



COMMUNICATION ON PROGRESS

JUNE 2018

CLS: MEETING THE NEEDS OF A SUSTAINABLE PLANET THAT RESPECTS HUMANKIND

CLS, a subsidiary of CNES, ARDIAN and IFREMER, is an international company that has been leading the way in Earth observation and monitoring solutions since 1986.

CLS is a global company, passionately committed to devising and deploying innovative solutions for better understanding and protecting our planet, and for managing its resources in a sustainable way. CLS has been pursuing this goal every day for more than 30 years. The company's 700 employees at its headquarters in Toulouse and 26 other sites around the world

are committed to working for a protected, preserved, sustainably exploited and healthy planet. The company operates in six strategic business sectors: sustainable fisheries management, environmental monitoring, maritime safety and security, fleet management, energy & mining, and space & ground systems.

KEY FIGURES

The positions of 200,000 boats are determined in our data processing centres. Each year 130 satellites provide data for the products and services developed by CLS

8,300 humanitarian vehicles are managed via satellite using CLS Group solutions

100 companies working in the energy sector use the services developed by CLS

60 nations

have placed their trust in CLS for help with the sustainable management of their fishing programmes.





CHRISTOPHE VASSAL
Chairman of the CLS Management Board

CLS DELIVERS ON ITS CSR COMMITMENTS

20 JUNE 2018

For CLS, addressing social and environmental issues is not an option, or even an obligation: it is simply part of our identity. Since its creation in 1986, our company has continued to expand its range of products and services to protect the planet and its life. This embodies a culture and a source of great pride for all our personnel. From analysing climate change to observing wildlife and monitoring human activities along with their impact on the environment, the solutions developed by CLS contribute daily and materially to improving our grasp of environmental and social issues. In fact, 60% of our turnover is directly linked to the achievement

of sustainable development goals! While it is sincere and far-reaching, our company's sensitivity to environmental issues needed to be better defined and institutionalised: first by anticipating certain regulatory changes, but more importantly by helping our company identify new areas for improvement. For this reason, in 2016, CLS initiated a Corporate Social Responsibility (CSR) strategy that aims to continuously optimise environment, social and ethical issue management. These commitments are also a way of enhancing trust and performance in our business. Our company is thus

reaffirming its commitment! This has led CLS to join the United Nations Global Compact and to take numerous initiatives over the past two years, through the CSR working group, with all our employees. And this moved us to reiterate our support for the Ten Principles of the United Nations Global Compact and publish this second communication on progress, which reviews the steps we took regarding CSR in 2017.



GLOBAL COMPACT

The Global Compact encourages companies to integrate and promote a number of principles relating to human rights, working conditions, respect for the environment and the fight against corruption. As a member company, CLS is committed to making progress each year on each of these themes.

HUMAN RIGHTS

The signatory companies of the Global Compact are invited to respect and promote international law on human rights. CLS is committed to this for itself, of course, but also within its sphere of influence.

WORKING CONDITIONS

Under the Global Compact, companies commit to eliminate all forms of forced or compulsory labour and the effective abolition of child labour. Furthermore, they must uphold the freedom of association, recognise the right to collective bargaining and eliminate discrimination in employment and occupation. These objectives are obvious for CLS, but are now affirmed publicly and conveyed through its policy of relations with its intermediaries.

ENVIRONMENT

Regarding environmental challenges, Global Compact member companies are invited to support a precautionary approach, promote greater environmental responsibility, and encourage the sustainable development by propagating environmental friendly technologies. This is the heart of CLS's business, but the company is also committed to optimising its internal procedures.

ANTI-CORRUPTION

The Global Compact calls on signatory companies to work against corruption in all its forms, including extortion and bribery. Here again, CLS has taken various initiatives to promote sound and transparent commercial and institutional relations.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

CLS ECO-FRIENDLY BY NATURE

From ending hunger around the world to promoting efficient and accountable institutions, the United Nations has defined 17 sustainable development goals. The recent independent audit on CLS social responsibility activities, commissioned by our shareholders, highlighted that CLS is taking actions to reach almost all of these goals

The auditors noted that 60% of our business was directly linked to the achievement of sustainable development goals, including 41% for safeguarding our environment: 21% for the preservation of aquatic life (monitoring and management of fishing activities), 15% for measuring the effect of climate change (measurement of water levels and ice conditions), and lastly 5% for the preservation of life on Earth (observation of wildlife and biodiversity). Another 13% of our activity serves to promote a more sustainable living environment, whether in terms of optimising urban networks (preventing water pollution, urban planning) or preventing natural disasters. Lastly, 6% of CLS's business is directly linked to objectives as fundamental as fighting poverty (humanitarian logistics) and improving individual health (management of health data, healthcare activities).

If we add the nine sustainable development goals that CLS helps to achieve through its own operations (in terms of governance, human resources management, environmental practices or external relations), CLS is involved and active in 16 out of the 17 sustainable development goals set by the United Nations!

OPPORTUNITIES FOR IMPROVEMENT

Further increase the proportion of sustainable activities in business volume.

KEY FIGURES

In 2017, CLS was involved and active in 16 out of the 17 sustainable development goals.

60% of CLS's business is directly linked to sustainable development.



CORPORATE SOCIAL RESPONSIBILITY ENACTMENT

Corporate social responsibility (CSR) reveals first and foremost from the industry of a company and the nature of its missions, as well as from its ability to uphold ethics and values internally. From this perspective, the year 2017 will be remembered as a groundbreaking year for CLS.



Indeed, the first CSR working group meetings, led by senior management, were held in 2017. This working group, made up of volunteer employees from the company's various departments, met six times during this period. A review was conducted and a contact person was assigned to each of the identified themes.

It was also in 2017 that the initiative to publish an annual

communication on the progress our company makes, since its adhesion to UN Global Compact in 2016. By its very nature, this document makes it possible to measure our company's level of social responsibility and how it evolves over time.

Following three years of studies, 2017 was also marked by the publication of the INDEFI report - an independent audit commissioned by our shareholder ARDIAN and devoted to the social responsibility of the CLS Group. Its very encouraging conclusions gave our CSR a score of 88/100 (compared to 57/100 on average for a range of companies of comparable sizes and sectors).

This 40-page document, written in English, was submitted to CLS's Executive Committee. It is a highly informative source of evaluation and a valuable management tool for the years to come.

OPPORTUNITIES FOR IMPROVEMENT

Devise more refined progress indicators

—
Organise Group-wide reporting

KEY FIGURES

88/100: CLS's CSR rating by the independent auditor INDEFI

—
6: the number of plenary sessions of the CSR working group in 2017

HUMAN RIGHTS, A CORNERSTONE

Respect for human rights is obvious to each and every person at CLS. But beyond the sincere and collective adherence of all our company's employees to these major principles, we are committed to promoting them around us on a daily basis.

The most fundamental human rights are included in the 10 principles of the Global Compact, which our company signed in 2016. These include the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, upholding the freedom of association and the effective recognition of the right to collective bargaining. While these precepts, protected by labour law, are being shared internally throughout the Group, it is also important to ensure that they are respected by our suppliers and subcontractors throughout the world, whether in their companies or in their supply chains. As for our employees, they are committed to respecting local cultures, laws and customs, while complying with the procedures of the Code of Conduct that our company adopted in 2017. As it affects people's physical integrity, safety must always be ensured. The working conditions and environment must therefore meet the necessary requirements. Similarly, no operation contrary to this principle must be undertaken.

Again with the constant concern for safety in mind, CLS's Code of Conduct prohibits its employees throughout the world from consuming narcotic drugs in the workplace and provides very precise guidelines for moderate alcohol consumption. Observing human rights also means respecting the dignity of each individual. With this in mind, our company undertakes not to discriminate against anyone on the basis of their actual or presumed ethnic or racial identity, or their religion, beliefs, age, disability, sexual orientation, gender or gender identity, or place of residence. Lastly, all forms of harassment are prohibited. CLS personnel must ensure that these requirements are shared by all their contacts.

OPPORTUNITIES FOR IMPROVEMENT

Develop a safety policy applicable to CLS at all our sites in France

Initiate a debate within the company on effective methods of disconnecting from work outside office hours.

Update our single document on occupational risk assessment

KEY FIGURES

The budget allocated to training accounted for 2.36% of the total payroll



A CODE OF CONDUCT AGAINST CORRUPTION

While combating corruption has always been one of CLS's basic principles, the publication in 2017 of the company's Code of Conduct formalised good practices in this area. A large part of the Code is devoted to this subject, with the aim of placing trust at the centre of our commercial and institutional relations.

More specifically, a Charter has been drafted detailing the company's policy on gifts and invitations. In addition to specifying what is prohibited, limits have been established in order to prevent any at-risk situation.

Based on these guideline documents, which were both issued in 2017, an awareness campaign was conducted at the annual All Staff meeting with the help of practical examples. The procedures for reporting breaches or submitting queries were also specified.



OPPORTUNITIES FOR IMPROVEMENT

Implement the Compliance programme with new internal policies

—

Set up Group-wide awareness/training sessions

—

Asses respect for human rights among our suppliers

—

Take social and environmental issues into account in purchasing policy

KEY FIGURES

The Code of conduct is available in French, English, Spanish and Italian

—

600 copies of the Pocket Code of Conduct distributed to CLS Group employees

REDEPLOYED HUMAN RESOURCES

Corporate Social Responsibility is also measured by its human resources management. In this area too, CLS launched a host of initiatives in 2017. Many of these were carried out as part of the Odyssée 2018 project, a major programme for functional reorganisation of the company and overhauling of its decision-making processes in six sales departments. More than 200 members of our personnel were redeployed to enable them to respond more effectively to our customers' needs and better serve the markets. This also now gives each member a more integrated role in the company's operation.



After a period of due deliberation, the human resources department was fundamentally reshaped. The new Human Resources Director (HRD) was appointed in March 2017. A new strategy was implemented, incorporating all the subsidiaries for the first time. The HRD is now one of the five members of CLS's executive committee, the company's management body. This board meets once a week. Likewise, the HRD sits on the monthly Executive Comitee. The HR representatives have been designated for each business department. The aim of this transformation is to make HR more attentive to business and staff needs, improve information flow, and facilitate and provide support for decision-making.

Other major human resources projects:

- Forward-looking management of jobs and skills (GPEC). This project is built around a group of volunteer employees who are working to identify all the company's professions and to draft pilot sheets. This work is being carried out in close collaboration with the managers and employees in each business area.

Negotiations on working time began in 2017, with the goal of satisfying our stakeholders' needs to the fullest extent possible, in a fair social context that respects all parties.

Another important breakthrough was the introduction of a "Human Resources dashboard" in spring 2017. This mapping tool offers several indicators of sound HR management such as gender diversity, mobility, remuneration, diligence, contract types, replacements, training, etc. To ensure efficiency, the training and development administration has been outsourced to allow the internal resources to dedicate themselves fully to leadership.

In 2017, the HR assistance was also reinforced through specific actions such as integration programmes and assigning mentors for each new staff member as part of the 'ON BOARDING' process, on one hand, and the launch of the "MANAGERS' TRAINING PROGRAMME" specific to all managers, on the other.

Lastly, the economic and social database (BDES) was launched, offering a new tool for dialogue with staff representative bodies.

OPPORTUNITIES FOR IMPROVEMENT

Finalise negotiations on working time

—

Deploy Group-wide HR policies

—

Finalise the teleworking project

—

Complete the GPEC project by the end of 2018

—

Deploy a new HRIS

KEY FIGURES

718: the number of CLS staff members throughout the Group

—

50 new recruits took part in the integration programme

—

Around 60 managers were trained by the "Managers' Training Programme"



A MODERNISED WORKING ENVIRONMENT

In 2017, the building housing the company's former headquarters was renovated. This transformation had two objectives: to modernise the working conditions and allow the business to grow. In time, nearly 300 staff members will work in this completely redesigned, optimised and modernised building.

With the agreement of the staff representatives and the committee on health, safety and working conditions, the premises were designed and built in the form of collaborative spaces, with a succession of modern meeting rooms equipped with the latest audio-visual systems and isolated work areas (individual offices). The building's large glass walls enable natural light to take precedence. Each floor has its own relaxation area, while the ground floor houses a catering

area with an outdoor terrace. Interior elements such as carpets, ceilings and partitions have been chosen for their sound and thermal properties. In terms of furniture, chair and desk heights are adjustable. Employees received training in how to optimise their use of this ergonomic furniture. Lastly, silent keyboards and insulating headsets have been made available in order to facilitate adaptation to this new working environment.

OPPORTUNITIES FOR IMPROVEMENT

Deploy the policy on quality of life at work throughout the Group

KEY FIGURES

4,800 m² renovated

Zero work-related accidents with lost time, for the second consecutive year as part of the transformation of our premises



DIVERSITY IN ACTION

Fostering diversity within a company is not just about helping potentially victimised or vulnerable people: it is about creating a collective that reflects the society in which it operates, an entity in tune with external expectations, a group that is effective because it is open and representative.

Not such a minority: in 2017 women accounted for 42% of CLS employees. If this figure is broken down further, women represent 46% of managers and 60% of executive committee members. These results are rather encouraging, especially since they are improving, and are better than the averages for our industry sector. All generations are also represented within the company, and there are support schemes both for new arrivals and members who are planning to leave.

It should also be noted that there is no positive discrimination at CLS: only professional criteria count. This conscious choice sometimes means that there is still scope for improvement. This is the case for people with disabilities, which is why the company plans to take further steps in this area.

CLS also favours outsourcing contracts with organisations for social and occupational insertion.

OPPORTUNITIES FOR IMPROVEMENT

Set gradual employment targets for people with disabilities

KEY FIGURES

46% of CLS managers are women

30 nationalities among CLS Group employees

ALL STAFF



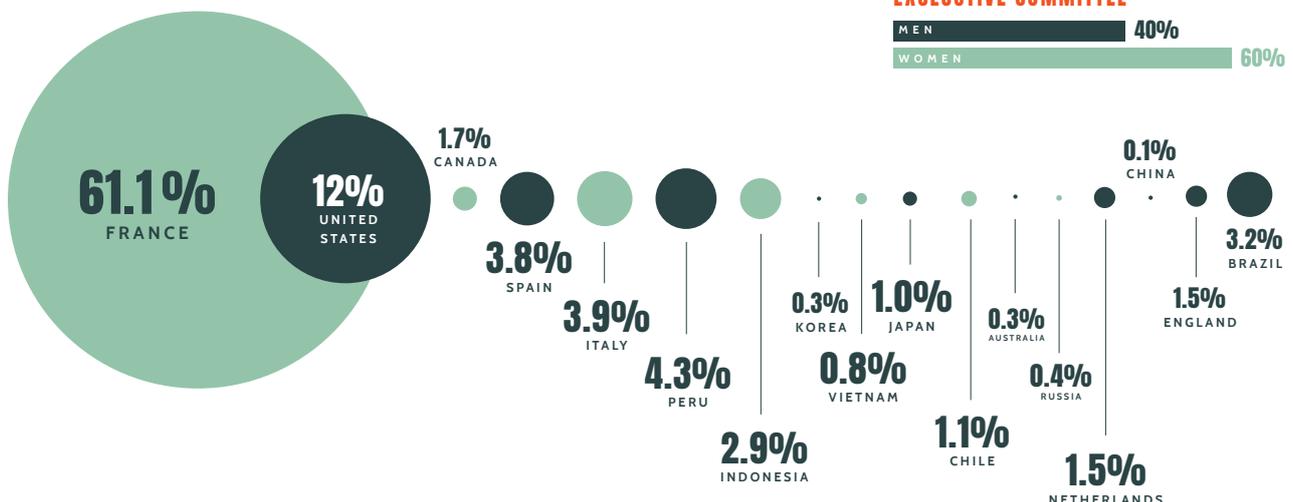
MANAGERS



EXECUTIVE COMMITTEE



BREAKDOWN OF GROUP EMPLOYEES



OPTIMISED SOCIAL DIALOGUE

In June 2017, social dialogue, a source of both well-being and efficiency at work, benefited from a major innovation: the implementation of Workplace, a social network for all the Group's employees. While the communications department has made it one of its key channels for information, employees have also been invited to use it freely, and this is what we are seeing in practice. CLS Workplace is a great information exchange tool and a key cross-cutting collaborative platform accessible to everyone.

Its 750 users and 3000 posts in six months testify to its success. 116 discussion groups, closed or open, have been set up on different topics. There is obviously a predominance of subjects of professional interest related to the Group's activities, but there are other topics as well. This tool is especially valuable for a Group with branches on every continent. Information may appear in English, French and/or Spanish.

At the national level, CLS TV broadcasts audio-visual messages within each department. In 2018, the television broadcast points were set up in the company's new living areas.

In addition, the presentation of e-mailing campaigns was revised to improve their visibility through the use of thematic banners.

At the same time, the year 2017 saw the introduction of a pilot scheme for informal coffee get-togethers for managers. Six sessions were held throughout the year, providing strategic and operational managers (an average of around fifty

participants) with an opportunity to discuss predefined topics. Two staff conventions also took place, focusing mainly on implementation of the Odysée 2018 project and the launch of our 2018-2023 medium-term plan.

Lastly, two integration days enabled the company to give a proper welcome to 52 new employees, helped by an equal number of volunteer mentors. All the newcomers were able to meet the members of the management committee and visit the operations centre, the beating heart of our company.

OPPORTUNITIES FOR IMPROVEMENT

Reshape and merge the intranet and extranet (dedicated to sales representatives)

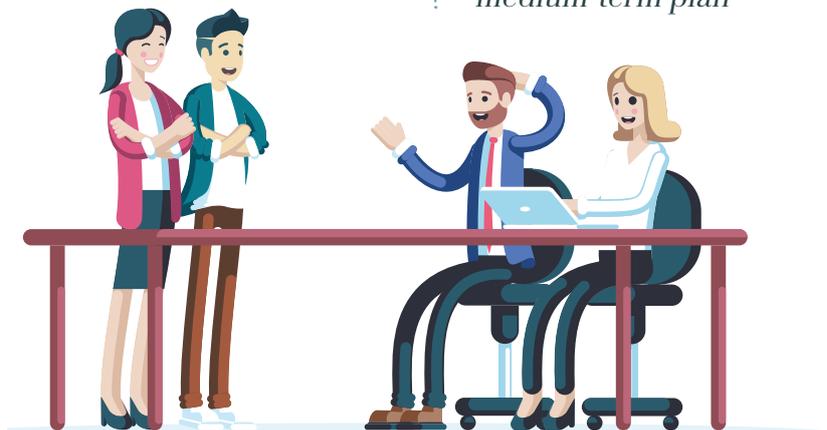
—
Set up the CLS TV broadcast points in the new living areas

KEY FIGURES

+4500 posts on Workplace

—
116 discussion groups created on Workplace

—
2 staff agreements organised around the Odysée 2018 project and the 2018-2023 medium-term plan



ESTABLISHMENT OF AN INNOVATION MISSION

Innovation is crucial to CLS business. To encourage and facilitate it, an innovation mission was set up in 2017, as part of the Odyssée 2018 project. This took the form of a cross-cutting working group, whose members were recruited on a voluntary basis and will be renewed over time.



Although this mission has its own budget of €300,000 (0.5% of the company's business volume), its objectives are eminently qualitative. The idea is to create a culture of innovation enabling new applications to be explored without going through lengthy or expensive processes. The challenge is to enhance existing know-how by identifying emerging needs in order to develop new products and services.

To do this, the innovation mission has increased its involvement in events related to the space or digital sectors (Aerospace Valley,

In Space, Club Galaxie, Digital Scrum, etc.). It has also been set up Innovation Thursdays bringing together several outside speakers from related fields of expertise on topics such as "Increasing creativity and innovation - CLS 4.0", "Internet of Things, IoT demystified", and "Space technology against the eco-mafia", which were broadcast live on Workplace. Lastly was launched an in-house innovation challenge, from which emerged of more than 60 new ideas. These included an application dedicated to observing livestock health, which is currently undergoing a patentability study.

OPPORTUNITIES FOR IMPROVEMENT

Participate in external learning expeditions

Develop targeted external actions specifically on innovation

Create an "innovation proposal desk" for the permanent collection of innovative ideas

Launch themed innovation competitions in line with the Group's strategy

KEY FIGURES

Budget of €300,000 dedicated exclusively to the innovation mission

3 Innovation Thursdays in 2017

60 ideas from the 2017 innovation challenge

MOVING TOWARDS ENVIRONMENTAL MANAGEMENT

Besides the ecological contribution of its activities, CLS is concerned about its own environmental footprint. For this reason, in 2017 the company created an environmental database linked to its energy consumption. This approach was used to produce a zero impact image, an essential milestone in measuring future progress, whether in terms of water or electricity consumption, or carbon footprint.

This evaluation found that 61% of CLS's carbon emissions were indirect (mainly due to travel) compared to 30% of emissions generated internally. It should be noted that nearly half of the electricity consumed directly by CLS is used to power and cool its data centres. Initial steps were taken on the basis

of these measurements. The use of videoconferencing has been encouraged and was facilitated by installing the appropriate equipment in all of the company's large meeting rooms. This has enabled CLS to reduce its carbon emissions from employee travel by nearly 12% since 2015.

KEY FIGURES

100% of the lighting in the renovated building is provided by LEDs

50% of meeting rooms are equipped for videoconferencing, thus limiting travel

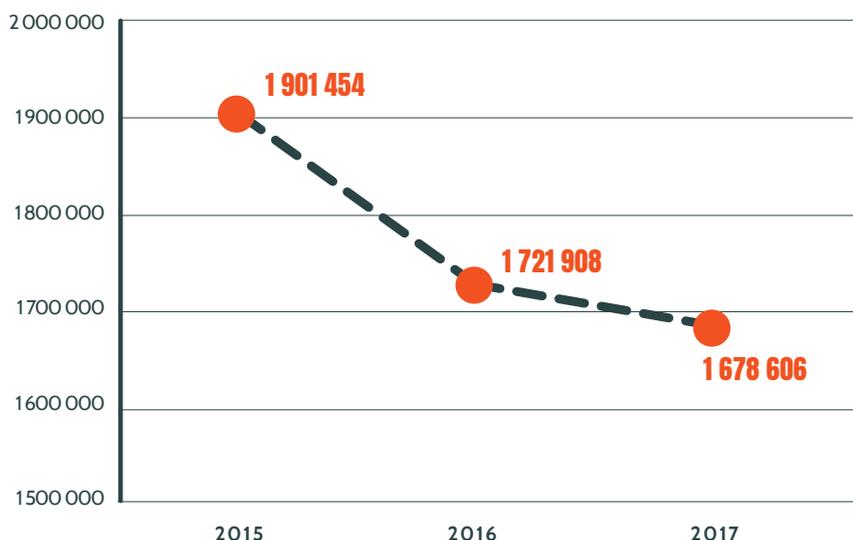
30 bicycle parking spaces and 12 additional lockers have been installed

Paper consumption has been cut by 30%

12% of carbon emissions were avoided between 2015 and 2017

CONCENTRATION OF CO2 EMISSIONS

(KG/KM/EMPLOYEE)



In addition, 30 extra places have been created in the head office's bicycle shed and additional lockers have been installed with an integrated socket for charging electric bicycles. Better yet, a feasibility study led to the creation of an on-site bicycle maintenance service for CLS employees.

A major effort has also been made to minimise and recycle waste. Sorting bins have now been deployed to extract office waste that was usually mixed, for five types of recyclable waste: cardboard, paper, plastic bottles, plastic caps and alkaline

batteries. Another initiative taken was default printer settings combined with badge access, which has reduced paper consumption by 30%! Last but not least, in 2017 CLS renegotiated its electricity supply contract. Now 100% of the electricity consumed by the head office comes from renewable sources. CLS also produces clean energy and hot water by means of solar panels installed on the roofs of its buildings.

OPPORTUNITIES FOR IMPROVEMENT

Provide a bike maintenance service

—
Install charging stations for electric vehicles

—
Optimise the recycling of the lithium batteries supplying beacons and transmitters





A STRUCTURED SPONSORSHIP POLICY

While CLS's social utility is primarily evident through the nature of the tasks it carries out on its customers' behalf, sponsorship offers an additional opportunity to act. The company therefore decided to formalise this type of action by setting up a sponsorship mission in June 2017.

This mission now has its own budget and relies on a decision-making group of about ten volunteers from different departments in the company. This group helps choose and define the sponsorship partnerships established by the company (causes, amount of aid, events, etc.).

In fact, CLS focuses its support on two emblematic players in the region where the company was founded. These are firstly Stade Toulousain Rugby Handisport (a way of displaying a competitive spirit while at the same time providing assistance to people in need) and

secondly the VNF, the authority responsible for France's inland waterways (and in particular the project to replant trees along the Canal du Midi, which is close to CLS headquarters).

A conference was held at CLS in late 2017 on the future of the Canal du Midi, and a meeting was organised between around fifteen CLS employees and the wheelchair rugby team at the Stade Toulousain club. Openness to others, commitment, protection of the environment: these are the values that CLS wishes to promote, while affirming its local roots.

OPPORTUNITIES FOR IMPROVEMENT

Increase employee consultation for sponsorship decisions

Increase employee participation in sponsorship events

KEY FIGURES

Dedicated budget of €25,000 for 2018 (compared with €10,000 for 2017)

10 years of support for disabled sports associations



EFFECTIVE INSTITUTIONAL INTEGRATION

The regions in which CLS is mainly active in France are Bretagne, Hauts-de-France and Occitanie: all three are known for research and innovation. CLS decided to intensify its links with the other players in these regions in order to share success and economic development on a local level.

An initiative supported by the Aerospace Valley competitiveness cluster, Booster Nova has brought together a number of space activities focused on creating value through new applications. Booster Nova has been given dedicated premises, the Hub Nova, located at the heart of the Toulouse Aerospace site (Montaudran). They were handed over in 2018, and a user agreement for the Hub Nova was signed by CLS in 2017. Get set for a spirit of sharing and competition!

Another example from 2017 of active involvement in its business sector came when CLS

helped CNES, the French space agency, organise Act In Space, an international innovation competition (Hackathon). This event brought together entrepreneurs, students, developers and other creative types for challenges based on space technologies and data, with the aim being to imagine products and services that will be useful in everyday life in the future.

Also noteworthy in 2017 was the launch of the start-up DIGIKARE based on digital applications dedicated to health. This emerged under the aegis of the partnership linking CLS to ETHICS Biotope,

which enables creators to use work spaces where they can develop their projects sustainably and on a long-term basis under favourable hosting conditions (from 6 months to 3 years). Useful to project initiators, this partnership is also a means for CLS to discover new talents and new ideas.

OPPORTUNITIES FOR IMPROVEMENT

Multiply partnerships for innovation support operations

DATA PROTECTION ENSURED

People are becoming far more aware of the collection, use and disclosure of personal data. Public opinion rightly demands protective measures and guarantees. It essentially comes down to preserving the privacy and interests of individuals. For example, the use of any information concerning a person's health must be strictly regulated.



OPPORTUNITIES FOR IMPROVEMENT

Finalise compliance with the GDPR at CLS Group level

—
Communication on the general data protection policy

KEY FIGURES

8 different projects in the CLS Group's GDPR plan

Many countries have data protection and privacy legislation in place, and the new EU rules that came into force in 2018 (GDPR) are pushing these requirements even higher.

Naturally, CLS undertakes to keep this information confidential and secure. Fundamentally, personal data are processed fairly and justly and only if certain conditions are met, namely that such information must be collected

for a specific and lawful purpose and that it must be adequate, relevant and not excessive.

For reasons of transparency, every individual has the right to access personal data concerning them. CLS's Code of Conduct stipulates that such individual requests must be forwarded without delay to the company's Data Protection Officer (DPO) and ultimately dealt with by the company's legal department.

