

## **I. MESSAGE FROM THE CEO**

*“We are proud to publish a Corporate Social Responsibility report for the first time this year. We will continue to improve efforts on this front in the coming months and years.*

*I’m proud to say that the concept of ‘giving back’ has always been a part of our company’s culture and every year we look to find local initiatives close to our office locations to spend our time, money and energy. As our business grows, so will our support.”*

Eric Eichmann, CEO, Criteo

## **II. INTRODUCTION**

People at Criteo believe that their activities have an impact on society, the environment and the company’s employees. Criteo aims to foster economic growth while reducing its impact by identifying potential risks and taking concrete action.

This report provides an overview of Criteo’s CSR policy and initiatives, including those specified in article R. 225-102-1 of the French Commercial Code. The following chapter presents Criteo’s labor, social and environmental impact as well as measures to strengthen its sustainable development commitment.

The reporting period covers January 1, 2016 through December 31, 2016. As the company comprises a large number of offices and legal entities and collecting exhaustive and reliable information (such as waste volumes and electricity and water consumption) for smaller offices may be difficult, Criteo has opted to limit the scope of the quantitative information enclosed in this CSR report to its largest offices, i.e. those with data center infrastructure that account for most of its ecological footprint. The related coverage rate is provided.

For subsequent financial years, Criteo will use the experience gained in preparing this report and contributors’ feedback to gradually extend the reporting scope until it matches Criteo’s consolidated financial scope. The information presented hereafter was provided by various departments or based on data provided by them or external third parties. A methodological note is provided at the end of the report.

## **III. CRITEO’S BUSINESS MODEL**

Criteo is a global technology company specializing in digital performance marketing. It strives to deliver post-click sales at scale to advertisers, across multiple digital marketing channels and according to the client's targeted return on investment. It uses its proprietary machine-learning algorithms, coupled with large volumes of granular shopping intent data and deep insight into consumer intent and purchasing habits, to price and deliver, in real time, highly relevant and personalized digital performance advertisements to consumers. By measuring the value it delivers on a post-click sales basis, it makes the return on investment transparent and easy to measure for its advertiser clients.

#### IV. CORPORATE SOCIAL RESPONSIBILITY @ CRITEO

##### IV. A) INVESTING IN HEADCOUNT AND TALENT INITIATIVES

Criteo operates in all corners of the globe and has offices across the Americas, EMEA and Asia-Pacific.

The company's rapid growth is spurring Criteo on to invest in smart and talented people. Consequently, Criteo has implemented an ambitious talent acquisition policy. To support the rapidly developing team, Criteo has created a strong corporate culture favoring the personal and intellectual development of its diverse workforce of over 2,000 employees, 72% of whom are under 34 years old.

##### A. Headcount

As at December 31, 2016, Criteo boasted 2,321 employees globally, compared with 1,852 at the end of December 2015, a 25% increase.

The labour figures presented in this Corporate Social Responsibility (CSR) chapter only refer to Criteo's largest global legal entities, i.e. those with data center infrastructure. As at December 31, 2016, the entities included in the CSR scope accounted for 87.9% of Criteo's total headcount, i.e. 2,043 employees.

<b>Company/Location</b>	<b>Women</b>	<b>Men</b>
<b>Criteo Ad. (Beijing) Co.</b>	<b>25</b>	<b>20</b>
Beijing	23	20
Shanghai	2	0
<b>Criteo Corp.</b>	<b>204</b>	<b>312</b>
Boston	96	128
Chicago	4	5
Los Angeles	9	17
Miami	3	13
New York	65	73
Palo Alto High	6	10
Palo Alto Uni	11	45
San Francisco	10	21
<b>Criteo Europa MM SL</b>	<b>94</b>	<b>122</b>
Barcelona	94	122
<b>Criteo France S.A.S.</b>	<b>33</b>	<b>50</b>
Paris	33	50
<b>Criteo GmbH</b>	<b>36</b>	<b>48</b>
Munich	36	48
<b>CRITEO K.K.</b>	<b>49</b>	<b>68</b>
Osaka	0	2
Tokyo	49	66
<b>Criteo LTD</b>	<b>51</b>	<b>79</b>
London	51	79
<b>Criteo S.A.</b>	<b>200</b>	<b>573</b>
Echirolles	2	20
Paris	198	553
<b>Criteo Singapore PTE LTD</b>	<b>49</b>	<b>30</b>
Singapore	49	30
<b>Total</b>	<b>741</b>	<b>1,302</b>

Young people account for the lion's share of Criteo's employees, which is to be expected in a high-tech company relying on people skilled in the latest trending technologies.

<b>Workforce breakdown by age</b>	<b>2016</b>
Less than 25	135
Between 25 and 29	711
Between 30 and 34	611
Between 35 and 39	334
Between 40 and 44	153
Between 45 and 49	62
50 or more	37
<b>Total</b>	<b>2,043</b>

As at December 31, 2016, 741 women have been employed, i.e. more than 36% of the total workforce of 2,043.

### **B. Recruitments and terminations**

In 2016, although 416 employees left the company, there were 833 new joiners, resulting in a 26% increase in workforce (from 1,623 at end-2015 to 2,043 at end-2016).

<b>Recruitments and terminations by quarter</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>TOTAL 2016</b>
<b>Recruitments</b>	<b>228</b>	<b>188</b>	<b>230</b>	<b>187</b>	<b>833</b>
New position	163	142	163	145	613
Replacement	65	46	67	40	218
Other	0	0	0	2	2
<b>Terminations</b>	<b>101</b>	<b>88</b>	<b>130</b>	<b>97</b>	<b>416</b>
Employer's initiative	24	24	28	19	95
Other	77	64	102	78	321

### **C. Compensation and related changes**

At the heart of Criteo's compensation policy are three pillars: ensure external competitiveness to attract and retain top talent, maintain internal equity to promote fairness and finally, to motivate and recognize the great contribution of its employees. In order to do this, the Compensation Team annually drives a basic market analysis using survey data sources that reflect the varied industries represented at Criteo, namely, tech and software.

As part of this policy, all employees are eligible to a variable pay plan which aims to reward performance.

Criteo also provides company ownership opportunity to all employees through granting of equities (Stock Options/Restricted Stock Units) to all new hires. In addition, on an annual basis, retention grants are determined to reward top performers and key employees. In 2015 and 2016, annual base and variable salary compensation payouts for the legal entities included in this report were €77,628,749 and €101,748,545, respectively (for information, \$149,940,196 and \$194,278,294<sup>1</sup>, respectively).

<sup>1</sup> Exchange rates are mentioned in the methodological note.

## **IV. B) TALENT DEVELOPMENT AND RETENTION**

### **A. Training**

At Criteo, significant investment is made in team growth. Consequently, Criteo recognizes the importance of talent development. Employee and manager development is pivotal in ensuring sustainable performance and success as a high-growth global tech company.

In 2016, a new Learning&Development (L&D) team was established within the Human Resources (HR) department to foster professional development initiatives. Four main challenges are shaping Learning&Development strategy and policy:

- Criteo’s fast-paced environment, which requires continuous adaptation to changes in markets, businesses and organizations and the development of effective solutions in a highly competitive market;
- Growth hacking, which requires developing talents and team performance to keep up with innovative marketing through on-boarding and induction and strong initiatives to support managers and leaders;
- Criteo’s global presence, which requires an inclusive approach for people across regions and organizations with diverse and multi-cultural profiles;
- Criteo’s position as ad tech’s star performer and game changer, which requires that all talent is cutting edge.

Since 2015, Criteo has bolstered its learning and development efforts to tackle these challenges. The company has invested in teams that are dedicated to ensuring a positive learning experience for all Criteo employees, using bold, impactful, and effective learning content. The key players are:

- Criteo’s Products and Solutions enablement team that collaborates with internal subject matter experts to deliver dozens of in-class or virtual class sessions on vertical market/industry products (overviews, refreshers, new product launch);
- Criteo’s Training Managers who support growth (Mid-Market sales) and are seated with the business teams;
- Criteo’s Global Learning&Management Development Director who shapes overall L&D strategy and leads global endeavors and flagship programs.

As demonstration of this investment, in 2016, Criteo spent \$2,059,590 on training initiatives for the legal entities covered in this chapter.

In addition, Criteo has invested in new technologies to create a more compelling learning experience, ensuring inclusive reach on a global scale and putting valuable resources at the fingertips of all employees. These include a unique e-platform (referred to in-house as “**The Learning Zone**”) that grants employees access to a multitude of e-learning modules created in-house or integrated from third-party resources. The online resources are available to managers, staff and employees with specific job profiles or roles depending on the content (soft skills, managerial skills, financial fundamentals, language training, programming or data processing skills) and are accessible in up to eight languages. The Learning Zone makes it possible to create internal on-line content relating to systems and tools

(such as HRIS and expense reports), Criteo Products and Solutions and onboarding (FlyCriteo Welcome On Board).

The Learning & Development team works closely with HR Business Partners, HR Directors and the Finance department in all regions company-wide to ensure that:

- The level of training spending per employee is fair and consistent;
- Training and development activities are aligned and prioritized with regard to business needs and Criteo strategy as well as people and team performance development;
- The Career Path/Development framework (which is currently under construction) is effective.

Training and development at Criteo address a broad range of knowledge and skills as illustrated below:

As a Criteo employee or manager, I benefit of learning resources, content, experiences embracing a broad range of **skills** (knowledge, skills, competencies) to supercharge me!



Formal training development opportunities may be e-learning sessions prescribed to employees or available in the online catalogue. They may also take the form of in-class or virtual class sessions (instructor led), and address a broad range of knowledge and skills to meet the specific needs of all staff. On top of these “formal” training and development activities (in-class and virtual class sessions, e-learning, videos and coaching), Criteo also encourages and promotes **“informal” training and development activities**, such as collaborative or peer-to-peer learning and on-the-job training, which are also part of the company’s DNA.

In this chapter, the training presented encompasses face-to-face training sessions and on-line training for the entities represented in the scope of this work.

Face to face training sessions are either organized in-house or through attendance to public courses and the vast majority are organized with third-party facilitators/training firms. A few are organized with internal subject matter experts or trainers. Most of the numerous “Criteo Product” enablement sessions (virtual class or face to face sessions to disseminate knowledge on Criteo Products), or on-boarding for all employees (within Sales or R&D) are not taken into account because attendance for these cannot be confirmed.

For the scope of this report, only the training sessions that focus on improving on-the-job efficiency of employees is considered. Therefore, some trainings are voluntarily excluded from the scope (this includes training on health and safety, internal management tools), so as to only show a conservative value when representing Criteo’s investments in people development. Hence, within this defined scope,

the total number of face to face training for the relevant legal entities for 2016 was 17,979.5 hours. This represents an average of 9.7 hours per employee (using average 2016 head count).

To obtain this figure, Criteo relied on the reports submitted by HR Business Partners across regions/countries and organizations who tracked all organized training sessions (topic, dates, duration, attendance, and provider/facilitator). In 2017, systematic tracking of attendance sheets (or equivalent training evidence) across entities is a clear priority and a “must”. Efforts have already been implemented to increase awareness of the importance of formal tracking of training initiatives. This will contribute to the continuous improvement of the reliability of the training figures and confirms Criteo’s strong investment in talent development.

For 2016, there was a total of 1,256 hours of on-line training. This training came from three sources:

- Criteo Learning Management System (The Learning Zone): Extracted data relates to all “eligible” trainings, which are defined by those on-line modules related to Criteo Product enablement, a new CRM solution roll-out, and soft skills development. In addition, only those courses with a completion level of 100% were considered. This solution has been live since its launch in April/May 2016 (1,074 hours).
- On-line language training platform report: Data was extracted from learner activities logs (182 hours). This was launched in the beginning of October 2016 (so far in Asia-Pacific and France for training in English, Chinese, Japanese and French).
- Data science training platform report: Data was garnered from learner activities (courses, exercises). This solution was launched in June 2016, for a targeted audience of mainly Data Analyst and Scientist or Business Intelligence job.

At a glance, the overall training activities per Legal entities can be summarized as below:

	# training hours (instructor-led) in 2016	# Employees (Average HC 2016)	Average # training hours (instructor-led) per employee (average 2016)	Average # training hours (on-line, all) per employee (average 2016)
<b>APAC</b>	<b>2,385.5</b>	<b>206</b>	<b>11.6</b>	<b>2.4</b>
CRITEO Advertising	702	36	19.5	1.1
Criteo Singapore PTE LTD	942	58	16.2	2.9
CRITEO K.K.	741.5	112	6.6	2.5
<b>AMERICAS</b>	<b>2,668</b>	<b>460</b>	<b>5.8</b>	<b>1.4</b>
CRITEO Corp.	2,668	460	5.8	1.1
<b>EMEA</b>	<b>12,926</b>	<b>1,195</b>	<b>10.8</b>	<b>0.7</b>
Criteo Europa MM	3,660	186	19.7	1.1
CRITEO LTD	1,087	134	8.1	1.5
Criteo S.A.	6,251	713	8.8	0,3
CRITEO GmbH	938	83	11.3	1.8
CRITEO France S.A.S.	990	79	12.5	2.0
<b>Total</b>	<b>17,979.5</b>	<b>1,861</b>	<b>9.7</b>	<b>1.1</b>

Significant investment was made for employee development, notably in Asia-Pacific (China, Singapore).

Training activities in Criteo Europa MM (Barcelona) are amplified through internally facilitated training by a dedicated resource (on top of a network of subject matter experts, casual internal facilitators) in the area of professional efficiency, personal development or management and leadership, which explains the difference between the average number of training hours per employee Criteo Europa MM and that of most other entities.

#### **B. 10% Project**

At Criteo's Paris office, employees can commit to a project of their own through the "10% Project" initiative. Employees can propose, pitch, team up and work on projects and topics of their own choosing for 10% of their time. In many cases, such projects provide on-the-job development opportunities, and may be pursued or scaled up during an internal Hackathon. Several major in-house projects have resulted from the 10% Fair initiative, including the project aimed at sharing language knowledge and accommodation swapping being launched in 2017 as 'CriteoExchange'.

The success of the 10% Project initiative has led Criteo to intend the expansion of its Fairs to its other offices over the next few years.

#### **C. Global Hackathon**

2016 saw Criteo's first 'Global' Hackathon (up until then, they had only been done locally and primarily only with the R&D team involvement). The event aims to encourage employees around the world to team up, create ideas, and develop topics they want to develop, build demos or create business plans. The teams come up with their ideas based on two main themes: tech projects that are in line with Criteo's product roadmap or which could completely revolutionize our product offerings. The second theme is around business efficiency and include projects that help economic efficiency, protect the environment or improve the way that we do things. Last year one of the winning teams was the Carbonite project aimed at reducing overall energy use at Criteo.

#### **IV. C) WORK ORGANIZATION**

Criteo strives to ensure that its employees enjoy a healthy work-life balance.

##### **A. Working hours**

While there is no explicit policy on remote working at Criteo, regional heads are free to allow it, if and when necessary. In the Americas, secure networks allow employees to work remotely. This is culturally engrained in Criteo Americas. Employees with long commutes or good reason to work from home (to take care of a child, for example) regularly use this option. Remote working or flex hours to suit personal needs are key advantages of working in Criteo Americas, as evidenced by the strong internal satisfaction scores received on this point in annual surveys.

In Asia-Pacific, Criteo offers flexible work hours to enable a healthier work-life balance. This is notably the case in China, Japan and India where employees have long commutes. They are able to arrange their work time to avoid peak hours. In most countries, this has been implemented on an informal basis, except for Japan where it is included in the actual policies. In Japan, the rules on flexible working apply as outlined in the local handbook. In other countries, a set of management guidelines applies.

In Europe, Criteo generally expects employees to be in the office during customer opening hours. There is no formal remote working policy in place. However, employees are allowed to work outside the office from time to time after consulting with their team/manager and the company proposes flexible arrival and leaving hours (8:00 am to 10:00 am and 5:00 pm to 8:00 pm, respectively).

##### **B. Labor relations**

###### **1. Organization of social dialogue**

Communication and transparency are key values at Criteo.

The principal tool for company-wide communication is the “All-Hands” event organized every two weeks by the CEO to provide key business updates to employees and allow them to ask questions. Each department has regular “mini” All-Hands or staff meetings to disseminate further information on key business priorities and performance metrics. Change of any kind (involving systems, processes or other issues impacting employees) is communicated during face-to-face sessions to supplement emails on the topic, allowing employees to ask questions or raise concern.

Criteo strives to espouse a feedback culture. In 2016, as in past years, the company has conducted an employee satisfaction survey (Great Place To Work) in each office to determine key areas for improvement. Another major feedback tool is Criteo’s semi-annual Manager Survey, where employees provide feedback on their managers. Based on the results, managers can identify areas for professional development. Criteo also conducts exit interviews with leavers to pinpoint the main causes of turnover and better understand and address potential issues. The programs are coordinated centrally in the Paris office.

In certain offices, dialogue with employee representative bodies is also an important facet of communication. In Japan, the responsibilities of employee representatives are defined by law. These include defending employees’ interests in the event of policy changes regarding overtime, holidays, working hours or wages. There were no policy changes in 2016 and none are foreseen in the near future. Consequently, no meetings were held with the employee representative.

Employees in France are represented by a works council, employee delegates and a health and safety committee. Regular meetings (monthly, bi-monthly and/or quarterly) are held, in addition to informal



meetings, where all agreements are negotiated with trade union delegates. As at December 31, 2016, 50 such meetings had been held in France.

In the other countries, there is no formal employee representation, although Criteo endeavors to consult employees before implementing any changes. The Internal Communications team makes global announcements via email. Regular All Hands meetings are also conducted to update staff globally on how the business is performing and plans for the future. Meetings are recorded and available online afterwards.

## **2. Summary of company collective/collective bargaining agreements**

Company collective agreements and collective bargaining agreements are created and implemented to promote employees' working conditions and improve Criteo's economic value through workplace wellness and talent retention. Six such agreements (five in Europe and one in Brazil) were signed in 2016.

In France, three collective agreements were signed on healthcare (the so-called *contrat de santé responsable* aimed at curbing national health insurance spending by applying a number of obligations to beneficiaries, and two other agreements on additional healthcare and disability/incapacity coverage), one on working time and one on an additional trade union delegate. Following the 2016 working time agreement, employees now work under two different schemes: 38.5 hours per week or 218 days per year. On top of annual leave, they enjoy between 10 and 11 days per year of additional rest.

One collective agreement, the CBA, was signed in Brazil. This agreement is signed every May, and applies to all Internet companies registered in the country. One of the main provisions in 2016 involved increasing salaries to compensate for annual inflation in Brazil. The CBA also addresses other benefits such as health insurance, overtime, maternity/paternity leave, and meal vouchers. It is important to note, however, that Criteo offers a better and wider range of benefits than what is stipulated in the collective agreement.

### **C. Health and Safety**

The health and safety of its employees is a priority for Criteo. The company devotes time and effort across all geographies to providing good working conditions, from bright and spacious offices to top-quality desks, chairs and laptops. As working in a risk-free environment is crucial to its employees and guests, Criteo generally goes beyond local applicable regulations.

In all offices, Criteo is committed to promoting employees' physical and mental well-being. To this end, nearly all offices are allocated a budget to encourage employees to exercise.

For example, all new joiners in the United States are provided with a Fitbit® (an electronic device that tracks specific wellness metrics). Using Fitbit® tracking, Criteo regularly organizes challenges to reward the most physically active employees (a monetary prize). In addition, most American Criteo offices offer on-site wellness activities (including yoga, Pilates and massages). These are available to employees free of charge, and are highly popular. In Criteo's offices in Europe and Asia-Pacific, sports club membership subsidies are commonly used to incite employees to hit the gym.

In most offices, employees can request a standing desk (no medical prescription required) or specific ergonomic seating (medical prescription required) based on individual needs, to enhance physical comfort in the workspace.

Workplace safety is also a key priority. In France, a nurse is available on-site. Several defibrillator and first aid kits have been installed, and first aid training is available to volunteer employees once a year, with renewal sessions every other year.

In Brazil, a mandatory health exam has been introduced, while all US employees can register for on-site health screening (including blood and blood pressure tests) and flu shots to improve preventive care. In the United States, Criteo complies with federal legislation (Official Security and Health Agreement, OSHA): posters with health guidelines are displayed in office spaces, a report is published once a year on work-related accidents, and workers are entitled to compensation insurance.

The safety of employees traveling for business is also a concern for Criteo. 2016 saw the launch of a new International SOS Assistance tool to complement the existing employee emergency assistance with AXA healthcare. This tool not only acts as a 24/7 hotline for support about security issues, especially when travelling, but also tracks all Criteo travelers so that they can be identified and Criteo can reach out to them in an emergency.

**IV. D) CRITEO REFLECTS ITS SOCIETY**

At Criteo, people are strong believers in promoting diversity and equal opportunities. The company pledges to see its involvement in society, in all its forms, as a principal driver of continued growth and competitiveness.

**A. Equal opportunity**

**1. Measures implemented to promote gender equality**

Criteo is unwavering when it comes to gender equality. Its code of business conduct and ethics is applied across all geographies. As mentioned previously, one of Criteo’s prime goals is to recruit and retain the best talent, regardless of gender, nationality, or sexual orientation. Consequently, Criteo strictly forbids all forms of discrimination, whether at the recruitment stage or afterwards, with regard to promotions, salary increases and benefits.

Criteo’s equal opportunity policy in the United States specifies that no employee may be discriminated against on the basis of gender, race, ethnicity, religious belief, disability, national origin, veteran status, marital status, or sexual orientation.

Thanks to Criteo’s non-discrimination policy, the company employs a large proportion of women, particularly in managerial positions.

<b>Number of employees</b>	<b>Total employees</b>	<b>Managers</b>	<b>Directors</b>
Male	1,302 (64%)	298 (73%)	130(79%)
Female	741 (36%)	109 (27%)	34 (21%)
<b>Total</b>	<b>2,043</b>	<b>407</b>	<b>164</b>

To maintain gender equality and support women in the Digital/Tech/Science field, Criteo regularly organizes awareness-raising events. In 2016, a one-day Adaweek conference has been organized on the education, employment and entrepreneurship of women in the tech industry and a Club Com’Elles event to promote women in the communication industry.

## **2. Measures implemented to promote the employment and integration of people with disabilities**

All positions at Criteo are open to people with disabilities. The company is committed to making all necessary and reasonable adjustments to ensure that disabled members of staff are properly integrated. All offices are able to accommodate disabled employees, with only minor adjustments. In the United States, all work spaces are wheelchair accessible. In Brazil, a program will be developed to support employees with disabilities as soon as the workforce reaches the 100-employee mark, forecast within the next two years. There is no record of disabled employees or applicants in the Asia-Pacific region. Although related legal requirements are minimal, they are fully respected in all Asia-Pacific offices.

## **3. Policy against discrimination**

Criteo is committed to providing a discrimination and harassment-free workplace, where all individuals are treated with respect and dignity, can contribute fully, and have equal opportunities. In the United States, Criteo is an equal opportunity employer, and does not discriminate against candidates on the basis of race, ethnicity or country of origin. Considerable efforts are made to fill vacant positions with diverse international candidates, and Criteo encourages internal international mobility. Its global workforce is consequently very diverse, with a strong mix of local talent and people from different cultures and backgrounds.

To address harassment and discrimination issues at the recruitment stage and afterwards, Criteo:

- Provides training and education to make sure everyone knows their rights and responsibilities – every new comer has to complete a e-learning module devoted to this topic;
- Ensures an effective and fair hiring process;
- Promotes appropriate standards of conduct at all times;
- Hires/promotes a gender-balanced teams.

Criteo also recognizes the importance of freedom of speech for employees. Consequently, no opposition or discrimination is directed at trade union or employee representatives.

## **B. Territorial, economic and social impact of the company's activity**

Criteo's activities involve offering advertising solutions to companies worldwide to drive greater sales, regardless of their location. As such, Criteo is naturally positioned as an international player totally integrated in the global marketplace. Its social impact is therefore both difficult to assess and influence.

Nonetheless, at Criteo, offices and data centers rely, to some extent, on local services and people at Criteo are proud to contribute to the local economies of a dozen countries.

## **C. Partnerships and sponsorships**

Criteo currently has no formal entity devoted to managing partnerships and sponsorships. However, numerous initiatives already exist within the company.

A couple of years ago, Criteo launched Go! Days in the United States, an initiative that is now worldwide. The idea is for employees to volunteer a full or half-day of their working life to share their time, money or skills with their local community. For example, in 2016, volunteers from Criteo New York shared their time with New Alternatives, a non-profit focused on helping homeless people in the LGBTQ community, spending an afternoon ice skating at Chelsea Peers. Other initiatives involved teaching at a local school in Amsterdam, giving warm clothes and shoes to children in Istanbul, or

working with disabled people in Madrid. Offices are free to choose any local charity. Sponsorship is supplied by Criteo (in the form of money or time). Employees are free to sign up and take part in the activity. Key internal stakeholders, such as the head of Tier 1 Sales in the United Kingdom or the Chief Revenue Officer in New York, back the initiative locally and get involved if diaries allow.

Since November 2015, Criteo's Community Group has been in charge of selecting and coordinating charity and sustainability-related initiatives. The group – which is growing – currently comprises five volunteers who use a portion of their working time to coordinate, communicate on and raise group-wide awareness of initiatives.

In France, Criteo has partnered with several non-governmental organizations to encourage the company's employees to contribute to social improvement or sustainability endeavors. They are as follows:

- Partnership with *Simplon.co*, a school network offering professional training to people who cannot easily enter the job market (including under-qualified youths, people from working-class or rural areas, senior citizens and persons with disabilities), with male-female parity in mind. Participants are trained to become web site or mobile application developers, integrators or digital specialists. Thanks to this partnership, Criteo's own coding experts help train and coach students.
- Partnership with *Veni Verdi*, an association that creates urban gardens. In 2016, 20 Criteo employees helped the association by providing gardening and recycling lessons to school students and teaching them about sustainability issues and waste management.
- Partnership with *Secours Populaire* in their *Pères Noël Verts* initiative, where volunteers dressed as green Santas participate in events to bring Christmas cheer to families in need, people living alone, and senior citizens. Thanks to this initiative, which began in 1976, the *Secours Populaire* has been able to offer the needy books, toys, festive meals, trips and access to sports or art events and exhibitions. In 2016, all employees gave some of their time to this charity.
- Partnership with *Webassoc*, a French association of web professionals who get together to use their areas of expertise to contribute to the community and/or the environment. As a *Webassoc* partner, in 2016, Criteo provided 160 million web impressions (the equivalent of €100,000 in media spend) to get the word out and advertise aid organizations such as *Secours Islamique*, *L'adapt* and *France Parrainage*. This resulted in 57,000 internet user clicks. In France, Criteo works similarly with the *Téléthon* to advertise for this non-profit association. Worldwide, this initiative is also done for the Red Cross.

Outside of France, charity funding is driven and managed by the Internal Communications team. In 2016, Criteo spent €10,000 per month (€120,000 in total) in partnership and sponsorship actions ranging from donations to charities, money for entering sporting events, or provisions of food, drink and clothing to participate in Go! Day events. The Internal Communications team also supports global giving back campaigns, including Movember for prostate cancer and a Christmas present collection for underprivileged children. A site has been created for employees to post photos and updates about their giving back experience.

## **IV. E) REDUCE CRITEO'S ENVIRONMENTAL IMPACT**

### **A. General environmental policy**

At Criteo, people care about the environment. Although there is currently no formal global environmental policy in place, the company is conscious of its ecological footprint, and aims to minimize it. Due to the nature of Criteo's activities, the data centers account for its biggest environmental impact. In total, Criteo has 16 data centers worldwide, all of which belong to external service suppliers. Among them, 11 are data processing centers and the remaining five host PoPs (point of presence) servers, which have a significantly smaller energy consumption impact.

Criteo is committed to sustainability. In fact, the building housing Criteo's headquarters in Paris is NF HQE certified (certification attesting to high environmental quality). This building alone represents 31% of the total surface area of all offices worldwide. Similarly, the Criteo office in Beijing is ISO 14001 certified and the Singapore office is located in a building that has been awarded the prestigious Green Mark Platinum Award.

At its current stage of development, Criteo mainly relies on local initiatives, led by individual offices or employees, to promote environmental responsibility. To raise and maintain employees' commitment and awareness of the three R's of the environment - Reduce, Reuse, and Recycle - Criteo invests in internal communication campaigns.

Given the nature of its activity and business, Criteo does not produce any matter that may severely and directly affect the environment. Consequently, this report does not contain disclosures on the following environmental issues required under article R. 225-102-1 of the French Commercial Code: "*Prevention of environmental risks and pollution*", "*Pollution prevention, reduction and rehabilitation*" and "*Noise and any other specific form of pollution*".

### **B. Circular Economy**

#### **1. Waste production**

Criteo currently has no harmonized tool to consolidate waste production. However, the estimates indicate that the company produced an aggregated 274 tons of office waste worldwide in 2016, i.e. 147 kg per employee. Criteo also produced approximately 5,149 kg of waste electrical and electronic equipment (W3E or "e-waste") from offices and 9,897 kg from data centers.

All offices sort and recycle waste whenever possible. Criteo has equipped most offices with waste recycling bins, and some even have battery recycling containers, such as Beijing and London offices. In addition, clear signs on waste classification procedures are on display in most of offices to ensure that employees scrupulously follow them. To limit waste, the employees are encouraged to use mugs instead of disposable cups.

Criteo is not currently able to estimate its recycling rate. However, the company intends to track its waste production and recycling ratio next year, for both W3E and office waste.

Employees aim to limit paper consumption. The nature of Criteo's business allows them to promote a paperless work model. If printing is necessary, employees are advised to reuse one-sided printed paper and print double side when possible (this has even been configured as the default printing configuration in Beijing, Singapore and Paris offices, among others). As a result, 6,814 kg of paper was consumed in 2016, with sustainable brands accounting for 66% of paper purchased.

Criteo is also committed to avoiding food waste. Consequently, when social events are organized, food is ordered based on a pre-determined headcount. After team lunches, employees are encouraged to pack leftovers and take them home. Despite the fact that the Paris building has a well-equipped company restaurant, it is not directly managed by Criteo. Hence, other measures to limit food waste are limited.

In addition, since 2016, Criteo has taken measures to reduce e-waste from their data centers by extending the shelf-life of their servers from the typical three years to five years. Therefore, when possible, new servers purchased will be kept for five years, which will contribute to the reduction of data center e-waste.

## **2. Water consumption**

To limit its ecological footprint, Criteo has deployed sustainable development practices regarding water use. In most offices, sensor-equipped faucets and two-level flushing toilets have been installed. In the Beijing office, where employees can take showers, a card swiping system is used to avoid irresponsible water use. Thanks to these initiatives, an estimated total of 24,375 m<sup>3</sup> of water was consumed in 2016.

## **3. Energy consumption**

Criteo has deployed numerous actions aimed at reducing energy consumption at both its offices and data centers.

While Criteo does not own the buildings that it occupies, there is a company-wide commitment to limit energy consumption. In this spirit, energy saving initiatives are decided and implemented independently at each office location. In France, Singapore and Tokyo offices, lighting is automatically switched off at night. Similarly, in a few European offices, including the London office, lighting is motion sensor activated. Numerous projects are underway both in the Asia-Pacific region and Europe to install LED lighting where feasible. Air conditioning is also a source of energy consumption that Criteo aims to monitor and control. For example, in the London office, the air-conditioning system is automatically shut off between 7:00 pm and 6:00 am.

One of Criteo's biggest employee initiatives related to energy consumption is the Carbonite Project. The employees behind this project won the 2016 edition of Criteo's internal Hackathon. Backed by *Coeur des forêts*, a non-profit organization that promotes fair trade and reforestation, the project aims to reduce energy consumption. The goal of the project is two-fold and comprises:

- a green IT component involving various measures. For instance, in Paris office, specific power outlets with a distinctive yellow color, switched off after 9:00 pm, have been installed.
- a data center component, aimed at reducing the energy consumption of Criteo's data centers. A key outcome of the project was the deployment of an algorithm to estimate real-time energy consumption based on power flows. A dashboard was created to show data center power usage and the corresponding quantity of CO<sub>2</sub> emissions. The metrics are based on Criteo infrastructure power usage in kWh, Data center Power Usage Effectiveness (PUE) and kgCO<sub>2</sub>/kWh charts.

In addition, Criteo must size its infrastructure needs according to actual and forecasted growth. As part of this program, Criteo is working with several vendors for both services (Hosting/HW recycling) and hardware procurement. For each new Criteo project, the company releases a RFP to several potential partners, and one of the main criteria of the decision matrix is Eco Responsibility. Criteo attempts to gain deep vendor insight with regard to their environmental sustainability business practices and focus on questions as described below (non-exhaustive):

- Do you provide renewable energy options?
- Are you engaged in any green collaboration with your supplier?
- Are you in the process of improving your LEED Certification (or equivalent)?
- Do you follow Green Grid and/or TIA-942 specifications?
- Do you provide recycling certification?
- Please describe your building's energy saving process.

All of the above are an integral part of the questionnaire used in Criteo's data center RFP.

Thanks to these initiatives, Criteo has a yearly total on premise energy consumption of 4,969 MWh, i.e. 2,671 kWh per employee, 19% of which is sourced from renewable energy producers. Data center energy consumption for 2016 is estimated at 21,345 MWh. This estimation comes from an internal tracking system of data center electricity consumption that was established by the Carbonite project (please see page 15 for further information). Criteo estimates that 14% of its data center energy consumption comes from renewable energy sources.

### **C. Climate Change**

At Criteo, the most significant GHG emissions come from the electricity consumed in its offices and data centers (Scope 2) and during business trips (Scope 3). The total release of GHG from electricity consumption is estimated to be 1,324 tCO<sub>2</sub>e for premises and 12,897 tCO<sub>2</sub>e for data centers. GHG emissions due to business trips amounted to 8,035 tCO<sub>2</sub>e in 2016, although Criteo tries to limit them by avoiding flights whenever possible, attending video conferences instead of physical meetings, and choosing public transportation over individual cars or taxis.

Besides the GHG resulting from its direct energy consumption, Criteo's most significant indirect source of GHG emissions is the leakage from refrigerant system used to cool down data center rooms. In order to gain a better understanding of its data centers' impact on the atmosphere, Criteo is trying to estimate total CO<sub>2</sub> volumes released during refrigerant leaks. Criteo is working closely with its service provider to gather enough information to produce a reliable status report for the upcoming years.

To further reduce its carbon footprint, Criteo is also looking at ways to prevent the use of private cars. Most of Criteo's offices are located in areas easily accessible by public transportation, without a parking lot, therefore discouraging employees from commuting with their private cars. In China, a shuttle bus service is in place to transport employees to and from the metro. In Japan, the local team subsidizes monthly transport passes to ensure the burden is not transferred to Criteo's employees.

### **D. Biodiversity**

At Criteo, people value biodiversity. Although Criteo's industry is not likely to impact biodiversity and it has very little control over this environmental aspect, Criteo is trying to do its share. To that end, employees have placed birds' nests on the roof of the London office, and are considering other similar value-added initiatives in other offices.

Due to the nature of its business, Criteo does not produce any matter that may severely and directly affect biodiversity. Consequently, this report provides no further disclosure on biodiversity, as required under article R. 225-102-1 of the French Commercial Code.

## **IV. F) SUSTAINABLE RELATIONS WITH STAKEHOLDERS**

### **A. Dialogue with stakeholders**

Criteo's main stakeholders are as follows:

- Clients and prospects
- Publishers
- Investors
- Public authorities and administrative bodies
- Technology partners (in particular, data center operators)
- Industrial associations and professional networks
- Journalists and media influencers (including YouTubers and bloggers)
- Financial analysts and influencers
- Employees, representatives and unions
- Schools
- Partner non-profit organizations
- Start-up networks and digital evangelists

Dedicated departments ensure regular contact with stakeholders, through a variety of channels. Three important stakeholders are clients and prospects, publishers and investors, all of whom are in regular contact with Criteo representatives through roadshows and presentations worldwide. Investors have access to a dedicated internet site, placing a wealth of relevant information at their fingertips.

Of all its stakeholders, Criteo maintains the closest relations with its clients and publishers, investors and employees.

#### **1. Investors**

Criteo's Investor Relations team communicates information and insights to the investment community.

In 2016, Senior Management and the Investor Relations team met with current and potential shareholders during 20 investor road shows in Europe and North America. The Investor Relations team also accompanied Senior Management to 18 broker-sponsored conferences in Europe and North America to present Criteo's business strategy and meet with current and potential investors in one-on-one and group meetings.

A particular highlight of Criteo's global Investor Relations program in 2016 was the Investor Day in San Francisco in September. In addition to Criteo's CEO and CFO, a larger group of executives including Mollie Spilman, Chief Revenue Officer; Tim Frankcom, EVP Midmarket; Jason Lehmbeck, GM Search; Romain Niccoli, Chief Product Officer & co-founder; and Patrick Wyatt, SVP Product Management, presented Criteo's vision, products and growth opportunities to investors and financial analysts.

Furthermore, the Investor Relations team met with investors during 10 road shows in Europe and North America, hosted one-on-one and group meetings at three broker-sponsored conferences, answered inquiries from institutional investors and financial analysts about Criteo's business strategy in over 165 telephone calls and in-person meetings.

Criteo also held telephone conferences when releasing its quarterly results.



Criteo provides a wide range of information to investors about Criteo and Criteo stock online. Shareholders can reach the IR team directly at *investorrelations@criteo.com*. Most key investor events at which Criteo's CEO or CFO speak are broadcast live on the Internet and the company posts the presentation materials on the Criteo investor relations Web site.

## **2. Clients and Publishers**

Criteo's Marketing team manages communications between Criteo, its customers (advertisers), partners (web publishers, advertising or media agencies, ad exchanges) and prospects (advertisers).

Regional field marketing teams in the Americas, EMEA and Asia-Pacific, as well as Criteo's Product Marketing team, regularly send clients, prospects and publishers reports, communications or infographics with product information and updates (Criteo Predictive Search in the United States, for instance) and industry insights (Criteo's mobile commerce and travel Flash Reports). They also advise advertisers on how to maximize online sales during seasonal holiday periods such as Black Friday, Christmas and Golden Week in Japan.

Criteo uses various digital channels to share its insights and communications: emails to existing clients, prospects and publishers, *criteo.com* and/or local official Criteo web sites (for example in France, Germany and Japan). The company also uses social networking (Criteo's official Facebook, LinkedIn and YouTube pages) and display advertising campaigns on trade and industry web sites in relevant markets.

In addition to digital communications, Criteo's Marketing team engages with key audiences at Criteo-hosted and third-party industry events.

Criteo-hosted events include workshops and conferences to share product innovations and industry trends. They may be specific to a product (e.g. search), vertical (e.g. retail holiday peaks) or audience (e.g. advertisers, agencies and publishers). Speakers include both internal and external experts (advertisers, publishers). Following presentations and roundtables, local Criteo team's network with clients, prospects and publishers to discuss business opportunities. In 2016, Criteo hosted over 90 events globally, engaging with over 4,700 individuals, mostly advertisers from the retail and travel industries (existing and prospective clients) as well as publishers and agency partners.

Criteo also participated in 123 third-party events worldwide, including e-commerce, travel, retail and ad tech industry conferences and trade shows (Dmexco in Germany, Shoptalk in the United States and E-commerce 121 in Monaco). Criteo's involvement in third-party events usually includes a speech by a top executive, Regional Managing Director or VP, to share market trends and product innovations. Criteo's presence may also include a stand and/or networking activities in which Criteo's Executives and Sales, Account Management and Supply teams engage with clients, prospects and partners in meetings and discussions. In 2016, Criteo estimates that third-party events worldwide enabled the company to reach nearly 35,000 people.

## **B. Subcontractors and suppliers**

As at December 31, 2016, Criteo had no formal procurement policy. However, the company is currently developing one for deployment in 2017. It will include the following statement:

*“Although Criteo’s activities do not have a significant effect on the environment, the company will seek, through the selection of its partners, to:*

- *Comply with relevant regulatory and legislative requirements, standards and codes of practice*
- *Take environmental effects into consideration when purchasing goods or services.”*

When evaluating bidders’ responses to tenders or RFPs, Criteo applies its own confidential criteria and weightings. The future policy evaluation criteria will comprise, but may not be limited to, the following (which are not listed in any order of priority):

- Compliance with specifications
- Competitive pricing
- Service delivery, capability and responsiveness
- Quality product/service offering
- Overall supplier quality
- Range of services offered
- Proposed method of operation (ordering, delivery, invoicing)
- Availability and relevance of reports
- Availability and quality of references and relevant experience
- Financial stability
- Pricing structure and controls offered
- Ability to interface with existing infrastructure
- Options/Costing in respect of charges and delivery

Criteo’s commitment to Health, Safety and the Environment is also evident in the specific questions asked during the tender process for data center space rentals. In particular, the company expects potential suppliers to provide clear responses on their use of renewable energies, green procurement and LEED certification.

## V. METHODOLOGICAL NOTE

CRITEO's Corporate Social Responsibility (CSR) follows dispositions of article R. 225-102-1 of French Commercial Code.

### A. Reporting period

All information collected and highlighted in the CSR chapter cover the period from January 1 to December 31, 2016. Data collection takes place annually.

### B. Reporting scope

In term of scope, the aim of the CSR reporting scope is to match with the financial reporting scope.

Due to an important number of offices among legal entities and the likely issues to recover exhaustive and reliable information (such as electricity consumption, water consumption, waste quantity, etc.) in the small offices, Criteo has made the decision to involve the most important offices during the collection of quantitative data.

Hence, to ensure reliable quantitative data in its first exercise of CSR reporting and boost continuous improvement, the Criteo's CSR reporting scope for fiscal year 2016 considers the major worldwide legal entities that financially own data center infrastructure.

Vigilance point: All legal entities that joined Criteo's financial scope in year N, should be included in the CSR reporting scope in year N+1. Hence, for instance, the company HookLogic, acquired in the fourth quarter of 2016, will not be included in the 2016 reporting because it has been acquired during the year 2016.

Thus, for fiscal year 2016, the reporting scope on quantitative information covers the following legal entities and offices (including 87.9% of the overall Criteo's workforce):

EMEA		Americas		Asia-Pacific	
Legal entity	Office	Legal entity	Office	Legal entity	Office
CRITEO SA	Paris Grenoble	CRITEO Corp	Boston New-York Palo Alto 1 Palo Alto 2 Los Angeles San Francisco Miami Chicago	CRITEO K.K.	Tokyo Osaka
CRITEO Europa MM	Barcelona		CRITEO Singapore Pte. Ltd.	Singapore	
CRITEO LTD	London		CRITEO Advertising	Beijing	
CRITEO GMBH	Munich				
CRITEO France SAS	Paris				

### C. Relevance of CSR indicators

Criteo's choice of a panel of CSR KPIs has been made from:

- An internal benchmark on CSR best practice among IT sector leaders;
- Labour, environmental and social impacts and risks of Criteo's activity;
- Indicators specified in article R. 225-102-1 of the French Commercial Code;
- Global Reporting Initiative (GRI) G4 guidelines;
- Specific indicators to Criteo's Human Resources policy.

#### **D. Consolidation & Internal controls**

Data collected during CSR reporting process is controlled by the validation managers. For each KPI, this person is in charge of data control and performs consistency tests listed within Criteo reporting procedures.

To avoid discrepancies during the KPI reporting process, each validation manager will have to perform the following controls:

- Data consistency – Verification of data consistency with last year data. Significant annual variations must be justified and documented.
- Lack of data – Verification of the presence for the overall data. Lack of data must be justified by the person in charge of the respective KPI.

Moreover, regarding the annual validation of Criteo headcount, the Human Resource department performs a looping control as follow:

$$\text{Headcount [Year Y]} = \text{Headcount [Year Y-1]} + \text{Recruitments [Year Y]} - \text{Leaves [Year Y]}$$

#### **E. External controls**

Concerned to produce a fair and reliable information, Criteo has mandated since 2016 an Independent Third-Party body to verify and validate the reliability of Criteo CSR information. A thorough control process is important. Data, together with methods of calculation and consolidation, must be externally verifiable.

#### **F. CSR indicators – Calculation & Estimation methods**

- **Compensation:** Highlighted in gross, including basic wage and variable pay. The currency exchange rates used are as follow:

2015	2016
1 EUR = 1.1046 USD	1 EUR = 1.1032 USD
1 GBP = 1.5254 USD	1 GBP = 1.3451 USD
1 JPY = 0.0083 USD	1 JPY = 0.0092 USD
1 CNY = 0.1590 USD	1 CNY = 0.1502 USD
1 SGD = 0.7254 USD	1 SGD = 0.7234 USD

- **Training:** To gather the number of face-to-face training hours, the following methodology is used. For each training request recorded and consecutively accepted, budgeted and organized, the information is recorded by the HR Business Partners in a template that includes the topic, the trainee and the number of hours. These templates are consolidated by the Global Learning&Management Development Director, and the consolidation is checked for consistency. Some trainings have been excluded for the sake of this report (trainings on corporate tools such as CRM, health and safety, compliance, first aid) in order to keep the focus on developmental activities and ensures conservatism of the figures.
- **Business trips:** Data from business travel agency EGENCIA include all Air Travel Scope except Korea, Japan, Brazil, Russia and UAE. Train trips are not included. Hence, the business trips considered in the CO<sub>2</sub> emission calculation represent 89.7% of the travel spend.
- **Water consumption of offices:** In case of missing value, the following ratios have been used to get an estimate of the daily quantity of water consumed per person and per m<sup>2</sup>:
  - For an office of less than 30 employee: the quantity of water consumed is equivalent to 0.004m<sup>3</sup>/m<sup>2</sup>/day.
  - For an office of more than 30 employees: the quantity of water consumed is equivalent to 0.076 m<sup>3</sup>/day/person.

- For an important facility (cafeteria, air conditioner, reception, many visitors, etc.): the quantity of water consumed is equivalent to 0.125m<sup>3</sup>/day/person.
- **Electricity consumption of offices**: In case of missing value, the lettable area (in m<sup>2</sup>) must be obtained and the following estimation method should be used:
  - In case of an electrical heating system:
    - Old building (before 1975): 160 kWh/m<sup>2</sup> per year
    - New building (before 1975): 110 kWh/m<sup>2</sup> per year
  - If the office is equipped with a central cooling system:
    - 130 kWh/m<sup>2</sup> per year
    - If not, apply 67.5 kWh/m<sup>2</sup> per year
  - Thus, the total estimation is the sum of 1) + 2) hypotheses.

If the last monthly/quarterly electricity bills were not received on time to comply with the CSR reporting deadline, missing months have been calculated in proportion to available monthly/quarterly bill information.

- **Amount of renewable energy consumed for offices and data centers**: the national Renewable Energy rate used are
  - France = 0.165
  - Germany = 0.322
  - Spain = 0.374
  - United Kingdom = 0.355
  - United States of America = 0.138
  - Japan = 0.179
  - Singapore = 0 (negligible)
  - China = 0.247
  - Hong-Kong: 0
  - Netherlands: 12.2
- **CO<sub>2</sub> emissions from electricity consumption of offices**: Emission coefficients per country from ADEME 2016 database have been used for the calculation.
- **CO<sub>2</sub> emissions from electricity consumption of data centers**: Emission coefficients per country from ADEME 2016 database have been used for the calculation. Except for Hong Kong we use a rate of 0,580 \*10<sup>-3</sup> from CLP database (local electricity supplier).
- **Quantity of office waste produced**: In case of missing value, office waste volumes have been estimated according to:
  - Either volume of waste bin and frequency of communal waste collection, some hypothesis of density allowing a conversion in tons are used. Those coefficients are stated within the ADEME methodology.
  - Or the estimation of 120 kg of office waste per employee per year (source CNIID).