages for employees;
- A presentation at least once a year of the Group operations and key events by one of the Deputy CEOs for employees located in the Paris Region. This presentation is also relayed to the rest of the Group through internal media;
- Half-yearly individual interviews;
- The site of the UES of Boulogne-Billancourt, France, which disseminates a transcript to employees;
- The welcome packet given to every new hire, containing the Company rules, the Cegedim Group security charter, the business conduct charter, the ethical charter, the social media usage charter, together with documents about the schedule of benefits and France's 1% housing program;
- A personal, secure electronic lockbox (www.arkevia.com), where Group employees can find their pay stubs and store personal documents without cost;
- Various other initiatives have been launched locally within different Group entities.

6.2.2.5 Health and safety

In France, health and safety conditions are addressed during meetings of the Health, Safety, and Working Conditions Committee (CHSCT). These meetings are held regularly in the Group's various entities.

In France in 2016 there were 69 job-related accidents that forced employees to take leave from work, amounting to a total of 837 days off work. 49% of these accidents occurred during work-related travel. Such accidents did not result in any case of permanent disability. These statistics do not include potential accidents affecting temporary personnel or service providers. Further information about the measurement of workplace accidents is provided in the paragraph about methodological limits. No cases of occupational diseases were declared to the French Social Security system in 2016.

Additionally, in France the Accord National Interprofessionnel has since 2012 allowed supplementary private health insurance to be paid for former employees looking for a new job. The assumption of this cost by the Group, except in the case of resignation, is available for twelve months after the employee has left the Company.

After numerous negotiation meetings between the broker of the Group, employee representatives, and Management, the Cegedim Group came to an agreement in 2014 that established a new optics price list in compliance with the new French awareness contract decree.

In 2015, the service company taking care of the French employees' medical claims, opened a secured intranet platform where the employees can manage their claims and exchange relating information.

In 2016, we noted a nominal operation of the services set up.

Both in France and abroad, the Group adheres to all local regulations in relation to health and safety conditions.

In general, the Group considers the situation regarding agreements relating to health and safety at work to be satisfactory.

6.2.2.6 Training

Training, which gives employees a foundation on which they build their skills and maximize their potential, is a cornerstone of the Cegedim strategy. The Group works to help employees define and achieve their individual development goals. Requests for training may be expressed during the annual evaluation meeting or at any other time. Requests may be placed through a central management system for employees connected to the Group Intranet, which also allows them to consult their individual right to training in real time.

In accordance with the new regulations in force since 2016, the HR Department set up the tools to conduct a professional interview, independent from the annual individual interviews. This professional meeting aims at discussing the employees' career, including their training needs. It will be repeated at least every two years.

A summary of the first series of professional interviews was completed for each entity and presented by the HR Department to the managers concerned.

For the year 2016, 1.1% of the Cegedim Group's payroll was allocated to training, representing a total budget of 2,207 thousand euros.

The training budget went primarily toward outside training hours. Internal training was also organized for the employees of the Group.

In France 33% of employees received training within the Company. This training represents a total of 16,094 hours.

Training costs are paid for either by each entity of the Cegedim Group or by collecting bodies, depending on the payments made.

Consolidation France	12.31.2016
Employees receiving training	912
Number of hours of training	16,094

6.2.2.7 Gender equality in the workplace

The Group does not discriminate when hiring and assigning positions. Job offers provide wages without discrimination; raises depend on criteria linked to the performance and experience of each worker.

Any person who is a victim of or a witness to discrimination has several means of calling attention to it. They can among other things contact the Group Ethics Committee (see following page) or any employee representative, who will act with complete independence.

The Group's senior staff – senior in terms of both age and seniority– provides a mentoring system to support new employees for whom joining the Company requires particular attention. This commitment is part of the generational contract concept.

6.2.2.8 Jobs and assignments given to workers with disabilities

The Cegedim Group aims to ease the way into the Company for workers with disabilities and to lessen instances of discrimination. The Group is making efforts to improve access to buildings for handicapped people. Furthermore, in France, special five-day paid leave is offered to employees with disabilities to allow them to take care of their medical and administrative needs.

In France in 2016, 80 handicapped persons, recognized as such by the MDHP (Departmental institute for persons with disabilities) were counted towards the contribution program for workers with disabilities.

From 2013, the human resources managers at the head office were trained about disabilities in the workplace, in order to discuss obligations of employment, principles of non-discrimination, and compensation for the disabled. A mediator handles, among other issues, the interface

between occupational healthcare and workers with disabilities.

Both in France and abroad, the Group enforces the regulations in force with regard to the employment of people with disabilities and, in general, works to combat any form of discrimination.

6.2.2.9 Ethical charter and Ethics Committee

In March 2011, an ethical charter was drawn up to remind employees of the Group's objectives in the areas of sustainable development and social equity, with respect to its employees and the communities with which the Group interacts. Rules for proper conduct were developed based on this charter. These rules make up the core of the standards and responsibilities that the Group wishes to emphasize.

This charter is accessible to every Cegedim employee, and every new hire has to read it. These provisions basically state one's obligation to always be attentive to Cegedim's values and to adhere to ethics scrupulously.

Internationally, headquarters sees to it that this charter is known and observed by all the Group's subsidiaries.

The Cegedim Group's Management is responsible for ensuring compliance with the values and principles set forth in the ethical charter with respect to its customers and employees. It is aided in this endeavor by an independent Ethics Committee.

Since 2011, this Committee has consisted of three members: an employee representative (the secretary of the UES Works Committee in Boulogne-Billancourt, France), the CEO of Cegedim and the Cegedim Director of Human Resources. Requests may be sent directly by mail to each member of the Ethics Committee or to a Committee-specific email address. No obvious violations of the provisions of the charter have been reported to the Committee since its creation.

Our code of ethics seeks to:

- Apply the laws and regulations in force in the countries where the Group does business to all relevant areas;
- Ensure that business is conducted in a way that has a positive impact on each country in which the Group operates;
- Put the men and women of Cegedim at the core of the Group's development strategy and offer all employees the opportunity to put their full operational and intellectual potential to use;
- Apply and respect the 12 commitments set forth in the "Cegedim Compact", which draws on the United Nations' "Global Compact". The implementation of these commitments is coordinated at the headquarters by the Operational Excellence Unit;
 1. Eliminate all forms of forced or mandatory labor,
 2. Prohibit the employment of children under the age of 15 to the exclusion of training,
 3. Eliminate all discrimination in the areas of employment and professional occupation,
 4. Promote individual success,
 5. Ensure a favorable working environment on all sites,
 6. Promote local employment and respect the laws in effect,
 7. Undertake initiatives to promote greater environmental responsibility,
 8. Act against corruption in all forms,
 9. Ensure the safety of property belonging to the Group and its clients,
 10. Ensure the confidentiality of client information,
 11. Respect the laws in effect governing the protection of personal data worldwide,
 12. Reduce travel;
- Conduct business in accordance with the highest standards of honesty, integrity, and fairness in every country served by the Group;
- Give vendors, partners, and sub-contractors the chance to succeed, in keeping with the spirit of fair competition as well as a spirit of collaboration, partnership, and mutual benefit;
- Communicate information openly and transparently with shareholders, stakeholders, and the financial community, while ensuring that the information provided to them is relevant.

As part of their duties, the men and women of Cegedim strive to follow the following rules of conduct:

- Protect the confidentiality of the information and data to which they have access as part of their job;
- Ensure that any gifts and invitations received or offered are merely symbolic in nature and that they do not violate acceptable use policies, any relevant regulations, or ethics in general;
- Use the equipment and office supplies made available to perform their duties with respect for the Group's interests;
- Express themselves on behalf of the Cegedim Group, such as to journalists and analysts, in strict compliance with the Group's communication rules;
- Ensure that there is no confusion between personal opinions and interests and the interests of the Cegedim Group;
- Notify supervisors of potential conflicts of interest or circumstances that could possibly be seen as influencing one's judgment or behavior;
- Refrain from holding any position or job or from holding a financial interest in an organization that is a competitor, customer, vendor, or business partner of the Cegedim Group, if the duties performed allow one to have an influence on the relationship, unless the interest is acquired through the purchase of listed securities as part of the management of a portfolio of securities and in compliance with the rules prohibiting the use of insider information;
- Refrain from selling, transferring, or assigning any property belonging to the Cegedim Group without the proper authorizations and documentation;
- Protect the confidential information and data to which any employee may have access as part of his or her job, by using such information strictly for his or her professional duties and by upholding the commitment to keep such information confidential with regard to third parties.

6.3 Environmental information

In keeping with the code of ethics described above, the Cegedim Group works to protect the environment. Nevertheless, it should be mentioned that the Group's activities do not, by nature, generate pollution, since its products are essentially intangible. Cegedim relies first and foremost on its human capital, as it provides service activities that do not directly require the use of industrial processes or raw materials.

Quality

Operating in the sector of technologies and services relating to information and databases, the Cegedim Group's priority is to satisfy its clients and partners concerning systems and data security. The best precautions are taken to guarantee that clients have the highest quality of service and that the data and data flows entrusted to Cegedim are protected. As such, Cegedim with its affiliates Cegedim Assurance and Cegedim IT, is certified ISO 27001 for its data center located in Toulouse, and is accredited ISAE 3402 Type 2 for its data center located in Boulogne-Billancourt. Cegedim also has three approvals issued by ASIP (the Shared Healthcare Information Systems Agency) for the hosting of personal data.

Security

Thus, the reduction of risks and impacts that can affect the assets and the image of the Group, relating in particular to fire, floods or other natural disasters, power outages, computer viruses and sabotage is a constant and primary concern for the Group.

The Group implements strategies for activity and service continuity, drawing on the geographical distribution of its IT centers and the state of the art of information technologies. The Chairman's Report on internal control details the information system security measures implemented in the Cegedim Group. Some industrial risks are also covered by suitable insurance policies.

Environmental responsibility

The Group is careful to follow best practices and promotes processes that minimize its impact on the environment, especially as regards the day-to-day organization of work activities.

Given their essentially intangible nature, the activities of the Cegedim Group have no significant environmental impact.

The main levers for environmental responsibility are based on:

- Reducing energy consumption, mainly at the level of the data centers through the use of latest generation equipment;
- Purchasing recycled products;
- Optimizing the life cycle of manufactured goods by managing certain products' end of life (paper, cardboard, IT equipment, cartridges, etc.);
- Controlling the Group's vehicle fleet;
- Controlling travel;
- Controlling the printing of work documents (using black and white instead of color, shared printers rather than personal ones);
- Installing equipment which enable to reduce energy consumption (timer to turn off the lights, automatic hand dryer);
- The use of water fountains, which generate less waste than purchasing bottled water.

Within the framework of Cegedim Compact, the Cegedim Group has continued to develop global and local initiatives to reduce its environmental impact in accordance with local laws and regulations.

Cegedim Compact's main efforts are aimed at:

- The virtualization of the data centers and reducing their energy consumption;
- Equipping people with new generation computers that consume less;
- The drawing up of an ethics charter and a non-discrimination charter;
- The creation of an Ethics Committee involving senior management and employee representatives;
- The implementation of best HR practices for managing key positions, spreading the Group's values and carrying out employee awareness campaigns;
- Introducing a travel policy more respectful of the environment;
- Developing remote communication tools.

Additionally, the subsidiaries abide by local laws and regulations relating to hygiene, safety and the environment

6.3.1 Considering the environmental impact in the day-to-day management of IT equipment

For over thirty years, Cegedim has designed, built and run its data centers and technological platforms with a view to optimizing energy efficiency, in order to respond to both the economic demands of a highly competitive market and the objectives of sustainable development.

When deploying its data centers, the Group has always considered environmental, energy and economic constraints throughout the design, deployment and operation stages. These constraints have been integrated into every dimension of information systems hosting.

In 2016, Cegedim's technical and IT teams further developed the ongoing improvement program related to energy efficiency within Group's IT hosting services. This program is structured around three main areas:

Optimizing the use of IT resources

Virtualization continues to bring about a series of significant optimizations. In 2016, the number of physical servers dropped by around 15%, while the number of virtual machines (which bring far more interesting performances per unit) was up by around 32%. Consequently, the ratio stands at 9 virtual servers for one physical server.

The use of oversized virtual servers also increases the sharing rate of services and optimizes energy consumption during periods of low activity.

Reducing the energy consumption of servers and IT equipment

Cegedim renewed its main computer hardware between 2014 and 2015, without changing the overall level of services delivered by the Group, and with an ongoing focus on data and access security.

In 2016 this policy continued with the simplification of the topology of the network equipment.

The Group selects high energy efficiency equipment for equivalent or superior capabilities. The capacity of the network infrastructure thus increased tenfold at constant energy needs.

Synergies were implemented between the data centers of Toulouse and Boulogne-Billancourt, in order to optimize performance and use of these sites.

Optimizing the efficiency of air conditioning systems at hosting centers

Construction of more environmentally-friendly air conditioning systems has successfully been carried out since 2014 in all data centers.

In 2016, partitions in the cold areas of the data centers in France were generalized. The implementation of free cooling, a cost-effective method that uses the difference in temperature between the air of the computer hardware and the temperature of the outside air, on the Toulouse data center helped decrease consumption from air conditioning by about 15%.

6.3.2 Energy consumption

The Group's carbon footprint regarding greenhouse gas is measured in terms of the electricity consumption necessary to carry out its business activities.

The figures below show the Group's annual electricity and gas consumption in kilowatt hours for its affiliates located in France and in the United-Kingdom, representing 81% of the Group's employees. These two countries accounted for 94% of the Group's consolidated revenue in 2016.

The Group has IT hosting centers in Boulogne-Billancourt and Toulouse. The figures given below include the electricity consumption required to operate these data centers and that attributable to other premises (offices, other administrative sites, etc.).

Annual electricity consumption (in thousands kWh)	12.31.2015	12.31.2016
For France and the UK	12,698	10,804

6.3.3 Considering the environmental impact in the business travel policy

The Company has been making a special effort to reduce work-related travel. This item represents a large expense, as well as a large source of CO₂ emissions. The Group clearly encourages employees to cut back on their travel and use alternative solutions while maintaining the quality of the services offered to customers.

This encouragement to reduce travel was announced by the Chairman, when launched in 2012, and has been broadcast then after within the Cegedim Compact initiatives, which were described in the Employment information section of this document.

Regarding business travel policy, the Group measures its impact on CO₂ emissions using annual air travel statements supplied by its travel agencies.

The data below indicate the annual emission of CO₂ in France in 2015 and in 2016.

(in tons - CO ₂ equivalent)	31.12.2015	31.12.2016
Annual CO ₂ emissions	871	623

In France, Cegedim opts for categories with lower CO₂ emissions when renewing Company vehicles. In 2016, 67% of the French fleet consists of vehicles that emit less than 120 g of CO₂ per kilometer (compared with 58% in 2015), and 89% of this same fleet emits less than 140 g of CO₂ per kilometer (compared to 86% in 2015).

In the UK, efforts have been made to render the fleet of company vehicles less polluting. The standard in 2016 is to choose vehicles below 130 g of CO₂, the stated objective as of April 2017 being to go below 118 g.

Generally speaking in the Group, subsidiaries are tending to have more environmentally-friendly vehicles.

6.3.4 Considering the environmental impact in the day-to-day management of business activities

The Cegedim Group's sustainable development program, the Cegedim Compact, was launched on the initiative of Group Management and is based on the United Nations' Global Compact.

In most countries, Cegedim promotes and deploys actions regarding the items that have a large impact on the environment throughout the entire Group. Since the Group's activities do not generate pollution, there are no specific training in environmental protection. The Group however is implementing certain preventive initiatives in waste recycling and disposal.

The Group is taking care of the end of life of the computer equipment in its data centers, in order to ensure a waste processing respectful of the environment. Waste are in most cases handled by the supplier of the replacing equipment, otherwise, they are recycled by a specialized recycling company. The Group can also decide to convert certain equipment into spare parts, thus optimizing the life cycle of certain components with on-site recycling.

Reducing the number of documents printed by employees is an important goal for the Group. In all countries, on a day-to-day basis, teams are encouraged to consider whether or not they truly need to print out their work or whether there are simple alternatives at their disposal (e.g. projecting information for a meeting on a screen rather than printing it out, only printing out emails when necessary, two-sided printing, etc.). There are less and less individual printers being used among employees, who instead send their documents to a shared printing station. This limits printouts made simply out of convenience and helps to save consumables by encouraging black-and-white printing over color printouts.

Regarding reducing printing, since 2007, the Group has promoted electronic dissemination of the information it is required to provide under French regulations. The Group has cut the number of printed copies of its Registration Documents by almost 88% between 2009 and 2015.

Furthermore, electronic greeting cards sent to customers and providers have been gradually replacing paper cards.

Other actions revolve around more responsible individual behaviors and various initiatives by local teams in charge of general services. For instance, ink cartridges are recycled throughout almost the entire Group, and the recycling of paper is increasing within many subsidiaries.

The purchase of green office supplies is encouraged when the price-to-quality ratio is reasonable ("Ecolabel" recycled paper or paper from sustainably managed plantations), especially for certain initiatives requiring mass printouts. For example, since 2007, the Group's Registration Document has been published on 100%-recycled, European Ecolabel-certified paper.

Simple ways to reduce energy use have been implemented on a case-by-case basis, such as automatically turning off lights and air conditioning in the offices after a certain time, encouraging car-pooling, etc.

6.4 Societal information

As part of its international presence, Cegedim is naturally involved in sustainable development, which puts human capital and, particularly, social equity for its employees as well as its communities, at the forefront of the Group's concerns.

6.4.1 Societal commitments to Group employees

In 2016, Cegedim's employment policy supported the Group's business activities. Cegedim considers human resources as the main asset of the Company and it is committed to strengthening this human capital. This year, the Group hired 1,266 employees, of which 76% had open-ended contracts.

The Group also sees to it that upcoming graduates are hired under apprenticeship contracts thanks to partnerships with schools and universities.

Expertise and potential for advancement are top priorities when hiring employees. The people hired as Managers all have advanced degrees. Most employees have a scientific or business-oriented educational background.

As an international service provider, Cegedim encourages its employees to work as a group-wide team and to collaborate with teams in other geographic regions. The Group aims to consistently provide high quality services to its international customers, wherever they are based.

For Cegedim, opportunities for internal promotion to different geographic areas allow employees to broaden their skills and their business knowledge and help the Group guarantee the transfer of knowledge among entities.

The Group applies an ambitious HR policy for training and internal mobility, and uses professional advancement as a tool to motivate employees and drive their success. To this end, an international mobility department serves managers, salespeople, and technicians to manage their requests for international placement (generally on assignments lasting three years), for transfer or for short-term assignments from France to abroad, or from abroad to France, or between different locations outside of France.

As a major proponent of the "win-win" principle, the Cegedim Group seeks to create an environment in which its employees are able to fully develop their talents while actively contributing to the Company's performance. The diversity of business activities and the international presence of Cegedim in 11 countries give employees opportunities to enrich their skills and personal experience with a view to taking on new responsibilities. When there is a vacancy, priority of consideration is given to the Group's employees.

6.4.2 Societal commitments to organizations interested in the Group's business

6.4.2.1 Impact on regional development and employment

Cegedim consistently bears in mind the regional impact of its activities, in terms of both employment and development. The Group is active in 11 countries. New employees are typically hired locally, which helps to boost the local economy.

The international mobility policy ensures that employees are able to retain their health and pension benefits and offers the necessary return and repatriation provisions.

Cegedim focuses on three goals for progress:

1. Take the full scope of the Company into consideration and treat human resources as the Company's most valuable asset;
2. Put a greater focus on people;
3. Continue efforts to support transparent, effective governance.

6.4.2.2 Subcontracting

Regarding sub-contracting in France, agreements are centralized. In other countries, it is a local responsibility. Cegedim also subcontracts part of its activities to its own subsidiaries, to guarantee the application of the quality and safety standards required by the Group. Certain specific computer support or back office tasks are thus covered in subsidiaries in Morocco or Romania.

Cegedim works with vendors who apply responsible practices and strives to apply the same treatment to the employees of external subcontractors as to Group employees.

As discussed in the context of the Ethics Charter (see the "Employment information" section), the Group aims to offer its suppliers, partners and subcontractors opportunities for success in a competitive, open and fair environment but also in the spirit of cooperation, partnership and mutual benefit.

In 2016, subcontracting represented 78 769 man-days worked person-days in France. This amount pertains to external vendors of the Cegedim Group.

6.4.2.3 General commitments regarding consumer health and safety

The Group is fully aware of the fact that it operates in a sensitive sector, that of life science industries, and it ensures the anonymization of health data, secure hosting and the carrying out of studies in line with standards that are regularly audited by customers.

Cegedim has HDS (Health Data Server) approval and ISAE 3402 Type 2 certifications for its data centers. The Group has extensive expertise in data management, as well as in the management of financial flows and electronic documents. Due to their highly strategic and sensitive nature, these activities have led the Group's IT teams to devise and implement resources and architectures with very high availability that meet the most stringent security requirements and, in particular, standards governing the hosting of health records. Cegedim thus offers its customers a complete private Cloud service, IaaS (Infrastructure as a Service) mode or in SaaS (Software as a Service) mode, based on its hosting capacities and knowledge. These Tier III+ level sites make it possible to implement Service Continuity Plans (PCA – Plan de Continuité d'Activité) or Disaster Recovery Plans (PRA – Plan de Reprise d'Activité).

The Group offers a secure electronic safe service (www.arkevia.com) for storing personal documents.

As part of the Group's Ethics Charter described in the Employment information section, Cegedim seeks to ensure that its employees protect the confidentiality of the information and data to which they have access as part of their job.

6.4.2.4 Philanthropy and other initiatives of the Group

The Group commits to developing initiatives to support social causes around the world.

Several initiatives are organized at the discretion of Group subsidiaries. For example:

- The Aguesseau art gallery, located in the premises of the Group's headquarters, exhibits the works of about ten artists each year and regularly promotes young local artists;
- Cegedim Insurance Solutions supported the organization of the Foulées de l'Assurance, for the prevention of cardiovascular diseases;
- Pulse, the Group's American subsidiary, participated in a fundraiser for a walk organized by the American Heart Association;
- This subsidiary also participates in different initiatives collecting school supplies, or delivering meals with local organizations, or charities giving toys to children or helping impoverished families during the end-of-year holidays;
- The different offices of the Group's British subsidiaries encourage employees to support various charitable organizations, working in particular in neighborhood healthcare centers; employees are asked to participate in bake sales to support various causes;
- INPS (in the UK) hiked the "3 peaks challenge" with a team of employees that climbed one or more of the highest mountains in Wales, England and Scotland, raising funds to fight conditions like Alzheimer's;
- Cegedim SRH sponsored the participant of a sailing race, sporting the company's colors and values.

Generally speaking, according to local customs,

- subsidies were granted to some employees for extra-curricular activities (sports, leisure, culture);
- actions have been undertaken in connection with the year-end holidays (gift vouchers, Christmas tree, etc.), school breaks (vacation vouchers) and for other important events.

6.4.2.5 Actions undertaken to prevent corruption

As mentioned in the Group's Ethics Charter (see the "Employment information" section), the Group is committed to act against corruption in all forms. In 2016, no evidence was submitted or reported to the Ethics Committee.

6.5 Going even further

6.5.1 Certification and quality system

Since 2012, Cegedim has started a certification process for type 2 (reviewed annually) ISAE 3402 (International Standard on Assurance Engagements No. 3402, which covers all countries except for the US) for both its hosting services delivered by Cegedim IT and for the Boulogne-Billancourt and Toulouse data centers for several of its activities. This certification stems from the US Sarbanes-Oxley Act (SOX) of 2002, which implies that suppliers of these companies must also be audited on financial risks. The assessment is conducted by an independent auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA). Cegedim also relies on international standards, such as ISO 27001 for informational security and ISO 20000/ ITIL on IT service management, ISO 9001 for quality management and CMMI for project management and software development. To assert and validate this high level of compliance, Cegedim, through its various subsidiaries, obtained several accreditations or certifications:

- ISAE 3402 Type 2 for Cegedim IT's hosting services on the Boulogne-Billancourt and Toulouse data center (France);
- ISO 27001, ISO 20000 and ISAE 3402 Type 2 for Cegedim Activ (France);
- Personal Healthcare Data Hosting Agreement (France);
- ISAE 3402 Type 2 for Cegedim SRH (France);
- ISAE 3402 Type 2 for CETIP (France);
- ISAE 3402 Type 2 for iGestion (France);
- ISO 27001 pour Cegedim RX (UK) ;
- ISO 27001 for INPS (UK).

6.5.2 Useful links

Cegedim Group website links

- Sustainable development

<http://www.cegedim.fr/groupe/Developpement-durable/Pages/default.aspx>

- Group Ethics Committee

http://www.cegedim.com/Docs_Communiques/Cegedim%20Ethics%20Committee%20appendix-%2020161010_IV_EN.pdf

- Group Ethics Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20Ethics%20charter%20-%2020161010_IV_EN.pdf

- Group Professional conduct Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20Business%20charter%20-%2020161010_IV_EN.pdf

- Group non-discrimination Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20Non-discrimination%20policy-%2020161010_IV_EN.pdf

6.6 Methodological note

6.6.1 Scope of consolidation

The information contained in the present report concerns the whole Cegedim Group, that is to say the parent company and all its consolidated subsidiaries using the full consolidation method, unless a different scope is expressly stipulated.

In general terms, the comments are more detailed and the illustrations more numerous for the French companies, which represent 68% of the total Group workforce.

The figures relating to employment information, unless otherwise specified, are consolidated for all fully consolidated companies worldwide, i.e. 68 companies.

The figures discussed in the Environmental Report relating to electricity and gas consumption in kilowatt hours concern the Group's subsidiaries present in France and in the United-Kingdom. Those two countries are considered to be the most representative for these indicators. The employees in these countries represent 81% of the Group's workforce.

The figures of the environmental balance on CO₂ relating to travels include only France.

6.6.2 Information sources

In order to ensure the homogeneity and reliability of the indicators monitored in all its entities, the Group has developed common employment and environmental reporting tools. These are accompanied by methodological instructions and definitions that ensure the clarity of the questions asked and guarantee the comparability of the responses.

The collection of employment figures has been carried out by the Teams^{RH} worldwide database, developed by the Group. This database enables workforce data as well as other employment information to be monitored in each country. It meets the security and confidentiality requirements and, more generally, the legal constraints specific to each country, which are systematically respected for data collection and processing.

It is updated on a daily basis by the Human Resources teams in the different regions where the Group operates.

The other quantitative data has been collected by means of a questionnaire that is included in the annual consolidation package and is completed by each of the consolidated subsidiaries.

Data relating to external suppliers is also used, notably statistics from travel agencies relating to CO₂ emissions or invoices and annual report prepared by energy suppliers relating to the energy consumption expressed in kilowatt hours.

The qualitative information contained in this report results from interviews with the managers responsible for the

matters dealt with, either at the Group's headquarters or in the Group subsidiaries (notably in the Human Resources, IT, OPEX and Finance Departments).

Most of these declarations have been corroborated by a survey sent to each country where the Group is established and completed under the responsibility of the local Financial Director. This survey, which is integrated in the consolidation software but follows a different procedure from the annual financial consolidation process, can be completed, on the basis of one survey per country, from the beginning of the fourth quarter until the closing of the annual financial statements. It aims to test the knowledge and application of the key measures contained in the Cegedim Compact charters, and also to report qualitative information on the practices or actions of foreign subsidiaries regarding social, environmental and societal issues.

6.6.3 Reporting period

The information contained in this report covers a period of 12 months, from January 2016 to December 2016. The exception is that a 12-month rolling calendar may have been used exclusively for the energy consumption indicator, with a maximum difference of two months with regard to the previous fiscal year.

6.6.4 Methodological precisions and limits

The methodologies relating to certain indicators can be limited by the following:

- The absence of definitions that are recognized at a national and/or international level (for example, concerning the different types of employment contracts);
- The need to make estimations, the relevance of the measurements carried out or the limited availability of the external data necessary to make calculations;
- Practical or legal methods for collecting and inputting data (for example, storing information regarding the age or gender of employees may be prohibited).

The reporting scope and coverage of the measurements relating to certain indicators have, if necessary, been adapted. This is indicated in the report, notably:

- Information pertaining to the calculation of the rates of frequency and severity of work accidents could not be collected across the Group. The number of work accidents is nonetheless provided;
- CO₂ emissions only relate to emissions from work-related travel by plane in 2016 in France.
- Electricity consumption in kilowatt hours covers, in France and in the United-Kingdom, all the

establishments for which the data is available. Certain premises have been excluded since bills are included in the rent, but these cases are minimal. The Group considers that these omissions do not significantly affect the published information;

- In view of the low polluting nature of its activities, waste prevention, recycling and elimination measures do only apply occasionally to the Group. Nonetheless, actions in favor of responsible environmental practices are being taken, and are detailed in the "Environmental information" chapter.

The Group intends to continue to expand the scope of these indicators to a greater number of countries and to other sources of emissions.

6.6.5 Non-applicable indicators

Considering the Group's activities, the following indicators are not considered to be applicable:

- Resources set aside for the prevention of environmental risks and pollution;
- Measures to prevent, reduce or repair air, water or soil pollution having a serious effect on the environment;
- The consideration of noise pollution and all other forms of pollution specific to an activity;
- The water supply in accordance with local constraints;
- Land use;
- The measures taken to preserve or develop biodiversity;
- Adapting to the consequences of climate change.

6.6.6 Consolidation and internal controls

The data is consolidated under the responsibility of the Human Resources and Finance Departments at the headquarters of the consolidating entity.

A preliminary validation of the data is carried out by the persons responsible for its collection. Coherence checks on the data are then carried out by the Human Resources and Finance Departments when consolidation takes place. These checks include comparisons with the data from previous fiscal years, with any differences considered to be significant being systematically analyzed. They also include ratio analysis when data can be related to the workforce, to a business activity or to another relevant indicator used to compare entities.

6.6.7 External controls

In order to obtain an external opinion on the reliability of the data and the robustness of the reporting process, the Statutory Auditor of Cegedim SA has been asked to attest on the information required by article R. 225-105.1 of the French Code of Commerce, and issue an opinion on their fair presentation. In this context, specific checks have been carried out on certain information reported by the Company and considered to be key indicators of the Group's Employment and Environmental policy. It covers the workforce, CO2 emissions and energy consumption in kilowatt hours. The Statutory Auditor's Assurance Report detailing the work carried out together with his or her comments and conclusions is included in the Group's Registration Document.

6.7 Report one of the statutory auditors, appointed as independent third party parties, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st 2016

To the Shareholders,

In our capacity as statutory auditor of Cegedim Company, (the "Company"), appointed as independent third party and certified by COFRAC under number n° 3-1080¹, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), available on request from the company's head office and summarized in section 6.6 of the management report entitled "Methodological note".

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

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

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved three persons and was conducted in March 2017 during approximately one week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000² concerning our conclusion on the fairness of CSR Information.

¹ whose scope is available at www.cofrac.fr

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

1 Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations presented in section 6.6 of the management report entitled "Methodological note".

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2 Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted two interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important³:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected⁴ by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 68% of headcount and 86% of quantitative environmental data disclosed.

³ Total headcount as of 12/31/2016; recruitment in permanent and fixed-term contracts; dismissals rates; departures; absenteeism; number of training hours; annual energy consumption; CO₂ emissions.

⁴ France.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, March 28th 2017

French original signed by one of the statutory auditors:

Grant Thornton

French Member of Grant Thornton International

Solange Aiache

Partner

