



IS THE CAC 40 RESPONSIBLE?

ENGAGEMENT REPORT - SEASON 2

WRITTEN QUESTIONS
TO GENERAL
MEETINGS

2021

SEASON 2: PROGRESS BUT INSUFFICIENT IMPROVEMENT ON SOCIAL ISSUES

Faced with the challenges of our time - climate change, the collapse of biodiversity, the global growth in inequalities - the social responsibility of companies and investors is obvious and calls for resolute action, not just from the public authorities, but from every one of us.

Large companies not only have an impact on the economy but also on the environment, human rights and the social cohesion of the countries in which they operate. Since 2020, the FIR has therefore chosen to conduct written question campaigns with the CAC 40 by acquiring one share of each company on the index. Although the FIR's stock portfolio remains modest, the members of its "Dialogue and Engagement Commission" manage over €4,500 billion in assets, which is somewhat less so. This second edition also allows us to assess developments since last year.

The seriousness with which companies responded has improved in this 2021 campaign, which included 13 questions on 13 major social responsibility themes, even if companies such as Pernod-Ricard continue to refuse to provide reasoned and precise answers to their shareholders' public questions. Overall, 29 companies have seen their score increase, with the average company score rising from 1.04/3 to 1.26/3. However, companies listed in Paris but not headquartered in France generally continue to respond less satisfactorily than the average of other companies - ArcelorMittal and Airbus (tied 39th), STMicroelectronics (36th) and Stellantis (30th).

Overall, perhaps at least as much because of the raw materials crisis as because of an appreciation of the circular economy, the management of resource scarcity and supply (Q3) produced satisfactory responses. The question of gender equality (Q11) continues to produce well-constructed and well-argued responses (best average of the 13 questions this year, 2nd last year). Regarding the investment efforts needed to comply with the Paris Agreement, the answers are globally more detailed and precise than last year, although only a handful of companies present significant amounts of Capex relating to their decarbonisation objectives.

Conversely, some social issues continue to generate poor responses: the answers to the questions on the living wage (Q6) and the involvement of social partners (Q13) remain insufficient, receiving average scores of 0.8/3 (Q6) and 0.63/3 (Q13), respectively. Another social responsibility theme on which companies are lagging behind is their tax responsibility (Q9). The FIR encourages the CAC 40 to address these issues without delay.

The French SIF (FIR) hopes that this document will help each of you to form an opinion on the extent to which the major social responsibility themes have been taken into account by the CAC 40.



Caroline Le Meaux
President of the Dialogue and
Engagement Commission



Alexis Masse
President of the French SIF

QUESTIONS 2022

Environment

1. What amounts of Capex do you need to invest by 2025 to be aligned with the Paris Agreement? How will these Capex expenditures be distributed across the value chain between maintenance Capex and growth Capex? What is their geographical distribution?
2. How do you limit the impact of biodiversity loss on your future earnings? Specify the indicators and means you have put in place.
3. How do you plan ahead for the scarcity of certain natural resources and difficulties procuring your strategic resources? How does this affect your business models and how do you secure your supply chains?

Social

4. Solidarity between economic actors, and large and small companies, seems necessary to limit the negative impacts of the current crisis. How is your group adapting its purchasing or sales practices, both nationally and internationally, to support its suppliers or customers who are affected by the crisis? Do you apply differentiated policies for VSEs and SMEs? Has the crisis led you to structurally change your policies in this area?
5. How do you manage, at group level, the social impacts associated with the massive development of teleworking since the beginning of the pandemic? In particular in terms of psychosocial risk management, cost sharing, employee satisfaction surveys, shifts in employee choices, share of teleworkers, etc.
6. Do you have a definition of the "living wage" that goes beyond the local legal minimum wage? If yes, what is it? How does your company ensure that its employees, and also the employees of its suppliers, receive a living wage?
7. Do you take environmental and social criteria into account in the profit-sharing agreements of your employees in France? If yes: What are these criteria? Have they changed since 1 April 2020? What proportion do these criteria represent in the profit-sharing formula? Has it changed in the last year? What proportion of employees are affected?
8. In the context of employee savings, which funds have received a socially responsible investment label (CIES, Finansol, Greenfin, SRI)? For each fund offered, what is the name of the label(s), what is its percentage share in the employee savings portfolio, and to what proportion of employees is it offered? In addition, what proportion of the group's employees in France and abroad have access to other forms of professional savings, particularly for retirement? What proportion of the assets corresponding to these savings is managed in a socially responsible manner and has "quality marks"? Which ones?

Governance

9. Do you apply the GRI 207 standard for your public tax reporting? If yes, does this reporting cover all the elements indicated in this standard and if not, which elements have you chosen not to publish and why? If you are not using this standard, what are the reasons and do you plan to apply it in the near future (in one to two years)? What other measures have you implemented or do you plan to implement to meet your stakeholders' increasing demand for tax transparency?
10. What scope is taken into account for the equity ratios that you publish? How do you analyse the evolution of these ratios? Has this analysis led you to adapt your remuneration policies? If yes, how?
11. With regard to the implementation of your group's gender equality policy, could you please provide us with: (i) The plan and quantified objectives - achieved or to be achieved - concerning the topics relating to this policy (career, training, remuneration, work-life balance, etc.) at all levels of responsibility. (ii) Is this equality policy applied in all of the group's companies, both in France and internationally? If not, why not? (iii) If yes, what specific means do you use to promote gender equality in the countries where you operate and where it is difficult for this concept to be established?
12. How are your lobbying practices formalised and how do they fit into your group's CSR strategy? Can you describe your company's chain of responsibility for lobbying or institutional relations? In which cases can or should the matter be referred to your group's supervisory body (board of directors, supervisory board)? What information do you publish about your lobbying practices (public positions, allocated budgets, etc.) for each of your global markets?
13. How, in concrete terms, do you involve your social partners, at group level and locally, in engaging your company in a just transition? Do you intend to publish their opinion on your vigilance plan? Do you intend to publish their opinion on your non-financial performance statement?

The companies' full responses are available (in French) on the FIR website: www.frenchsif.org

SUMMARY OF RESULTS

Responsible investors focus on the sustainability of their investments in a society facing major environmental and social challenges such as the fight against climate change and the erosion of biodiversity, the scarcity of resources, and the reduction of inequalities. These investors are taking action in order to make a positive impact on such issues and one of the tools they have for this purpose is dialogue and shareholder engagement. The written question campaign conducted by the FIR is part of this desire to push companies to acknowledge the importance of certain issues, to adopt best practices and, as a result, to strengthen their non-financial performance and their sustainability.

As last year, by acquiring one share in each of the CAC 40 companies, the FIR was able to ask each of these 40 companies 13 questions on 13 major social responsibility themes. The answers were analysed by groups of ESG professionals (Environmental, Social and Governance) using a common analysis grid.¹ The 13 questions cannot perfectly address all issues and other themes also deserve attention, nevertheless they cover 13 major CSR issues that are important for building resilient and successful companies in the long term, in line with society's expectations and aware of their responsibilities.

Following a collective reflection, for the second edition of its written question campaign, the FIR added two themes - resource scarcity and supply chain security, and responsible lobbying - while taking care to fine-tune its questions, in order to obtain more precise and comparable answers.

By asking written questions at companies' general meetings, the FIR allows all shareholders, and all interested persons, to benefit from summarised answers to these vital questions. It also makes it possible to compare the answers of these large companies. This exercise provides a better understanding of the companies' approach to particular issues and clarifies certain elements, allowing a better assessment of their level of ambition in terms of social responsibility. Without claiming to reflect all aspects of the companies' policies, the exercise makes it possible to frame the answers and not to be guided by the elements communicated by the companies elsewhere.

The analysis was carried out on the basis of the responses of the 40 companies and it relies on their accuracy. The analysis does not prejudge the quality of the existing policies as a whole. This may leave the door open to a form of greenwashing that stakeholders will be able to identify when reading the full responses.

We now present a summary of the main results. The detailed results can be found in the full report (in French).

13 more precise questions, with more satisfactory answers

Some of the 12 questions posed by the FIR in 2020 were very specific, while others were much broader in order to give companies the opportunity to express themselves more freely on certain issues. This year, the questions were revised to make them more precise, facilitating the evaluation and comparability of the companies' answers. Overall, the responses were more precise and exhaustive: 29 companies saw their score increase compared to last year, with EssilorLuxottica (+0.82 points), Kering (+0.76 points) and Veolia (+0.7 points) showing the strongest increases.

All the questions have been modified compared to last year, sometimes marginally, such as question 6, which goes one step further by adding suppliers' employees to the population guaranteed a living wage; question 7, which adds the evolution of ESG criteria into the formula used for profit-sharing agreements; or question 8 on SRI labelling. Other questions have been more extensively modified, such as question 5, which now explicitly addresses the social impacts associated with the development of teleworking, whereas a more open-ended question on preparing employees for 21st century transitions was asked last year. Finally, some were developed in more detail, such as the question on Capex, which this year asked about the alignment of Capex with the Paris Agreement over a time horizon, a geographical scope and for details of maintenance and growth Capex. All existing issues have therefore been clarified and/or further detailed.

As last year, the 13 questions covered the main issues at the heart of corporate social responsibility today: measuring environmental impact, impacts of and on biodiversity, natural resource management, supplier relations, developments in working conditions, respect for human rights, responsible savings, tax policy, social cohesion, gender equality, lobbying and stakeholder engagement.

The victors of this second campaign

Orange came out top in this second campaign (vs. 2nd place last year) with a score of 2/3, up 0.33 points on 2020. Compared to other CAC 40 companies, the group was one of the most transparent and precise on questions 3 (management of resource scarcity and supply), 4 (solidarity between economic players), 8 (labelling of employee savings), 11 (gender equality) and 12 (responsible lobbying), obtaining the maximum three-star rating. It obtained two stars on questions 2 (impacts of biodiversity loss on earnings), 5 (social impacts of teleworking), 9 (tax reporting), and 13 (involvement of social partners). Its weaknesses related to questions 7 (ESG criteria in profit-sharing) and 10 (equity ratio), where it received one star, and to question 6 (living wage), for which it received no stars.

¹ All companies are rated from 0 to 3 based on criteria specific to each question, assessing the company's transparency and accuracy.

BNP Paribas, Michelin and TotalEnergies tied for second place with increases of 0.34 points, 0.34 points and 0.67 points, respectively. All three obtained an average score of 1.92/3, with TotalEnergies obtaining only two maximum scores (on questions 3 and 4) while BNP Paribas and Michelin obtained four. However, BNP Paribas received the lowest score (zero star) for question 13, and Michelin for question 9.

At the bottom of the table, Airbus and ArcelorMittal came in joint last place (with six and seven zero-star scores respectively vs. nine in 2020) but are up 0.28 and 0.37 points respectively compared to 2020. Next were Pernod Ricard, Publicis and STMicroelectronics, each with a score of 0.69/3. The biggest drop in the ranking was Vinci with -0.4 points. We emphasise the discussion efforts of ArcelorMittal, with whom we had an oral exchange after receiving their written answers.

Progress in transparency and precision

Overall, a majority of companies (29 companies) improved their score, one company's score was unchanged and nine companies saw their score decrease. This overall improvement suggests that companies are taking the exercise more seriously than in the previous year, making additional efforts to understand the questions and to be more precise in their answers.

Analysis of the results table shows an overall improvement on last year with an average score for the 13 questions of 1.26/3 vs. 1.04/3 in 2020. A majority of satisfactory responses (two or three stars) was given to three questions (vs. two last year): 26 companies on the management of resource scarcity (Q3), 23 companies on solidarity between economic actors (Q4) and 29 companies on the question on gender equality (Q11). The companies obtaining three stars remain a minority, with a maximum of 10 companies for question 4 (solidarity between economic actors). No company obtained the maximum score for three questions (vs. five last year): they concern responsible taxation (Q9), the equity ratio (Q10) and the integration of social partners (Q13).

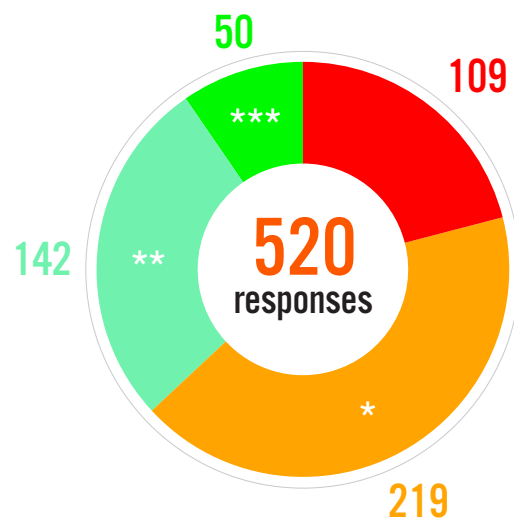
Compared to the 2020 campaign, the greatest progress has been made on the issue of gender equality, already one of the highest scoring issues in 2020 (although this year the issue is more about the implementation of equality policy than about governance). The precision of certain questions, such as question 5 (on the social impacts of teleworking in 2021 vs. the preparation of employees for 21st century transitions in 2020) or question 2 (on the impact of biodiversity loss on future earnings in 2021 vs. the impact on global ecosystems in 2020), allowed the 40 companies to improve their average score for these topics. However, only two and three companies, respectively, obtained the maximum score for these questions in 2021, revealing room for improvement for most CAC 40 companies.

On the other hand, a majority of companies continue to answer very unsatisfactorily (zero stars) to two questions: this is the case for 21 companies out of 40 for the question concerning the definition of a "living wage" and its

application to employees and to suppliers' employees (Q6); and for 22 companies for the question concerning the publication of their social partners' opinion on the vigilance plan and the non-financial performance statement, and their involvement in engaging for a just transition (Q13).

For the two new questions - managing resource scarcity and supply (Q3) and responsible lobbying (Q12) - the average scores are above the overall average for the 13 questions, helping to raise the average compared to last year. However, here again there are disparities, with 14 companies receiving a low score (zero or one star) for question 3 and 25 companies for question 12.

The FIR will continue to pursue its constructive responsible investor approach via its engagement platform, including its general meeting written question campaigns. In 2022, the FIR aims to reduce the number of questions in order to optimise the quality of companies' responses. In addition, a dialogue will be offered to companies at the beginning of 2022 to discuss the FIR's approach, as was done with some companies after the 2021 general meeting season. We hope that the quality of the answers will improve in terms of form, to become more complete and more precise, as well as in terms of substance, with greater consideration being given to these sustainable development issues.



Note: 520 responses from the CAC 40

To see all of the companies' responses, [click here](#)

Table of scores for all questions

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Average score	Rating
ORANGE	Orange	Green	Green	Green	Green	Red	Orange	Green	Green	Orange	Green	Green	Green	2.00	1
BNP PARIBAS	Orange	Green	Green	Green	Green	Orange	Green	Green	Green	Orange	Green	Green	Red	1.92	2
MICHELIN	Orange	Green	Green	Green	Orange	Green	Green	Orange	Red	Green	Green	Green	Green	1.92	2
TOTALENERGIES	Green	Orange	Green	Green	Green	Orange	Green	Orange	Green	Green	Green	Green	Green	1.92	2
KERING	Green	Green	Green	Green	Orange	Green	Orange	Orange	Orange	Orange	Green	Green	Orange	1.85	5
SCHNEIDER ELECTRIC	Green	Green	Orange	Orange	Orange	Green	Green	Orange	Orange	Orange	Green	Green	Orange	1.77	6
SAFRAN	Green	Green	Green	Green	Orange	Red	Green	Green	Red	Green	Green	Green	Green	1.69	7
CREDIT AGRICOLE	Green	Orange	Orange	Orange	Green	Orange	Green	Orange	Green	Orange	Green	Green	Green	1.62	8
SANOFI	Green	Orange	Green	Green	Green	Green	Orange	Red	Orange	Orange	Green	Green	Red	1.62	8
VEOLIA	Green	Green	Green	Green	Orange	Green	Green	Orange	Green	Orange	Green	Green	Red	1.62	8
ENGIE	Green	Orange	Green	Green	Green	Orange	Orange	Orange	Green	Orange	Green	Orange	Orange	1.54	11
RENAULT	Orange	Orange	Green	Green	Green	Orange	Orange	Green	Red	Orange	Green	Green	Green	1.54	11
AXA	Green	Green	Orange	Orange	Green	Red	Orange	Green	Green	Orange	Green	Orange	Orange	1.46	13
LEGRAND	Green	Green	Green	Green	Green	Red	Red	Green	Orange	Orange	Green	Orange	Red	1.46	13
SOCIETE GENERALE	Green	Red	Red	Green	Green	Orange	Green	Green	Green	Orange	Green	Green	Orange	1.46	13
AIR LIQUIDE	Green	Orange	Green	Green	Orange	Red	Green	Orange	Red	Orange	Green	Orange	Orange	1.38	16
DANONE	Orange	Orange	Green	Green	Green	Red	Red	Green	Orange	Orange	Green	Orange	Green	1.31	17
LVMH	Orange	Orange	Green	Green	Green	Red	Green	Green	Red	Orange	Green	Green	Red	1.31	17
THALES	Orange	Green	Green	Green	Green	Red	Red	Orange	Green	Orange	Green	Orange	Red	1.31	17
UNIBAIL-RODAMCO-WESTFIELD	Orange	Green	Green	Red	Orange	Green	Red	Green	Green	Orange	Green	Orange	Orange	1.31	17
WORLDLINE	Orange	Orange	Green	Green	Green	Red	Orange	Orange	Green	Orange	Green	Green	Orange	1.31	17
CARREFOUR	Orange	Green	Green	Green	Green	Green	Red	Orange	Orange	Red	Green	Orange	Orange	1.23	22
DASSAULT SYSTEMES	Green	Red	Green	Orange	Green	Red	Green	Green	Orange	Orange	Green	Green	Orange	1.15	23
ESSILOR LUXOTTICA	Orange	Orange	Green	Green	Green	Red	Red	Green	Red	Green	Orange	Orange	Red	1.15	23
L'OREAL	Orange	Orange	Green	Green	Green	Red	Red	Green	Orange	Orange	Orange	Orange	Red	1.15	23
SAINT-GOBAIN	Green	Green	Green	Red	Green	Red	Green	Red	Red	Green	Green	Red	Red	1.15	23
ALSTOM	Orange	Red	Orange	Green	Green	Orange	Orange	Orange	Orange	Orange	Green	Orange	Red	1.00	27
HERMES	Orange	Orange	Green	Orange	Green	Orange	Orange	Green	Red	Orange	Orange	Orange	Red	1.00	27
ATOS	Green	Orange	Green	Red	Green	Red	Red	Green	Red	Green	Green	Orange	Red	0.92	29
CAPGEMINI	Orange	Orange	Red	Red	Green	Red	Green	Orange	Orange	Orange	Orange	Red	Red	0.85	30
STELLANTIS	Orange	Orange	Green	Green	Green	Red	Orange	Orange	Red	Orange	Red	Orange	Orange	0.85	30
VIVENDI	Orange	Orange	Orange	Green	Green	Red	Orange	Orange	Orange	Orange	Orange	Orange	Red	0.85	30
BOUYGUES	Red	Red	Green	Green	Green	Red	Orange	Orange	Orange	Red	Orange	Orange	Red	0.77	33
TELEPERFORMANCE	Orange	Orange	Green	Green	Green	Green	Red	Red	Red	Orange	Orange	Red	Red	0.77	33
VINCI	Orange	Orange	Orange	Red	Green	Red	Green	Orange	Orange	Red	Green	Orange	Red	0.77	33
PERNOD RICARD	Orange	Orange	Red	Red	Green	Red	Orange	Orange	Red	Orange	Green	Orange	Red	0.69	36
PUBLICIS	Orange	Orange	Orange	Red	Green	Red	Red	Orange	Orange	Orange	Green	Red	Red	0.69	36
STMICROELECTRONICS	Green	Orange	Orange	Red	Green	Red	Red	Orange	Orange	Red	Orange	Red	Red	0.69	36
AIRBUS GROUP	Red	Red	Orange	Orange	Red	Red	Orange	Orange	Orange	Green	Orange	Orange	Red	0.62	39
ARCELORMITTAL	Green	Orange	Orange	Red	Orange	Green	Red	Red	Red	Red	Orange	Red	Red	0.62	39



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