



IS THE CAC 40 RESPONSIBLE?

ENGAGEMENT REPORT



ANNUAL
GENERAL
MEETINGS
2020

MORE EFFORTS TO BE MADE

Faced with the challenges of our time - climate change, the collapse of biodiversity, the global growth in inequality - the social responsibility of companies and investors is considerable.

Responsible investors have a role to play in engaging in a constructive dialogue with companies on key issues that affect their future as well as that of their stakeholders. For this reason, in 2020, the FIR launched its first campaign of written questions, which were submitted to the general meetings of CAC 40 companies.

Large companies not only have an impact on the economy but also on the environment and on the social equilibrium of the countries in which they operate. The FIR has therefore chosen to conduct this campaign with the CAC 40 by acquiring one share of each company on the CAC 40. While 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.

In this campaign, which included 12 questions¹ on 12 major social responsibility themes, our assessments were guided by the quality of the response and the seriousness with which companies answered. Although our analyses of the responses are necessarily subjective to a certain extent, this report is based on meticulous work carried out by a group of ESG analysis professionals, based on a detailed and shared analysis grid. We can say straight away that the answers we received did not live up to our expectations. Our questions, sometimes open, sometimes closed, either allowed companies to share their vision or pushed them to look inwards in order to give precise answers. However, this was rarely the case in the responses. The analysts of the FIR's Dialogue and Engagement Commission² considered that simply referring to a page in the registration document was not a satisfactory response. Moreover, we sometimes found that the responses of certain companies did not do justice to their actual practices. The responses to the FIR are, however, public in nature, and are therefore addressed to all shareholders.

Although this first campaign gave rise to some frustration, the CAC 40 companies will be able to improve their responses going forward, because this campaign will be repeated and we have no doubt that companies will seize the opportunity to improve their practices and communicate them.

So, is the CAC 40 really responsible? This report will help each of you to form your own opinion.



Caroline Le Meaux

President of the Dialogue and Engagement Commission



Alexis Masse

President of the French SIF

¹ The list of questions is shown on the Contents page.

² The list of analysts can be found in the Appendix.

CONTENTS

SUMMARY OF RESULTS

[Page 3](#)

ANALYSIS OF QUESTIONS

[Page 6](#)

Environment

1. Please provide a list of your activities that are incompatible with the Paris Agreement (i.e., a climate scenario that limits global warming to well below 2°C and pursues efforts to limit this temperature increase to 1.5°C)? What actions are you taking to disengage from these activities in 2020? [Page 6](#)
2. How are your CapEx/development plans aligned with a climate scenario compatible with the Paris Agreement? [Page 8](#)
3. How do you analyse the impact of your activities on global and local ecosystems (e.g., biodiversity)? What are your five main impacts on them (positive and negative)? [Page 10](#)

Social

4. The coronavirus crisis has significantly weakened the economic framework, with SMEs-VSEs being particularly hard hit. In this context, does your group plan to modify its supplier payment terms, and if so, in what way and with what geographical scope? [Page 12](#)
5. How does your company prepare its employees for the 21st century transitions that are shaking up your industry? [Page 14](#)
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 guarantee a living wage for its employees, especially in the main countries in which it operates? [Page 16](#)
7. Do you take environmental and social criteria into account in profit-sharing agreements with your employees in France? If yes, how and in what proportion? [Page 18](#)
8. What proportion of employee savings scheme funds have received a socially responsible investment label (CIES, Finansol, Greenfin, SRI)? [Page 20](#)

Governance

9. Is the country-by-country tax allocation discussed by the board as a whole and/or in the audit committee? Do you plan to make the results public? [Page 22](#)
10. Are problems of social cohesion, due to pay gaps, discussed by the board of directors and is there a company policy to address them? [Page 24](#)
11. Is the policy for ensuring equality between women and men in terms of pay, career and access to positions of responsibility and the targets to be achieved discussed by the board of directors? [Page 26](#)
12. Do you intend to publish the opinion of your social partners on your group’s Non-Financial Performance Statement? [Page 28](#)

APPENDIX

[Page 30](#)

Participants in the written question campaign

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 rallying in an attempt to make a positive impact on these issues, and one of the tools available to them is dialogue and shareholder engagement. The FIR's written question campaign is part of this determination to push companies to recognise the importance of certain issues, to adopt best practices and, as a result, to strengthen their non-financial performance and their sustainability.

By acquiring one share in each of the CAC 40 companies, the FIR was able to ask each of these 40 companies 12 questions on 12 major social responsibility themes. The answers were analysed by groups of ESG professionals (Environmental, Social and Governance) using a common analysis grid. These 12 questions cannot perfectly address all issues and other themes also deserve attention, nevertheless the questions cover 12 major CSR issues that are important for building resilient and successful companies in the long term, attuned with society's expectations and aware of their responsibilities.

By asking written questions at the general meeting, the FIR allows all shareholders, and all interested parties, to benefit from the answers to these vital questions. The answers from the different companies can also be compared with one another. The analysis was carried out on the basis of the 40 responses and it relies on their accuracy. The analysis does not prejudge the quality of the policies described by the companies. Accordingly, this may leave the door open to a form of greenwashing that stakeholders will be able to identify when reading the full responses in the Appendix.

We now present a summary of the main results, the details of which can be found in the next part of the report.

A mix of 12 open and closed questions

The 12 questions asked by the FIR were deliberately intended to be either very precise, or the contrary much broader, in order to give companies the opportunity to express themselves more freely on certain topics.

For example, among the "closed" questions, the CAC 40 companies were asked to list their activities that are incompatible with the Paris Agreement (Q1), whether environmental and social criteria were taken into account in their profit-sharing agreements (Q7) and the

proportion of employee savings scheme funds with a responsible label (Q8).

The more open questions dealt, for example, with analysing the impact of activities on global and local ecosystems (Q3) or preparing employees for 21st century transitions (Q5).

Regardless of their form, the 12 questions broadly cover the main issues at the heart of corporate social responsibility today: measuring environmental impact, sustainable development objectives, relations with suppliers, developments in working conditions, respect for human rights, responsible savings, tax policy, social cohesion and gender equality.

The victors of this first campaign

Schneider Electric came out on top in this first campaign. The group received the maximum score of three stars for three questions ("living wage" definition, inclusion of environmental and social criteria in profit-sharing agreements, and consideration of social cohesion problems stemming from pay gaps) and two stars for the first five questions, giving it a commendable score for two thirds of our questionnaire. It received a score of zero for only two questions (tax practices and publication of the opinion of social partners on its Non-Financial Performance Statement).

Orange follows in second place (three three-star scores, four two-star scores), ahead of BNP-Paribas, Crédit Agricole and Michelin, who share third place.

At the bottom of the table, Airbus Group is in 40th and last place (nine questions with zero stars), behind Arcelormittal and EssilorLuxottica. EssilorLuxottica wins the prize for the highest number of poor answers (10 zero-star questions) but escapes last place by obtaining two stars for the two other questions (the list of activities not compatible with the Paris Agreement and the proportion of employee savings funds benefiting from a responsible label).

Only two questions obtained a majority of satisfactory answers and five out of 12 questions did not receive a maximum score

The overall analysis of the results table (see next page) shows that only two questions received a majority of satisfactory answers (two or three stars): 23 companies out of 40 obtained two stars for the question on the alignment of their CapEx/development plans with a climate scenario compatible with the Paris Agreement (Q2) and 20 companies out of 40 obtained two stars for the question on gender equality (Q11).

No company received the maximum score of three stars for these two questions. This is also the case for three other questions, on the impact of activities on global and local ecosystems (Q3), tax policy (Q9) and the Non-Financial Performance Statement (Q12).

A greater number of companies (10) obtained the maximum score of three stars for the question concerning the efforts made towards suppliers, in particular the SMEs-VSEs hard hit by the coronavirus crisis (Q4). It should be noted, however, that the results are very divided for this question, with 13 companies receiving no stars at all.

In addition, a majority of companies responded very unsatisfactorily (zero stars) to two questions: 21 out of the 40 companies received zero stars for the question on the definition of a “living wage” and the means implemented to ensure that it is guaranteed in the main countries of operation (Q6) and 28 companies received zero stars for the question on the publication of their social partners’ opinion on the Non-Financial Performance Statement (Q12). Very few companies actually answered this last question, most of them sidestepping it by briefly describing the organisation of social dialogue within the group, whereas the NFPS actually constitutes a summary of the company’s social, societal and environmental policy, around which a real debate could be of genuine interest.

Answers below our expectations

On the whole, the answers provided by the CAC 40 companies did not meet our expectations. They were often imprecise and approximate, sometimes simply referring to a page in a registration document. This explains the low scores for several questions.

The FIR will continue to pursue its constructive responsible investor approach via its engagement platform, including its general meeting written question campaigns. In 2021, 13 questions will be addressed to CAC 40 companies. 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: only one of the 480 responses from the CAC 40 was not evaluated



	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Score	Rating
ACCOR													1.25	9
AIR LIQUIDE							2						1.25	9
AIRBUS GROUP													0.25	40
ARCELORMITTAL													0.33	38
ATOS													0.92	24
AXA													1.25	9
BNP PARIBAS													1.58	3
BOUYGUES		n/a											1.00	22
CAPGEMINI													1.08	19
CARREFOUR													1.33	7
CRÉDIT AGRICOLE													1.58	3
DANONE													1.42	6
DASSAULT SYSTÈMES													1.33	7
ENGIE													1.00	22
ESSILORLUXOTTICA													0.33	38
HERMÈS													0.50	36
KERING													1.08	19
L'ORÉAL													0.92	24
LEGRAND													0.92	24
LVMH													0.92	24
MICHELIN													1.58	3
ORANGE													1.67	2
PERNOD RICARD													0.67	33
PEUGEOT													1.17	16
PUBLICIS													0.75	32
RENAULT													0.92	24
SAFRAN													1.25	9
SAINT-GOBAIN													1.25	9
SANOFI													1.25	9
SCHNEIDER ELECTRIC													1.75	1
SOCIÉTÉ GÉNÉRALE													0.83	30
STMICROELECTRONICS													0.50	36
TELEPERFORMANCE													0.67	33
THALES													0.83	30
TOTAL													1.25	9
UNIBAIL-RODAMCO-WESTFIELD													1.08	19
VEOLIA													0.92	24
VINCI							2						1.17	16
VIVENDI													0.58	35
WORLDLINE													1.17	16

QUESTION 1.

Please provide a list of your activities that are incompatible with the Paris Agreement (i.e., a climate scenario that limits global warming to well below 2°C and pursues efforts to limit this temperature increase to 1.5°C)? What actions are you taking to disengage from these activities in 2020?

The Paris Agreement has become an indispensable framework for all economic and financial actors, who must convincingly demonstrate that their ongoing activities meet the expectations expressed by the international community in 2015.

The precision of the question clearly invited companies to disclose the activities or segments of activity that they considered incompatible with the objectives of the Paris Agreement or, failing that, to indicate activities that, as they stood, were likely to make it hard for the company to meet the Paris Agreement ambitions. The responses were very uneven. While some companies took the time to provide in-depth and high-quality explanations, others failed to develop their responses, clearly failing to meet investors' requirements.

Awareness of climate issues

In general, all companies are aware of the climate issue. However, the comments reveal different degrees of engagement.

Six companies state that combatting climate change is a priority and two of them (Schneider Electric and Total) present themselves as major players strongly committed to the issue. In addition, 22 companies describe the trajectory they are taking. Of these, 13 have adopted a 2°C scenario, while 9³ are more demanding and have positioned themselves on a 1.5°C scenario. Of the companies seeking to reduce their greenhouse gas emissions and their carbon footprint, 16 companies provide figures, which lends credence to their actions. 18 companies refer to the Science Based Targets initiative (SBTi) as their calculation methodology. 10 companies⁴ are committed to taking scope 3 emissions into account in their greenhouse gas emissions calculations. In the long term, L'Oréal also plans to include actors from its ecosystem (suppliers and consumers) in its reduction commitments. In addition, 11 companies⁵ have stated their ambition to be carbon neutral, or at least envisage this by 2050. Finally, we note that Saint-Gobain is the only group to mention its internal carbon price in order to evaluate the economic cost of its emissions.

Four categories of answers

From a methodological point of view, we classified the answers formulated by the companies into four categories in order to qualify the compatibility of their activities with the Paris Agreement: 1) companies that consider that none of their activities are incompatible with the Paris Agreement; 2) companies that consider that, overall, their activities are not incompatible with the Paris Agreement; 3) those that do not explicitly state that, taken as a whole, their activities are incompatible with the Paris Agreement; 4) those that mention certain activities that are incompatible with the Paris Agreement.

Regarding these four categories, we note that 15 companies⁶ consider that none of their activities are incompatible with the Paris Agreement, given the nature of their activities and their very low direct impact. These responses should be interpreted with caution as they become questionable (and increasingly debated) if the downstream part of the value chain is taken into account. Dassault Systèmes, for example, provides solutions to industries whose activities may be considered incompatible. Similarly, Publicis probably has advertising contracts with incompatible industries. PSA's response is particularly surprising at this stage as it only provides very general information despite the automotive industry being particularly exposed in this respect.

An identical number of companies adopt a cautious position in their responses and consider that, overall, their activity is not incompatible with the Paris Agreement. However, Airbus could have developed the subject of technological breakthroughs and Capgemini could have illustrated its climate strategy more clearly, as could Atos, which does not concretely formalise its strategy in this area.

No clear and precise answer to the question can be discerned for eight companies. Nevertheless, Kering, Renault and Total are implementing an ambitious climate strategy. ArcelorMittal's and Engie's answers are poorly substantiated, while Bouygues indicates that it will communicate its climate strategy at the end of 2020.⁷

Finally, by responding that their investment portfolios are exposed to coal, Société Générale and Crédit Agricole are the only companies to acknowledge that certain of their activities are incompatible with the Paris Agreement.

³ Accor, Axa, Capgemini, L'Oréal, Orange, Renault, Saint-Gobain, Sanofi, Schneider Electric

⁴ Accor, Carrefour, Kering, Pernod Ricard, Renault, Sanofi, Schneider Electric, Total, Unibail-Rodamco-Westfield, Worldline

⁵ Airbus, Axa, Danone, PSA, Renault, Safran, Saint-Gobain, Sanofi, Schneider Electric, Total, Worldline

⁶ Danone, Dassault Systèmes, Hermès, Legrand, L'Oréal, Michelin, Orange, PSA, Publicis, Safran, Saint-Gobain, Sanofi, Teleperformance, Thales, Vivendi

⁷ The plan was indeed announced on 16 December. However, only the elements specified in the response were taken into account.

Consumer goods and services at the forefront

Some sectors, particularly in consumer goods and services, stand out for the quality of their responses: hotels with Accor, food and non-food retail with Carrefour, clothing, accessories and luxury goods with Kering, agri-food with Danone and Pernod Ricard, automotive with Renault, and banks with BNP Paribas and Crédit Agricole. The same is true for certain industrial groups (Schneider Electric and Legrand for the electrical components and equipment sector, and Worldline for the IT services sector). Conversely, companies in the technology (Atos, Capgemini), metallurgy (ArcelorMittal), construction (Bouygues), professional support services (Teleperformance) and defence (Thales) sectors do not provide very in-depth responses.

Four maximum scores

In conclusion, we considered that the answers provided by the CAC 40 companies were of good quality when they addressed both parts of the question. (Please provide a list of your activities that are incompatible with the Paris Agreement. What actions are you taking to disengage from these activities in 2020?) We also assessed the level of precision of the answers: some of them were based on concrete and well-developed elements, while others simply cross-referenced to official documents.

On this basis, four responses were judged very satisfactory and were awarded three stars. Twelve responses were of satisfactory quality and were awarded two stars. Fourteen companies answered one of the two parts of the question in an approximative way; however, the answer to the other part of the question was structured and concrete. They were therefore

awarded one single star. Finally, 10 unsatisfactory responses received no stars. Of these, six lacked concrete elements or remained allusive and so were of little interest for the analysis (ArcelorMittal, Atos, Bouygues, Engie, Thales and Vivendi).

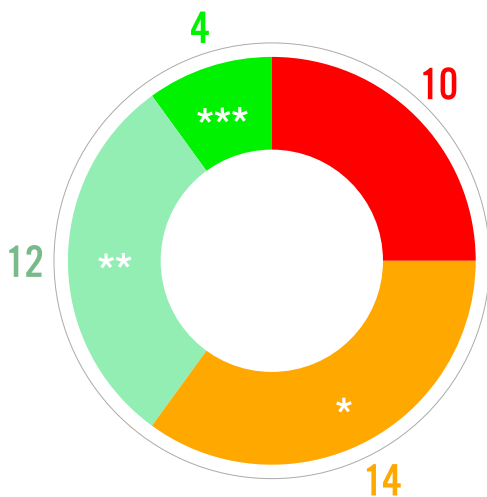
The scores were awarded according to the following criteria:

0 stars: the answer is not precise and it contains no concrete elements (10 companies).

1 star: the answer to one of the two parts of the question is approximate: full value chain not considered, partially insufficient answer, simple cross-reference to official documents (14 companies).

2 stars: the quality of the responses is satisfactory (12 companies).

3 stars: both parts of the question are answered satisfactorily. A list of non-compatible activities is given and robust action plans are presented (4 companies).



ACCOR	**	MICHELIN	*
AIR LIQUIDE	**	ORANGE	***
AIRBUS GROUP	*	PERNOD RICARD	**
ARCELORMITTAL		PEUGEOT	*
ATOS		PUBLICIS	*
AXA	*	RENAULT	**
BNP PARIBAS	**	SAFRAN	*
BOUYGUES		SAINT-GOBAIN	**
CAPGEMINI		SANOFI	*
CARREFOUR	**	SCHNEIDER ELECTRIC	**
CRÉDIT AGRICOLE	***	SOCIÉTÉ GÉNÉRALE	
DANONE	**	STMICROELECTRONICS	*
DASSAULT SYSTÈMES	*	TELEPERFORMANCE	
ENGIE		THALES	
ESSILORLUXOTTICA	**	TOTAL	*
HERMÈS	*	UNIBAIL-RODAMCO-WESTFIELD	**
KERING	**	VEOLIA	*
L'ORÉAL	*	VINCI	*
LEGRAND	***	VIVENDI	
LVMH		WORLDLINE	***

QUESTION 2.

How are your CapEx/development plans aligned with a climate scenario compatible with the Paris Agreement?

Climate change will profoundly affect natural, social and healthcare equilibria, both locally and globally. These upheavals will transform economic perspectives and the financial models that support them, with these transformations sometimes occurring at a faster pace than initially envisaged. This is why the financial community pays close attention to how companies adapt their investments to this context and how they justify them.

As a preface, we note that the question of sectoral relevance is essential for the issue of investment plans and their alignment with the Paris Agreement. We have excluded the company Bouygues from the classification of this question. At the time the question was asked, the company simply indicated its intention to present its climate plan at the end of 2020.⁸

Only five companies disclosed CapEx figures

We performed three levels of analysis: Did the company disclose figures for its CapEx? Does the answer given refer to the Paris Agreement? Is there a detailed plan with clear and quantified objectives?

Of the 38 companies taken into account, only five (Air Liquide, ArcelorMittal, BNP Paribas, Pernod Ricard and Veolia) presented a CapEx amount in their answer. In addition, Axa and Safran stated that they invested in CapEx, but provided no figures.

No detailed action plans and no maximum scores

None of the companies received a three-star rating for the following general reasons: overall, the response is not sufficient and does not live up to investors' expectations, the amount of CapEx seems unsatisfactory in light of the climate challenge (suggesting that the company has not carried out a full review of its activities) and the response essentially lacks precision.

The maximum score could have been obtained by presenting a detailed action plan both linked to the amount of CapEx invested and aligned with the Paris Agreement. For example, in a precise answer to the question, we would have expected investments, projects and objectives (by volume and intensity for greenhouse gas emissions, in the short, medium and long term) to be clearly identified, and the amounts expected to be invested or achieved as turnover to be indicated, in order to align the company's activities with a scenario compatible with the Paris Agreement.

23 satisfactory responses, three companies lagging behind

We awarded two stars to 23 companies.⁹ These companies consider that their strategy is compatible with the Paris Agreement and provide precise information on this subject (quantified targets and concrete projects). Most of them are committed to the Science Based Targets initiative (SBTi) and use the methodologies defined by the SBTi.

As an example, Air Liquide provides the amount it intends to invest each year in innovation (100 million euros) to reduce its carbon footprint or that of its customers, which it illustrates with some examples. Orange, on the other hand, emphasises that its CapEx and development plans include a more demanding commitment than the scenarios compatible with the Paris Agreement, namely to achieve carbon neutrality by 2040. In addition, certain strategic plans, such as Orange Engage 2025, are regularly monitored by the strategic committee and have been approved by the board of directors. Finally, the Carrefour group states that its CapEx and development plans are defined in order to meet the CO₂ emission reduction targets approved by the SBTi. The company lists a series of measures that it has adopted to illustrate its approach and accompanies them with quantitative data (amount of investment, savings achieved, etc.).

Twelve companies address the subject,¹⁰ but the information they provide does not allow us to confirm that the policies and actions undertaken will be aligned with the Paris Agreement in the near future. In fact, they only very partially meet the FIR's expectations. Vivendi's response, for example, is limited to a vague statement that purchasing and investment decisions take into account environmental criteria in order to align with the group's carbon trajectory and environmental roadmap, without justifying this assertion with concrete and/or quantified elements. Similarly, L'Oréal is very brief, specifying merely that "any installation, site renovation, implementation of new equipment or manufacturing processes, or modification of industrial processes is subject to risk assessments and action plans to reduce its potential impact on land, water or air".

Finally, three companies (Airbus, EssilorLuxottica and LVMH), identify no investments or projects designed to make their activities compatible with the Paris Agreement. Furthermore, the quality of the responses is insufficient given the potential impact of their activities on the issue of climate change.

⁸ The plan was indeed announced on 16 December. However, the question of CapEx and development plans is not mentioned.

⁹ Accor, Air Liquide, Atos, Axa, BNP Paribas, Capgemini, Carrefour, Crédit agricole, Danone, Dassault Systèmes, Engie, Kering, Veolia, Orange, Saint-Gobain, Sanofi, Schneider Electric, Société Générale, Thales, Vinci, Pernod Ricard, Publicis and Total.

¹⁰ ArcelorMittal, Hermès, L'Oréal, Legrand, Michelin, PSA, Renault, Safran, STM, Unibail-Rodanco-Westfield, Vivendi and Worldline.

Marked intra-sectoral divergences

On a sectoral level, certain groups in the consumer goods industry, such as Carrefour and Danone, and the banking industry (BNP Paribas, Cr dit Agricole) stand out for their high-quality, concrete and in-depth responses. The answers refer to precise approaches, financial amounts committed, quantitative objectives, etc. Within the energy groups, the quality of the responses differed. While Air Liquide provides a complete and precise response, Engie is content with a succinct response, specifying in particular its commitment to the SBTi. Of the luxury groups, Kering formulated a much more complete response than Herm s and LVMH. Kering mentions in particular that it was the first luxury group and the first French company to have its climate objectives approved by the SBTi. It supports this information with a list of objectives concerning both scopes 1 and 2 and scope 3.

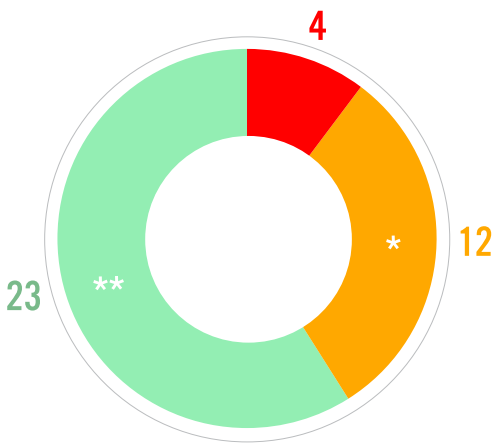
The scores were awarded according to the following criteria:

0 stars: the impact of the company's activities and the efforts made are barely detailed (4 companies).

1 star: intentions are stated but are insufficiently substantiated (12 companies).

2 stars: the replies provide some precise information on the plans undertaken, generally accompanied by figures (23 companies).

3 stars: the issues are well defined; the action plans are commensurate with these issues and are fully detailed (0 companies).



ACCOR	**	MICHELIN	*
AIR LIQUIDE	**	ORANGE	**
AIRBUS GROUP		PERNOD RICARD	**
ARCELORMITTAL	*	PEUGEOT	*
ATOS	**	PUBLICIS	**
AXA	**	RENAULT	*
BNP PARIBAS	**	SAFRAN	*
BOUYGUES	n/a	SAINT-GOBAIN	**
CAPGEMINI	**	SANOFI	**
CARREFOUR	**	SCHNEIDER ELECTRIC	**
CR�DIT AGRICOLE	**	SOCI�T� G�N�RALE	**
DANONE	**	STMICROELECTRONICS	*
DASSAULT SYST�MES	**	TELEPERFORMANCE	
ENGIE	**	THALES	**
ESSILORLUXOTTICA		TOTAL	**
HERM�S	*	UNIBAIL-RODAMCO-WESTFIELD	*
KERING	**	VEOLIA	**
L'OR�AL	*	VINCI	**
LEGRAND	*	VIVENDI	*
LVMH		WORLDLINE	*

QUESTION 3.

How do you analyse the impact of your activities on global and local ecosystems (e.g., biodiversity)? What are your five main impacts on them (positive and negative)?

This question was deliberately open-ended since the impact of an activity on global and local ecosystems can be assessed on several levels: the disruption of the major natural balances (climate, water cycle, discharges and waste), where the impact is indirect and diffuse; direct impacts on local ecosystems (disruption, destruction, removal etc.); indirect effects on local ecosystems, through suppliers or customers (for the tourism and banking sectors, for example).

Based on the information provided by the companies, we therefore attempted to answer the following questions: Has the company identified the various impacts (direct and indirect) of its activities? Has it classified and prioritised them? Has it initiated or considered action plans?

Finally, we attempted to assess the relevance and focus of the responses to the issue, as well as the robustness of the policies and mechanisms presented.

6 companies list their impacts and present action plans, 22 classify them

Of the 40 companies, 37 mention impacts. Only EssilorLuxottica, Orange and Teleperformance fail to refer to their impact (except to consider the impact of *sourcing* in the case of Teleperformance).

Furthermore, 36 companies acknowledge that their activities have direct impacts on ecosystems. Some of them, however, indicate that these impacts are limited due to the nature of their operational activities, such as BNP Paribas. Many of the companies refer to their indirect impacts. We note that six companies (Accor, Axa, Carrefour, Crédit Agricole, Schneider Electric and Vinci) list their direct and indirect impacts, present action plans and provide generally satisfactory responses.

In terms of prioritising or classifying impacts, 22 out of 40 companies classify their impacts (for one company, this classification is in progress).

All the companies, with the exception of Capgemini, Hermès, Orange and Teleperformance, mention that they have defined action plans. Capgemini simply states that it has developed a range of services that enable its clients to reduce their carbon footprint and Hermès merely mentions its various partnerships. Orange highlights its contribution to the United Nations Sustainable Development Goals (SDGs). Teleperformance completely deflects the question, elaborating at length on the societal aspect of its activity and mentioning its positive impact on local economies.

Finally, 28 companies provide responses that demonstrate awareness and positive commitments, but overall, the responses remain insufficient given the importance of the issue and the global state of biodiversity.

Automotive and financial companies have taken up the subject, luxury and service sector companies lag behind

Companies in the automotive sector (Michelin, PSA, Renault) provide the most concrete answers. The responses from companies in the luxury sector (Hermès, LVMH) are insufficient because they remain elusive in terms of their direct negative

impacts. Service companies (Teleperformance, Worldline) seem to be lagging behind, unlike companies with more visible impacts such as those in the electrical components and equipment sector (Schneider Electric) or in construction (Vinci). Finally, under pressure from investors and civil society, financial companies have taken up the issue (Axa, BNP Paribas, Crédit Agricole) because of the indirect impacts linked to their financing and investment activities. However, these financial companies stress the difficulty of measuring certain impacts, *"lacking adequate measurement tools to quantitatively assess their impacts on biodiversity, or the risks from their activities"* (Axa).

No maximum score

To conclude, we regret that most of the companies did not seize the opportunity to respond in a more developed and in-depth manner to the question put to them, given that these open-ended questions differ greatly from the classic questionnaires used by non-financial rating agencies, and should thus have allowed the companies to express themselves freely.

As a result, no company was awarded the maximum score of three stars because the responses are generally unsatisfactory and do not present a sufficiently robust and convincing action plan.

Only six companies (Accor, Axa, Carrefour, Crédit Agricole, Schneider Electric and Vinci) received a two-star rating, while 23 companies received a one-star rating. Finally, 11 companies did not receive any stars at all because their answers were clearly insufficient, offering virtually no detail in response to the question as it was worded.

Although the majority of companies responded to the questionnaire, most of the responses were insufficiently detailed. Companies too often simply referred back to their annual report and website, and did not take the opportunity to describe their corporate vision to their shareholders.

Too few detailed answers, ordinary biodiversity neglected

Surprisingly, none of the responses mentioned concrete decisions made as a result of the companies' reflections on the subject (such as the exclusion or increased monitoring of certain

materials, commodities, specific regions, sites or suppliers). This is nonetheless an integral part of the environmental scope of the “duty of vigilance” law, which applies to all of these companies. The exercise therefore deserved a better response since it should have allowed the companies to express themselves extensively on the subject.

We also find that many companies have not yet fully embraced or widened the ecosystem issue, despite potential pressure from their suppliers. Moreover, ordinary or urban biodiversity is often largely overlooked, or even neglected, compared to so-called “remarkable” biodiversity. This excludes an important element in preserving biological diversity, namely the fragmentation (or rehabilitation) and impoverishment of natural habitats, including those of insects (pollinators or others) and soil-dwelling organisms, etc.

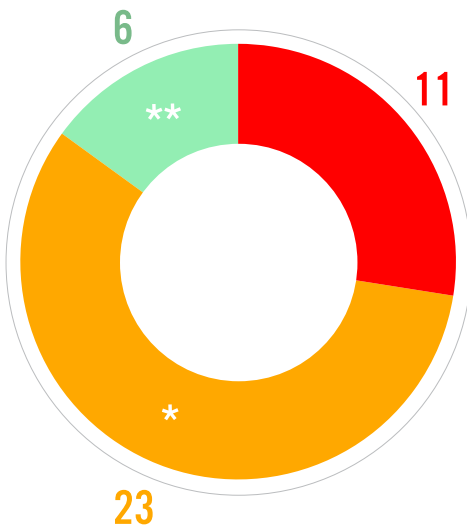
The scores were awarded according to the following criteria:

0 stars: the answers are insufficient. Sometimes the impacts are identified but they are not prioritised and there is no action plan. There is too little detail or the company merely refers to its annual report or website (11 companies).

1 star: the responses are adequate with identified impacts (direct and sometimes indirect). They sometimes include a hierarchy of impacts and an action plan (23 companies).

2 stars: the responses identify direct and indirect impacts, and include a hierarchy and an action plan, although with little detail (6 companies).

3 stars: the responses identify direct and indirect impacts, and include a hierarchy and a detailed, robust and convincing action plan (0 companies).



ACCOR	**	MICHELIN	*
AIR LIQUIDE		ORANGE	
AIRBUS GROUP	*	PERNOD RICARD	*
ARCELORMITTAL	*	PEUGEOT	*
ATOS		PUBLICIS	*
AXA	**	RENAULT	*
BNP PARIBAS	*	SAFRAN	*
BOUYGUES		SAINT-GOBAIN	*
CAPGEMINI		SANOFI	*
CARREFOUR	**	SCHNEIDER ELECTRIC	**
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	*
DANONE	*	STMICROELECTRONICS	
DASSAULT SYSTÈMES	*	TELEPERFORMANCE	
ENGIE	*	THALES	*
ESSILORLUXOTTICA		TOTAL	*
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	*
KERING	*	VEOLIA	*
L'ORÉAL	*	VINCI	**
LEGRAND		VIVENDI	
LVMH	*	WORLDLINE	*

QUESTION 4.

The coronavirus crisis has significantly weakened the economic framework, with SMEs-VSEs being particularly hard hit. In this context, does your group plan to modify its supplier payment terms, and if so, in what way and with what geographical scope?

By bringing economic activity to a sudden halt, the coronavirus crisis has particularly endangered small businesses, whose financial profile is often more fragile. According to a survey of more than 3,000 business leaders conducted by the French Confederation of SMEs between 2 and 12 April 2020, 55% of them said they feared their business would go bankrupt and 36% said they did not have enough cash to cover more than one month of operations. The public authorities have put in place exceptional support measures for these businesses. Given their economic and financial importance, the CAC 40 companies were also expected to play a role. This is what prompted us to address the issue.

In order to analyse the responses, we sought to understand how the relationship between companies and their suppliers had evolved in light of the emergency caused by the health crisis and the extent of this evolution. We were interested in the nature of the actions taken, their scope and, more broadly, the companies' approach to their ecosystem (customers, local communities, etc.).

More than half of the companies questioned say they have adapted their policy to support their suppliers, but only a third gave precise figures

The level of detail varied greatly from one response to another. Most companies explained their approach to their suppliers in relatively general terms. On the other hand, almost a third of the responses included specific figures (on payment times, for example), the thresholds for applying the support measures, the number of suppliers that had benefited from them or the amounts committed by the company.

Several CAC 40 groups recalled their specific approach to small suppliers in ordinary times, even before the coronavirus crisis, notably through: shorter payment terms (e.g., Air Liquide and Hermès); incentives to involve SMEs in all forthcoming tenders (Sanofi); or the introduction of an alert line allowing them to report potential breaches of payment terms (Saint-Gobain).

More than half of the companies said they had adapted their policies to support their suppliers in response to the crisis. More than a quarter of respondents had accelerated their payment terms compared with standard procedures. Dassault Systèmes was particularly specific on this point, indicating that it had reduced its payment terms from 45 to 30 days. Some groups have even introduced the cash payment of invoices, such as Bouygues, L'Oréal or Orange, which has made it routine from March 2020 for amounts of less than 50,000 euros.

Another quarter of the companies have reinforced their monitoring of suppliers in fragile situations. Crédit Agricole, Michelin, Schneider Electric and Vivendi mentioned measures to identify these suppliers and find solutions on a case-by-case basis. Safran, in particular, provided details of this support work, mentioning the advice that the group could provide to help its suppliers obtain public aid or to implement operational levers to improve their situation in the long term. Worldline also outlined changes made to its internal organisation, such as the creation of crisis cells and the centralisation of processes, to improve responsiveness and communication, both internally and with its key suppliers.

More immediately and practically, some companies also provided gel and masks to suppliers (LVMH).

The French government publicly asked large groups to respect payment deadlines. The crisis committee set up on the subject highlighted a series of companies considered particularly exemplary in the current context. In their response to our questionnaire, Bouygues (for its subsidiary Bouygues Telecom), Michelin and Orange welcomed their inclusion on this list, along with other CAC 40 groups.

Some more original initiatives were also mentioned, notably to give VSEs and SMEs more visibility regarding their activity or their sources of financing. Carrefour, for example, guaranteed volumes and purchase prices to French agricultural and fish producers. Danone, meanwhile, increased its contribution to two investment funds, for entrepreneurs (Danone Manifesto Ventures) and for its ecosystem (Danone Ecosystem Fund). Sanofi proceeded with the early renewal of some contracts that were due to expire in the summer of 2020, as did Thales, which notified contracts in advance. Finally, Vivendi granted a 95% discount to the French public investment bank Bpifrance for its broadcasts of media messages to SMEs.

One fifth of respondents indicated that the support measures applied beyond France. BNP Paribas stated, for example, that the exceptional overall policy is to be applied by all group entities

Three groups also mentioned collective initiatives (which sometimes pre-dated the crisis) to help VSEs/SMEs strengthen their sector. In May 2020, for example, PSA signed the new charter of commitment on customer-supplier relations within the automotive sector, a charter encouraged by the French government (two other CAC 40 groups signed the charter, but did not mention it in their response to the FIR). Safran and Thales mentioned the work performed within the French aerospace association GIFAS (*Groupement des Industries Françaises Aéronautiques et Spatiales*) to help modernise French aeronautical SMEs. Thales also mentioned its membership of Pacte PME, a joint association bringing together large companies and local authorities to help French SMEs grow (14 other CAC 40 companies are members of the association, but did not mention it in their response).

One in five companies has expanded its response to smaller customers

The relationship with VSEs/SMEs does not only relate to purchasing, upstream of a company's activity. Thus, even though this aspect was not explicitly addressed in the question, nearly 20% of companies chose to broaden their answer to explain the measures they had taken with regard to their small customers, who are also potentially in a fragile situation. These measures were intended to protect the cash flow of customers and distributors during the crisis period. They included postponing deadlines or deferring invoices. Dassault Systèmes, for example, extended its customers' payment terms from 30 to 60 days. Total chose to defer due dates by three months for the very small customers of its subsidiary Direct Energie. Professionals whose activity was abruptly stopped because of the lockdown were key beneficiaries of this type of aid: hairdressing salons for L'Oréal, bookshops for Vivendi, small businesses using payment acquisition solutions for Worldline and service stations for Total. However, the deferral period for these invoices was rarely specified. Axa has also adapted its practices, continuing insurance coverage despite late payments, freezing premiums for artisans/small traders/self-employed professionals or reimbursing them for premiums already paid for the months of lockdown. However, the company did not comment on the controversy surrounding its refusal to pay business interruption claims for some of its policyholders.

Five groups estimated, in whole or in part, the cost of the measures taken. The amounts range from 40 to 300 million euros. However, given the differences in scope, it is difficult to compare these figures.

A lack of clarity on the scope and duration of the measures

Some aspects could have been clarified and some issues could have been addressed to extend the question raised by the FIR. The geographical scope of the measures implemented was not always specified. We understand that many actions have emerged locally, in an exceptional manner, and that they have not necessarily been coordinated by headquarters. However, more clarity on the scope would have allowed a better appreciation of

the extent of the measures deployed. Companies rarely indicated whether the measures adapted to partners in a situation of risk (suppliers, customers) would be sustained. However, BNP Paribas suggested that some of the measures deployed during the crisis could be maintained over time, depending on their effectiveness. Companies could have improved their general transparency concerning the rules they set for themselves with respect to payment terms and the results achieved. Finally, we have seen that initiatives exist to strengthen sectors and to support the development of VSEs/SMEs, particularly in the aeronautics and automobile industries. Are such initiatives likely to be replicated in other business sectors?

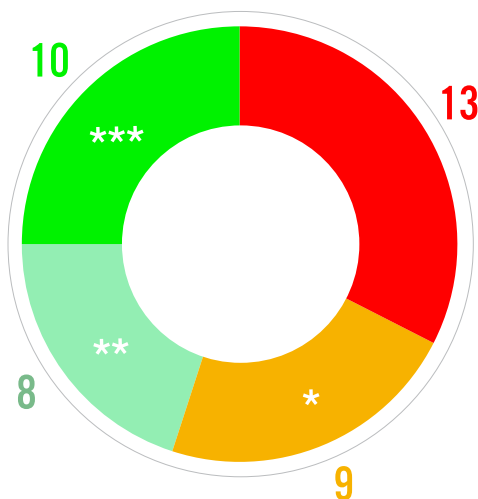
We adopted the following methodology to rate the companies:

0 stars: the company responded in a general way, and we could not ascertain how the supplier relationship had changed following the health crisis (13 companies).

1 star: the company mentioned at least one change in its practices as a result of the crisis, but provided no details (9 companies).

2 stars: the company mentioned several interesting measures to support its ecosystem, showing a robust approach to the subject (8 companies).

3 stars: the company presented several interesting support measures or actions that seemed particularly original to us, and provided good disclosure on their scope (10 companies).



ACCOR		MICHELIN	*
AIR LIQUIDE	*	ORANGE	***
AIRBUS GROUP		PERNOD RICARD	*
ARCELORMITTAL		PEUGEOT	**
ATOS		PUBLICIS	*
AXA	**	RENAULT	
BNP PARIBAS	**	SAFRAN	***
BOUYGUES	***	SAINT-GOBAIN	*
CAPGEMINI		SANOFI	***
CARREFOUR	**	SCHNEIDER ELECTRIC	**
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	
DANONE	***	STMICROELECTRONICS	*
DASSAULT SYSTÈMES	***	TELEPERFORMANCE	
ENGIE	***	THALES	*
ESSILORLUXOTTICA		TOTAL	***
HERMÈS	*	UNIBAIL-RODAMCO-WESTFIELD	
KERING	*	VEOLIA	
L'ORÉAL	***	VINCI	
LEGRAND		VIVENDI	***
LVMH	**	WORLDLINE	**

QUESTION 5.

How does your company prepare its employees for the 21st century transitions that are shaking up your industry?

The question posed by the FIR was deliberately open-ended and broad in order to target all the sectors represented within the CAC 40 and to avoid limiting the companies' responses. In this question we address the impact of 21st century transitions on employment and the measures taken as of now to protect the most vulnerable employee profiles in the face of these transitions.

We analysed the responses received in relation to the following issues: Have the transitions been identified? Is the list exhaustive? Are the impacts and challenges linked to these transformations described in function of the transitions and employee profiles? Are the main priorities and measures mentioned broken down by employee profile/type of job? In general, do the measures put in place appear convincing?

Challenges too often reduced to digitalisation and new technologies

The companies systematically put forward digitalisation and new technologies as key transitions. However, the impact on the company is not always explained. The responses do not always specify whether digitalisation is internal to the company – leading, for example, to changes in the IT tools used – or whether it is customers that are using new technologies, thus modifying their expectations and consumption patterns, and transforming the distribution chain and connected professions.

On the other hand, the discussion of energy transition is considerably less detailed, including the responses from companies belonging to significantly affected sectors (ArcelorMittal, Airbus, PSA and Renault).

Finally, some companies indicate that they are preparing for other transformations. Michelin, for example, mentions working methods, in particular teleworking and collaborative working.

The occupations concerned are inadequately identified

Few companies identify the occupations and employee profiles that require specific support. In this respect, Accor's response stands out by differentiating between hotel staff and head office employees. The company has also set up a support programme to prepare leaders for future managerial challenges. Air Liquide, BNP Paribas, Bouygues, Hermès, Orange, PSA and Schneider Electric also highlight actions targeted at certain roles (mainly sales teams) and digital skills needs.

Training as a key response

Training programmes are the most frequently mentioned tool for managing transitions and supporting employees. Some companies demonstrate a strategic approach to their skills needs for the coming years. Peugeot, for example, has set up a jobs observatory to anticipate changes in the sector and to prepare the necessary training courses. Air Liquide, BNP Paribas, Carrefour, Engie, Safran and Société Générale appear to have set up similar initiatives.

Accor, ArcelorMittal, Atos, BNP Paribas, Crédit Agricole, Engie, Legrand, Safran, Saint-Gobain, Schneider Electric, Société Générale, Thales and Worldline mention other levers for

action, beyond training programmes. While some companies highlight their internal mobility policy (BNP Paribas) or the implementation of an effective social dialogue (Worldline), others mention that their recruitment policy promotes diversity and inclusion. However, these responses appear to be less relevant to the question posed.

Orange stands out, 13 companies in the red

Of the answers received, the response from Orange appeared particularly convincing. The group identified the technological developments essential to the growth of its activities (artificial intelligence, data, cybersecurity, IT development, cloud, network virtualisation). This statement was followed by a strategic plan setting out quantified objectives to transform the group's businesses and skills by 2025. The company also indicated the actions and means implemented to achieve these objectives, in particular the planned investments, training and recruitment.

On the other hand, some companies failed to provide a satisfactory answer to the question, in various respects. In some cases, the description of the transformations they are facing remained vague or incomplete in terms of the significant issues at stake for their activity. In other cases, the response provided no information on the profile of the employees most affected or on the measures deployed to support these employees (Airbus, ArcelorMittal, Legrand, Publicis, Sanofi, Thales and Unibail-Rodamco-Westfield).

To conclude, the responses received were generally unsatisfactory. Companies provided few details on the impacts of the transitions identified, and even less information on the key occupations concerned.

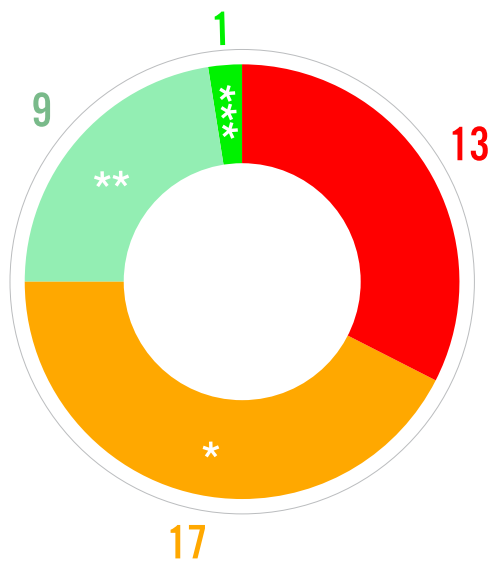
Based on these findings, we adopted the following rating scale:

0 stars: the response provides no relevant information (13 companies).

1 star: the transitions mentioned are exhaustive, measures are mentioned (17 companies).

2 stars: the measures mentioned go beyond training programmes (9 companies).

3 stars: figures and timeframes accompany details of the measures taken (1 company).



ACCOR	**	MICHELIN	**
AIR LIQUIDE	*	ORANGE	***
AIRBUS GROUP		PERNOD RICARD	*
ARCELORMITTAL		PEUGEOT	**
ATOS	*	PUBLICIS	
AXA	*	RENAULT	*
BNP PARIBAS	*	SAFRAN	**
BOUYGUES	*	SAINT-GOBAIN	*
CAPGEMINI	**	SANOFI	
CARREFOUR	*	SCHNEIDER ELECTRIC	**
CRÉDIT AGRICOLE	*	SOCIÉTÉ GÉNÉRALE	*
DANONE	**	STMICROELECTRONICS	*
DASSAULT SYSTÈMES	*	TELEPERFORMANCE	
ENGIE	**	THALES	
ESSILORLUXOTTICA		TOTAL	
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	
KERING	*	VEOLIA	
L'ORÉAL	*	VINCI	*
LEGRAND			
LVMH	*	WORLDLINE	**

QUESTION 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 guarantee a living wage for its employees, especially in the main countries in which it operates?

The issue of the living wage is extremely important for CAC 40 companies. The FIR's question targeted the companies' employees. However, although some companies appear less directly exposed to the issue of the living wage (the banking and insurance sectors, for example), all are confronted with this issue within their value chain.

The living wage level varies locally and regionally. But despite the lack of an international definition, the commonly shared principle is that a living wage is a remuneration that allows employees and their families to live decently. It should thus cover basic needs such as food, health and clothing, but also other essential needs such as transport, education, savings and leisure. This issue therefore goes beyond statutory minimum wages, which do not necessarily guarantee workers a decent level of pay.

Half of the companies refer to local laws and market practices but do not identify the employee profiles most affected

Half of the companies in the panel responded to the question by indicating that they ensure compliance with the minimum wages of the countries in which they operate, or explained that their remuneration policy was based on benchmarking. Their remuneration models thus aim to provide competitive and attractive salaries, at least in line with local laws and market practices, whose characteristics are based on external surveys that are often prepared by global providers.

We also found that companies did not break down their responses according to the job profiles most affected by this issue, or according to the geographical locations where the standard of living is the lowest. One interesting example was, however, provided by ArcelorMittal for Venezuela, where, given the serious political and economic backdrop, the company paid an income supplement to guarantee its employees a decent level of remuneration.

Furthermore, the companies were unable to provide figures to assess the level of remuneration in relation to a living wage. Sanofi nonetheless made a brief reference to the results of audits carried out in its subsidiaries on this issue.

The companies generally indicate that the most qualified job profiles benefit from a high level of remuneration that is competitive on the market. However, the responses were often very brief and they unfortunately failed to discuss categories of employees potentially exposed to the issue of a living wage, either within their own workforce or at their suppliers.

Michelin, Sanofi and Schneider Electric have integrated this issue into their supply chain

Nine CAC 40 companies seem to be more advanced on the issue of the living wage, although with different degrees of formalisation and integration.

Five companies indicated that they had a living wage definition that included the principles outlined above. This appeared to demonstrate a relatively advanced level of maturity on the subject, with companies recognising the importance of this

issue in their CSR approach. These companies were Michelin, Sanofi, Schneider Electric, Teleperformance and Unibail-Rodamco-Westfield. But these five companies do not integrate the issue to the same extent. For example, only Michelin, Sanofi and Schneider Electric have integrated the issue of living wages throughout the supply chain as an integral part of their human rights policy.

Although they do not confirm that they have adopted a living wage definition, Pernod Ricard, Total and ArcelorMittal are nonetheless integrating the issue in their subsidiaries and in their relationships with their suppliers and subcontractors. L'Oréal has also set targets on this topic: by 2030, “100% of the employees of [our] strategic suppliers [should have] a living wage, covering at least their basic needs and those of their dependents, calculated according to best practice.”

These companies have therefore become aware of the issue - with their definitions of the living wage being formalised to a greater or lesser extent - and have integrated the question into the monitoring of the risks of non-compliance with International Labour Organization (ILO) conventions and human rights violations. They have thus formalised a human rights policy, mapping the associated risks within their subsidiaries and at their suppliers, and have implemented a reasonable vigilance plan to address these issues.

An approach that relies on external service providers, social dialogue or social benefits

To strengthen or initiate their efforts on the living wage, four companies indicate that they are assisted by external service providers (Schneider Electric, Teleperformance, Total, Veolia), use an external framework or have joined an initiative (Global Deal, Wage Indicator, Business for Social Responsibility). The role of these service providers/organisations can range from integrating a definition of a living wage to conducting on-site assessments and audits to verify that subsidiaries' practices comply with the framework.

Social dialogue is also an important element in guaranteeing decent pay levels for employees. Four companies highlighted framework agreements on the subject in their responses: ArcelorMittal, BNP Paribas, Crédit Agricole and Peugeot.

Finally, half of the panel (22 companies) indicate that they offer social benefits to their employees, although they do not systematically specify the scope of application. Among the benefits mentioned, health cover is the most common. Some companies have ambitious objectives for rolling out health cover for all their employees (Bouygues, Danone, Dassault Systèmes, Legrand, Michelin and Peugeot). More rarely, these plans also cover employees' families. The "Care by Saint-Gobain" programme, launched in 2020, offers medical care for the families of all employees, life insurance cover in the event of death, or leave to accompany the arrival of a child. All of the group's employees will be covered by the end of 2021.

In conclusion, despite the interesting responses from some companies and the targets already set by others, the CAC 40 has not yet fully grasped the issue of a living wage.

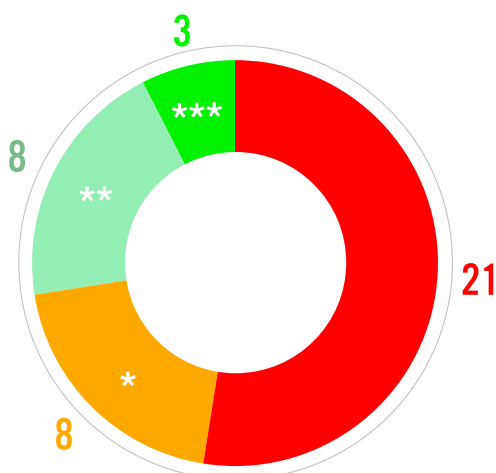
We established our assessment, which reflects the companies' degree of maturity on the issue of the living wage, as follows:

0 stars: the company fails to provide a response that meets our expectations on the issue of the living wage (21 companies).

1 star: the company provides some evidence that the issue is on the table, but it has clearly not been pursued further (8 companies).

2 stars: the company is aware of the issue and provides interesting information on its management of this issue (8 companies).

3 stars: the issue of the living wage is integrated into the policy for managing the risks of failing to respect human rights throughout the value chain. The company implements a risk map and is deploying actions to monitor living wage levels within its subsidiaries and its suppliers (3 companies).



ACCOR	*	MICHELIN	***
AIR LIQUIDE		ORANGE	
AIRBUS GROUP		PERNOD RICARD	*
ARCELORMITTAL	**	PEUGEOT	**
ATOS		PUBLICIS	
AXA		RENAULT	*
BNP PARIBAS	*	SAFRAN	
BOUYGUES		SAINT-GOBAIN	
CAPGEMINI		SANOFI	***
CARREFOUR	*	SCHNEIDER ELECTRIC	***
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	
DANONE	*	STMICROELECTRONICS	
DASSAULT SYSTÈMES	**	TELEPERFORMANCE	**
ENGIE		THALES	
ESSILORLUXOTTICA		TOTAL	**
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	**
KERING	*	VEOLIA	
L'ORÉAL	**	VINCI	*
LEGRAND		VIVENDI	
LVMH		WORLDLINE	

QUESTION 7.

Do you take environmental and social criteria into account in profit-sharing agreements with your employees in France? If yes, how and in what proportion?

This specific question required a very specific answer. Our objective was to use these profit-sharing schemes to measure the groups' CSR integration and to verify that employees, who are constituent parts of these groups, are involved in the process and benefit from their efforts.

We would therefore have liked to receive answers to the following questions: Are internal social and environmental criteria included in the calculation of employee profit-sharing in France? If yes, which criteria and how are they taken into account? Where relevant, what elements can be used to assess their consistency with the challenges facing the company and the sector? Finally, how important are these criteria in the profit-sharing formulas (with at least an order of magnitude)?

Only a quarter of companies take into account both social and environmental criteria

A first observation shows that 22 groups, i.e., just over half of the CAC 40, have clearly included social and/or environmental criteria in their profit-sharing agreements for all or some of their employees. Of these companies, 11 (Air Liquide, BNP Paribas, Capgemini, Crédit Agricole, LVMH, Michelin, Safran, Saint-Gobain, Schneider Electric, Société Générale and Vinci) included both social and environmental criteria, while five companies (Airbus, Atos, Bouygues, Hermès and Total) included only social criteria, and six (AXA, Carrefour, Kering, Orange, Renault and Veolia) limited themselves to the environment.

The criteria used are fairly classic. Safety at work is often "the" social criterion. Airbus, Bouygues, Hermès, LVMH, Safran, Saint-Gobain, Total and Vinci explicitly refer to it. However, this criterion is highly controversial as it can lead to collective pressure on employees not to report accidents at work. The share of disabled employees, the absenteeism rate, apprenticeship and participation in specific training such as business ethics and cyber security are also cited. The environmental aspect shows a little more variety. Energy consumption and CO₂ emissions are the most frequent criteria (Air Liquide, Capgemini, Kering, Orange, Veolia and Vinci). But reducing the volume of packaging, the recovery and recycling of waste, responsible driving and carpooling are also taken into account, not to mention paper consumption. Schneider Electric and Crédit Agricole rely on an internal composite index, while Société Générale uses an external rating.

Few quantified objectives

Only eight groups, some by way of example, have specified the weight of these criteria in the formulas of their profit-sharing agreements. For Air Liquide, Capgemini, Crédit Agricole and Saint-Gobain, it is at least 20%. This is not excessive if we consider the interdependence between economic results and social and environmental performance. For AXA, Orange and Société Générale, it is around 10%, and a little more for Schneider Electric (12.5%).

Groups that deemed it useful to detail the criteria for the variable remuneration (or long-term plans) of executives and/or top

management, or that "confused" profit-sharing with performance bonuses, did not meet our expectations insofar as profit-sharing agreements concern all employees, including those with the lowest pay.

On the whole, the criteria cited seem relatively coherent and clear. However, we would have liked them to be more engaged, and would have appreciated details on the criteria/objectives and how they are integrated.

Answers sometimes off-topic

The assessment of certain criteria sometimes reveals a discrepancy between the companies and their stakeholders. For example, growth in turnover can certainly generate jobs, but it is difficult to consider it as a social criterion in the context of a profit-sharing agreement. At the very least, it should be accompanied by sub-criteria on the quality of these jobs. In addition, the share of internal promotion into job vacancies appears to be a performance criterion relating to managers, rather than to employees.

Finally, it is preferable that only criteria internal to the company are used, and that they do not relate to a sister entity, even if it is the corporate foundation. The objective is to motivate employees in their day-to-day activity, and not in a secondary activity.

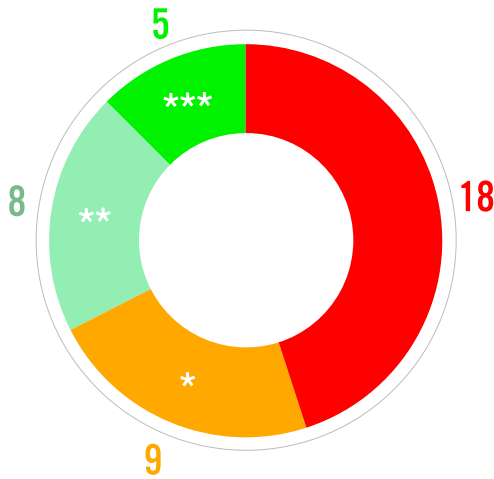
To conclude, the FIR will be attentive in the coming years to the agreements currently being negotiated or considered, as many groups have indicated that they plan to integrate social and environmental criteria into the formula of their profit-sharing agreements. The evolution of the quality of the criteria will of course be analysed, along with the proportion of employees benefiting from them, as many groups have reported disparities between their agreements, and not all employees have these types of clauses in their profit-sharing agreement.

The criteria for awarding the scores are as follows:

0 stars: the agreements do not include social or environmental criteria (18 companies).

1 star or 2 stars: in function of the precision of the response, the existence of social and/or environmental criteria, their quality and consistency (9 companies obtained 1 star and 8 obtained 2 stars).

3 stars: the response is precise and consistent (5 companies).



ACCOR		MICHELIN	***
AIR LIQUIDE	**	ORANGE	*
AIRBUS GROUP	*	PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	
ATOS	*	PUBLICIS	
AXA	*	RENAULT	*
BNP PARIBAS	**	SAFRAN	**
BOUYGUES	**	SAINT-GOBAIN	***
CAPGEMINI	**	SANOFI	
CARREFOUR	*	SCHNEIDER ELECTRIC	***
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	***
DANONE		STMICROELECTRONICS	
DASSAULT SYSTÈMES		TELEPERFORMANCE	
ENGIE		THALES	
ESSILORLUXOTTICA		TOTAL	*
HERMÈS	*	UNIBAIL-RODAMCO-WESTFIELD	
KERING	**	VEOLIA	*
L'ORÉAL		VINCI	**
LEGRAND		VIVENDI	
LVMH	***	WORLDLINE	

QUESTION 8.

What proportion of employee savings scheme funds have received a socially responsible investment label (CIES, Finansol, Greenfin, SRI)?

As the question was closed, we expected the answers to be very precise.

Legally, a label is a distinctive sign affixed to products intended for sale or accompanying a service that guarantees the quality of the product or certain characteristics of the service in accordance with a set of specifications established by an authorised body.

It was necessary to determine in advance which of the employee savings scheme funds had been awarded a responsible label, in particular funds with the CIES, Finansol, Greenfin and/or SRI labels, and that were therefore authorised to display the label(s) logo on the documentation provided. The other funds were considered to be outside the scope of observation, even though some of their components may have held a label, because the scheme did not offer the quality of a direct label.

We therefore took care to ensure that the names of the corporate mutual funds (FCPE, *Fonds Communs de Placement d'Entreprise*) were indicated, in addition to the label(s) concerned, the share of funds benefiting from a label as a percentage of the total amount of employee savings, and possibly information on planned developments.

Imprecise and often inaccurate responses

Overall, the answers to the question seemed laborious and did not meet the quality expected by institutional shareholders at a general meeting. Not only were the answers imprecise, but they were often inaccurate: either the funds cited did not have a label, or they had one but it had not been identified (these cases were less frequent).

Of the companies surveyed, 32 responded that the FCPEs proposed had at least one label: 17 supposedly possessed a CIES label, nine an SRI label and 12 a Finansol label. This does not seem to reflect reality, but the answers do not allow us to put forward a precise figure. For our part, we are almost certain that 17 groups offer all or some of their employees an FCPE with a label: 13 have a CIES label,¹¹ 5 an SRI label¹² and 13 a Finansol label.¹³ One or two FCPEs may have the Greenfin label, but we have not been able to confirm the label at this stage.

Some of the FCPEs proposed by BNP Paribas, Legrand and Essilor-Luxottica (for Luxottica employees), appear to have all three labels - CIES, SRI and Finansol. Some of the Accor, Capgemini, Dassault Systèmes, Publicis, Saint-Gobain, Sanofi and Unibail-Rodamco-Westfield FCPEs seem to have two, while some of the Atos, Bouygues, Carrefour, STMicroelectronics and Vinci lines appear to have one label.

The share is difficult to determine

Labelled employee savings schemes represent an average of 23% of scheme assets for the 22 groups that indicated an order of magnitude, with extremes ranging from 3% to 68%. But these figures should be treated with caution.

Some of the responses reflect the complexity of groups/social partners who have sought to adapt their employee savings scheme to their reality, and for this reason have chosen not to join collective approaches.

In order to comply with their regulatory obligations, it seems likely to us that all of the CAC 40 companies include a solidarity fund in their employee savings. The responses suggest that at least 34 of them offer an SRI fund, with or without a label.

With regard to the social responsibility of the FCPEs invested in company shares, these FCPEs are not the subject of the labels investigated, regardless of the quality of the company.

We used the following criteria to allocate the scores:

0 stars: no label was mentioned or the answer was clearly wrong. This includes specific schemes without an overall label, but which may include a partial label, as well as cases where the response was too brief to allow us to verify the presence of labelled funds (9 companies).

1 star: one label was indicated (19 companies).

2 stars: two labels were mentioned (10 companies).

3 stars: responses referred to two labels and a number was provided (2 companies).

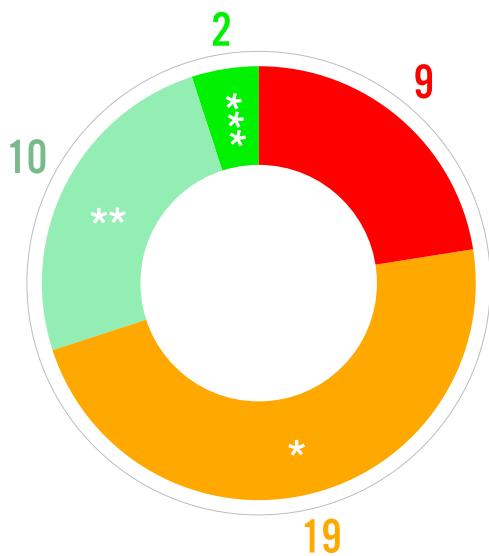
A discount was applied to the score if the answer was really too imprecise.

Concerning the share of funds with a label, the figures were rarely precise.

¹¹ Accor, BNP Paribas, Bouygues, Capgemini, Dassault Systèmes, EssilorLuxottica, Legrand, Publicis, Safran, Saint-Gobain, Sanofi, STMicroelectronics and Unibail-Rodamco-Westfield.

¹² Accor, BNP Paribas, EssilorLuxottica, Legrand and Safran.

¹³ Air Liquide, Atos, BNP Paribas, Capgemini, Carrefour, Dassault Systèmes, EssilorLuxottica, Legrand, Publicis, Saint-Gobain, Sanofi, Unibail-Rodamco-Westfield and Vinci.



ACCOR	**	MICHELIN	*
AIR LIQUIDE	*	ORANGE	*
AIRBUS GROUP		PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	*
ATOS	**	PUBLICIS	**
AXA	*	RENAULT	*
BNP PARIBAS	***	SAFRAN	**
BOUYGUES	*	SAINT-GOBAIN	*
CAPGEMINI	**	SANOFI	**
CARREFOUR	*	SCHNEIDER ELECTRIC	*
CRÉDIT AGRICOLE		SOCIÉTÉ GÉNÉRALE	*
DANONE	*	STMICROELECTRONICS	*
DASSAULT SYSTÈMES	**	TELEPERFORMANCE	
ENGIE	*	THALES	*
ESSILORLUXOTTICA	**	TOTAL	
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	**
KERING	*	VEOLIA	**
L'ORÉAL		VINCI	*
LEGRAND	***	VIVENDI	
LVMH	*	WORLDLINE	*

Clarification of the labels:

The inter-union employee savings committee, the *Comité Intersyndical de l'Épargne Salariale* (CIES), works to ensure that the management and use of employee savings is in the interest of employees, encourages sustainable development and is employment-friendly.

The Finansol label distinguishes solidarity savings products from other savings products for the general public.

The Greenfin label guarantees the "green quality" of investment funds and is aimed at financial actors who act for the common good through transparent and sustainable practices. This label is notable for excluding funds that invest in companies operating in the nuclear and fossil fuel sectors.

The SRI label is a tool for choosing responsible and sustainable investments.

QUESTION 9.

Is the country-by-country tax allocation discussed by the board as a whole and/or in the audit committee? Do you plan to make the results public?

For responsible investors, tax policy is a key dimension of corporate social responsibility. Taxes, which are intended to feed public finances, are part of the cycle of value distribution to local communities and contribute to the development of the ecosystem through quality infrastructure and public policies. Corporate tax contributions to the state budget give governments the means to make public investments, which, in turn, benefit the companies located in the territory concerned. In its report on corporate tax practices "[Moving from Compliance to Responsibility](#)" published in 2020, the FIR emphasised that, in its view, "*The Board of Directors should be responsible for the company's tax governance*" and that in order to fully understand a company's tax policy, it is essential to understand the taxes paid country-by-country.

A subject perceived as technical rather than strategic

The answers to the first part of the question suggest that the involvement of the competent corporate bodies (board of directors or supervisory board) is limited in the area of taxation and that the subject is still often perceived as being more technical than strategic.

In this respect, it should be noted that while a majority of companies (75%) report that the topic is discussed by the board's audit committee, only 22% report that the topic is also presented or discussed by the board of directors or the relevant corporate body as a whole. Four companies report no involvement of either the audit committee or the board, and five did not answer this question.

In terms of the involvement of the board or the audit committee, the responses are generally succinct and mainly refer to presentations that are informative, regular or ad hoc, and with varying levels of detail. Only two responses refer to more active involvement from the board.

For Dassault Systèmes, "*Tax policy is presented by the finance department and discussed with the audit committee on a quarterly basis; the group tax director is also invited to these meetings (at least once a year).*"

For Total, "*The tax director regularly briefs the [audit] committee, which reports to the board, on the group's tax situation. The average tax rate, the breakdown of the group's current tax by geographical area and by business sector, and its evolution over five years are therefore presented each year. These presentations enable audit committee members to ensure that the tax allocation and its evolution are consistent with the group's financial results.*"

Figures rarely published, officially for competitive strategy reasons

No CAC 40 company voluntarily publishes comprehensive country-by-country tax reporting (turnover, pre-tax profit, headcount, tax paid, etc.) comparable to the information provided to the tax authorities.

BNP Paribas, Crédit Agricole and Société Générale publish an annual table that lists, country-by-country, information such as headcount, corporate income tax paid, etc. However, this is a legal obligation stemming from their industry sector (Article L.511-45 of the French Monetary and Financial Code). It should also be noted that companies whose activities fall wholly or partly within the extractive sector must also publish an annual "*report on payments made to the authorities of each of the states or territories in which they carry out these activities*" (Article L.225-102-3 of the French Commercial Code).

Without being so exhaustive, 10 companies chose to disclose the taxes paid in their main business locations (Axa, Engie, Orange and Veolia) or disclosed geographical aggregates (Accor, Atos, Danone, Sanofi, Unibail-Rodamco-Westfield, Veolia and Vivendi).

Communication of geographical aggregates or taxes paid in main business locations does not, however, enable us to determine the full allocation of a multinational company's tax burden. Indeed, in terms of taxation, there are often large disparities between jurisdictions within the same geographical aggregation. These differences not only make it easier to rationalise tax in practice, they also generate averages in the quantitative data that are of considerable comparative interest.

Just over 65% of the CAC 40 companies indicated that they do not publish information on the allocation of their taxes in the jurisdictions in which they operate for competitive strategy reasons.

We adopted the following rating scale:

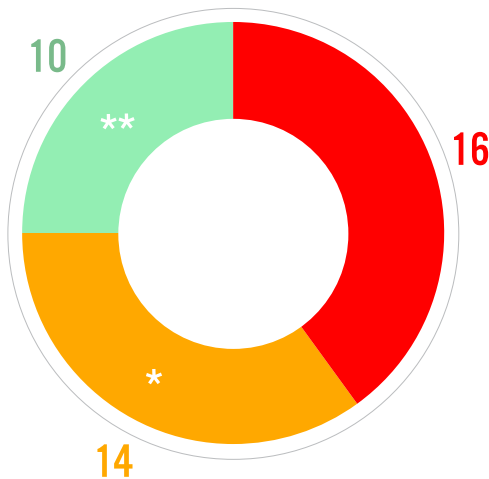
0 stars: the company did not provide a clear explanation of how the allocation of taxes by country is discussed by the board of directors, the audit committee or any relevant corporate body, and no data on the breakdown of the tax burden is published (16 companies).

1 star: the company indicated that a regular presentation is made to the audit committee or the board **or** that fragmented tax reporting by main countries or geographical areas is published (14 companies).

2 stars were awarded in several situations (10 companies):

- the company indicated that a regular presentation is made to the audit committee or the board **and** fragmented tax reporting by major countries or geographic areas is published;
- the response suggests that the allocation of taxes by country is under active review by the board; or
- the company publishes full country-by-country reporting as a regulatory requirement.

3 stars: no company was awarded this score. To qualify, companies had to both demonstrate that a real debate was taking place in the boardroom and voluntarily publish comprehensive country-by-country tax reporting.



ACCOR	**	MICHELIN	
AIR LIQUIDE	*	ORANGE	**
AIRBUS GROUP		PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	
ATOS	**	PUBLICIS	*
AXA	*	RENAULT	*
BNP PARIBAS	**	SAFRAN	
BOUYGUES		SAINT-GOBAIN	
CAPGEMINI	*	SANOFI	*
CARREFOUR		SCHNEIDER ELECTRIC	
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	**
DANONE	*	STMICROELECTRONICS	
DASSAULT SYSTÈMES	**	TELEPERFORMANCE	*
ENGIE	**	THALES	*
ESSILORLUXOTTICA		TOTAL	**
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	**
KERING		VEOLIA	*
L'ORÉAL		VINCI	
LEGRAND	*	VIVENDI	*
LVMH	*	WORLDLINE	*

QUESTION 10.

Are problems of social cohesion, due to pay gaps, discussed by the board of directors and is there a company policy to address them?

The board of directors or the supervisory board is responsible for determining the remuneration policy for executive directors, based on the proposal of the nomination and remuneration committee. This policy is submitted to shareholders for their approval at the general meeting. The remuneration policy for employees is the responsibility of general management. These remuneration issues should be an integral part of the social dialogue.

The board is responsible for examining the consistency of the company's remuneration policy. The determination of the executive remuneration policy by the board of directors or the supervisory board affects shareholders and other stakeholders, including employees. All French listed companies must now communicate the remuneration gap between executives and employees, using "fairness ratios" (average and median), as introduced by the Order of 27 November 2019. Companies must also publish the evolution of these ratios over the last five financial years and should compare them to the company's financial performance.

We examined six criteria to characterise companies' responses. First, we examined whether the risk of social cohesion problems due to pay gaps was mentioned. If so, we sought to identify the tools/indicators used and we checked that the notion of social cohesion was integrated into the remuneration policy. Third, we assessed the level of transparency regarding the pay gaps that may represent a risk and examined the populations affected. Fourth, we tried to assess whether the risk was discussed by the board of directors or the supervisory board. Fifth, we looked at the measures taken to avoid or reduce this risk. Finally, we checked that an analysis of the fairness ratio had been performed and we examined the results of this analysis.

Only two companies make the link between pay gaps and social cohesion

Of all the companies whose responses we analysed, only two (Danone and Schneider Electric) mentioned that the risk of weakened social cohesion could be due to pay gaps and that this would be discussed at board level. As such, the issue of social cohesion is addressed in several responses, but the link between the risk of social cohesion problems and pay gaps is not established. Some companies mention concepts similar to social cohesion in their responses. Ten companies use terms such as fairness, fair pay, fair management or wage moderation. However, they do not provide any objective criteria for specifying what these concepts cover.

Four companies (Air Liquide, Bouygues, Crédit Agricole and Danone) have integrated the notion of social cohesion into their remuneration policy and four others (Publicis, Schneider Electric, Thales and Unibail-Rodamco-Westfield) include the principles of fairness or fair pay in their policy. Teleperformance states that it wants to ensure a "living wage" for all of its employees and Schneider Electric states its objective that "95% of the global workforce will be covered by a global fair pay process by the end of 2020".

Only two companies (Schneider Electric and Teleperformance) provide details of pay gaps that may represent a risk and the work performed to analyse them.

Some companies highlight differentiated practices

In our campaign, some companies seized the opportunity to highlight differentiated practices. We can cite Michelin, which refers to its board's review of the evaluation of the company's social model presented by management. For its part, Unibail-Rodamco-Westfield indicates that fairness ratios were presented at the general meeting. Teleperformance specifies that any problems of social cohesion linked to pay gaps are managed directly at the subsidiary level and, if necessary, at the regional level, but ultimately all initiatives are presented to the board.

Schneider Electric, with the support and oversight of its board of directors, is committed to implementing an active living wage policy for its lowest paid employees (see Question 6 for more information on this issue).

No company analyses its fairness ratios or their evolution

Strictly speaking, the question posed by the FIR acknowledges that pay gaps can pose problems for social cohesion. On this basis, it was therefore up to the companies to express their views on this hypothesis and either demonstrate that their remuneration policy posed no risks to social cohesion, or to accept that there could be risks (or to infer that certain pay gaps could be a source of risk). Although fairness ratios are considered as indicators of social cohesion, few of the companies in our sample establish a link between pay gaps and social cohesion. Even fewer explicitly refer to the risk that social cohesion problems may stem from pay gaps. None of the companies are prepared to analyse their fairness ratios and their evolution over the medium term. This can be explained by the fact that 2020 marks the first year that these ratios were published. Going forward, it will be necessary to focus on the board's monitoring of this subject.

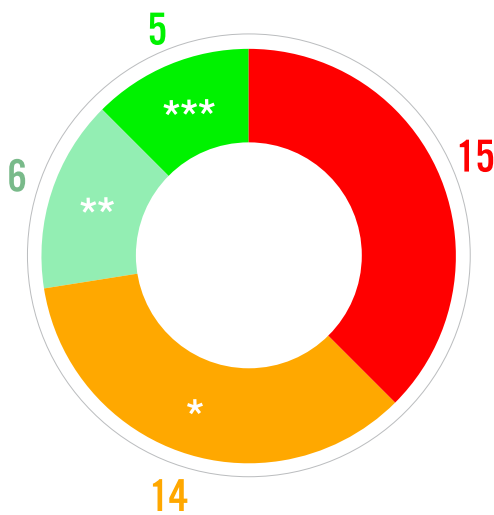
We have based our rating on the following key criteria:

0 stars: no significant reference was made to the risk of social cohesion problems stemming from pay gaps. Accordingly, no stars were awarded (15 companies).

1 star: the company did not identify pay gaps as a risk for social cohesion problems, but stated that the board examines the group's pay or fairness policy, which is sometimes detailed (14 companies).

2 stars: the company described its pay policy but did not necessarily mention the risk of social cohesion problems stemming from pay gaps. The measures to contain the disparities were specified, although they contained deficiencies (6 companies).

3 stars: the company stated that the risk of social cohesion problems stemming from pay gaps was addressed by the board of directors and/or one of its bodies. Tools, indicators or targets for reducing this risk were described or specified (5 companies).



ACCOR	*	MICHELIN	***
AIR LIQUIDE	**	ORANGE	**
AIRBUS GROUP		PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	*
ATOS	*	PUBLICIS	*
AXA	*	RENAULT	*
BNP PARIBAS	*	SAFRAN	*
BOUYGUES	***	SAINT-GOBAIN	*
CAPGEMINI	*	SANOFI	
CARREFOUR		SCHNEIDER ELECTRIC	***
CRÉDIT AGRICOLE	**	SOCIÉTÉ GÉNÉRALE	
DANONE	***	STMICROELECTRONICS	
DASSAULT SYSTÈMES		TELEPERFORMANCE	***
ENGIE		THALES	**
ESSILORLUXOTTICA		TOTAL	*
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	**
KERING		VEOLIA	*
L'ORÉAL		VINCI	**
LEGRAND		VIVENDI	*
LVMH		WORLDLINE	*

QUESTION 11.

Is the policy for ensuring equality between women and men in terms of pay, career and access to positions of responsibility and the targets to be achieved discussed by the board of directors?

The issue of gender equality is becoming increasingly important in society and, as with other topics, the involvement of the company's board of directors is essential to ensure its effective implementation. CAC 40 companies have much to discuss with respect to their professional and salary equality policy for women and men, both in terms of their legal obligations and the recommendations of the code issued by the AFEP-MEDEF (French employers' organisations, of which the companies are members).

Their answers were therefore examined to determine whether the subject is actually discussed in a body that can influence the company's gender equality policy and, beyond that, we looked at the initiatives and measures implemented to apply this policy.

Two-thirds of companies have discussed the subject but few have quantified targets

Of the 40 companies that responded to the question, 65% stated that a discussion took place within the competent social body: board of directors or supervisory board, depending on the legal structure. For example, Saint-Gobain states that its executive committee is informed on a quarterly basis about the monitoring of gender equality objectives. Some companies set numerical targets for promoting women to positions of responsibility or for promoting them within the company's management bodies. The most advanced companies set deadlines and monitor these targets. This is the case for Air Liquide and BNP Paribas, which have set such objectives.

Some companies communicate their progress on the objective, whether quantified or not, of increasing the number of women in management bodies (including executive committees) or positions of responsibility. One example is Hermès, whose percentage of women in management bodies stood at 54.2% at the end of 2019.

Another example, on a French level, is Carrefour. The group has set up a collective and individual regularisation process to address pay differences between men and women, including the possibility of referring the matter to the national joint commission responsible for monitoring the agreement of the entity concerned. At a national level, the company thus goes beyond its legal obligation regarding professional equality between women and men. Moreover, it is one of the few companies surveyed to have targeted equal pay in its entirety, i.e., at all professional levels.

In their answers, Total and Thales state that they are deploying gender equality policies, awareness-raising and training processes, and female leadership development as part of their human resources policy.

One in five companies did not answer the question or did not answer it accurately

Conversely, the answers given by some companies could not be used to determine whether the board of directors discusses the policy for professional and salary equality between men and women. In this respect, eight companies either did not answer the question or gave a rather vague answer.

Of the companies that did not formally answer the FIR's question, some nevertheless provided information on the initiatives taken within their group as part of their implementation of a gender diversity policy. This is notably the case for Vivendi, which mentions objectives - not quantified and without a timetable - for increasing the number of women on the executive committees of its main operating entities. Others, however, such as ArcelorMittal or Airbus, do not answer the specific question on the existence of a debate in the board of directors, nor do they give any details to ensure that the subject is really taken into account within their entities.

Unibail-Rodamco-Westfield's (URW) does not answer the question posed. However, it states that the group is engaged in a reflection process to develop a methodology designed to provide it with an overall view of gender equality and the necessary corrective actions. This response tends to indicate that the subject is not currently taken into account at URW.

Finally, we note that only five CAC 40 companies (Air Liquide, Capgemini, Hermès, L'Oréal and Schneider Electric) have integrated their gender equality policy into the variable remuneration of directors, corporate officers, or certain employees. Progress is still needed to ensure that this subject is truly taken into account.

No maximum score on this question

To conclude, only a handful of companies took advantage of the open-ended wording of the FIR's question to provide complete or original answers. Among the elements that could have been included in the answers, or that could have been mentioned more often, we would note: examples of measures, initiatives or strategies discussed in the competent social body to ensure equality between women and men; decisions taken by the competent body to influence the introduction of measures and numerical targets for implementing an equality policy within the group's entities; possible timeframes for achieving parity in positions of responsibility and management bodies, and in equal pay and benefits.

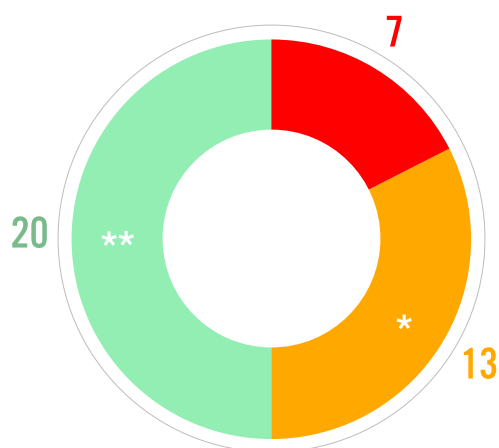
We adopted the following rating scale:

0 stars: the company did not answer the question, or the question is only presented to the board (without being discussed or debated there) and/or there is no mention of any initiative or objective implemented to promote gender equality (7 companies).

1 star: the company indicated that initiatives and/or objectives had been implemented (quantified or not, and with or without a timeframe) and provided information on the percentage of women in its social bodies (13 companies).

2 stars: a policy for the promotion of women is implemented, with numerical targets and a time horizon, and information is provided on initiatives already undertaken and on the achievement of targets (20 companies).

3 stars: no company received this score. To qualify, companies had to demonstrate both that their gender equality policy was actually discussed in the boardroom and that the policy was actually implemented through concrete initiatives, with measurable results and over a set period of time.



ACCOR	*	MICHELIN	**
AIR LIQUIDE	**	ORANGE	*
AIRBUS GROUP		PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	**
ATOS	*	PUBLICIS	
AXA	**	RENAULT	*
BNP PARIBAS	**	SAFRAN	
BOUYGUES	*	SAINT-GOBAIN	**
CAPGEMINI	**	SANOFI	**
CARREFOUR	**	SCHNEIDER ELECTRIC	*
CRÉDIT AGRICOLE	*	SOCIÉTÉ GÉNÉRALE	
DANONE	*	STMICROELECTRONICS	*
DASSAULT SYSTÈMES	**	TELEPERFORMANCE	**
ENGIE	*	THALES	**
ESSILORLUXOTTICA		TOTAL	**
HERMÈS	**	UNIBAIL-RODAMCO-WESTFIELD	*
KERING	**	VEOLIA	**
L'ORÉAL	**	VINCI	**
LEGRAND	**	VIVENDI	*
LVMH	*	WORLDLINE	**

QUESTION 12.

Do you intend to publish the opinion of your social partners on your group's Non-Financial Performance Statement?

The Non-Financial Performance Statement (NFPS) is a summary of a company's social, societal and environmental policy. It is also an information tool for the group's various stakeholders. For this reason, it seems important to understand how these stakeholders interpret the NFPS, the company's social partners in particular. It is therefore legitimate to try to find out whether companies give a true picture of their social policy to their social partners through their NFPS and whether they provide these partners with relevant social information. More broadly, as sustainable development policy is likely to be a coherent whole, these partners' views on the policy and how they are involved in it may be of interest.

Beyond the specific context of the question, we tried to determine whether the NFPS is presented to the companies' social partners and whether a debate takes place when it is presented. We also examined whether CSR-related issues (apart from the social dimension) are discussed with social partners outside the framework of the NFPS, and if so, in what framework(s) these issues are discussed.

Only one in five companies responded explicitly to the question, but some expanded their answer

We obtained few responses to the question as it was posed (only eight out of 40). Several companies (L'Oréal and Thales in particular) emphasised that this is not a legal obligation. However, in terms of CSR, we are interested in what companies are doing beyond their legal requirements. Renault, for instance, considers that it is not the role of the Central Social and Economic Committee of Renault SAS to issue an opinion on the NFPS that Renault SA has prepared for the whole group.

Of the eight companies that answered the question as posed, four (Crédit Agricole, Danone, Société Générale and Teleperformance) do not intend to publish the opinion of their social partners. Conversely, the other four (Publicis, Worldline, PSA and Vinci) indicate that they have not published the opinion to date but remain open to its disclosure in the future. Continued dialogue with these companies will make it possible to ensure that the project is indeed under consideration and, if so, in what way.

Most of the answers do not directly address the question and instead describe the organisation of social dialogue within the group or the dialogue with stakeholders. These responses did not meet our expectations on this question insofar as they only briefly describe the activities stemming from the usual social dialogue in a company or repeat practices that have been established for many years now in terms of dialogue between companies and their stakeholders.

A lack of information on the actual contribution of social partners

Generally speaking, we observe that few companies make the effort to transmit their NFPS beyond the scope of the regulatory requirements (provision to the company's Social and Economic Committee). Some of the companies questioned also point out that the NFPS is validated by the board of directors, which includes employee representatives (Capgemini, Legrand, Renault, Société Générale, Thales). However, these responses do not provide information on the actual contribution of employee representatives to the NFPS. Some companies (Airbus Group, Safran, Saint-Gobain, Schneider Electric, Total) state that no

opinion was formulated by their social partners. However, in the absence of further information, we cannot tell whether an opinion was actually sought or not. Establishing a real debate could be of interest, as specified somewhat concisely in certain responses regarding the dialogue established with the company's stakeholders on CSR policies.

Beyond the publication of an opinion, we were interested in the formal presentation of the NFPS to the company's social partners. The framework of these presentations is not always specified. When it is, it is mostly the Group Committee or the Social and Economic Committee. LVMH, for example, presents its NFPS to the French Group Committee and to the European Companies Committee, a presentation that gives rise to discussions with the representatives. Similarly, Orange states that its NFPS is the subject of *"formal discussions with the employee representative bodies in France, within the European Works Council and the Global Works Council"*. Further details on the purpose and content of these discussions would have brought the answer closer to the spirit of the question asked.

Lastly, some companies reported discussions with employee representative bodies beyond the NFPS, on issues related to CSR strategy and non-social aspects. Safran, for instance, consults these bodies on *"the reduction of carbon emissions"* and *"technological developments towards greener aviation"*. We consider this type of remark as original, but still very rare in the answers provided to the FIR's questions. It is likely to be the subject of further questioning.

No top score, 28 companies in the red

To conclude, the FIR's expectations on the question of publishing social partners' opinions on the NFPS were not met. In fact, only a small number of companies actually answered the question, the majority of them instead evading it by briefly describing the organisation of social dialogue within the group. This explains the generally low scores given to companies for this question.

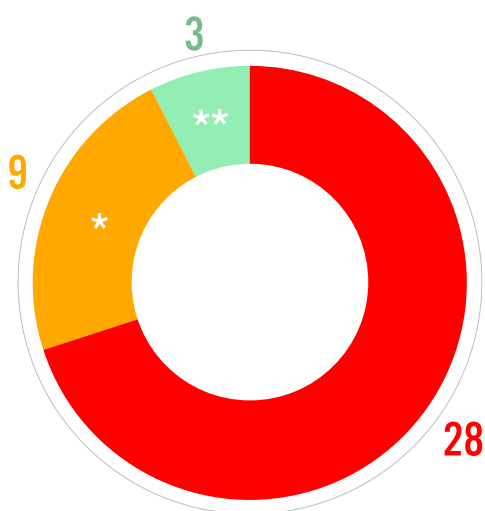
We adopted the following rating scale:

0 stars: the response does not enable us to report on whether the company has implemented actions aimed at integrating its social partners into its CSR approach (28 companies).

1 star: presentations have taken place but the comments do not specify whether they concern the NFPS and/or whether they broaden the scope of the exchanges to specific issues relating to the company's environmental policy or its "relationship" with society (9 companies).

2 stars: exchanges have been established on the NFPS or on other aspects not covered by the social dialogue with the social partners, the framework is described and some elements of response are provided regarding the consultation process (3 companies).

3 stars: no company received the maximum score.



ACCOR		MICHELIN	*
AIR LIQUIDE	*	ORANGE	**
AIRBUS GROUP		PERNOD RICARD	
ARCELORMITTAL		PEUGEOT	*
ATOS	*	PUBLICIS	
AXA	*	RENAULT	
BNP PARIBAS		SAFRAN	**
BOUYGUES		SAINT-GOBAIN	*
CAPGEMINI	*	SANOFI	
CARREFOUR	**	SCHNEIDER ELECTRIC	
CRÉDIT AGRICOLE		SOCIÉTÉ GÉNÉRALE	
DANONE		STMICROELECTRONICS	
DASSAULT SYSTÈMES		TELEPERFORMANCE	
ENGIE		THALES	
ESSILORLUXOTTICA		TOTAL	
HERMÈS		UNIBAIL-RODAMCO-WESTFIELD	
KERING		VEOLIA	
L'ORÉAL		VINCI	
LEGRAND	*	VIVENDI	
LVMH	*	WORLDLINE	

APPENDIX

PARTICIPANTS IN THE WRITTEN QUESTION CAMPAIGN

Bénédicte Bazi - Edmond de Rothschild Asset Management

Fatima Benamira - Amundi

Clémentine Chatelet - Meeschaert Asset Management

Sara Carvalho de Oliveira - Sycomore Asset Management

Grégoire Cousté - French SIF (*Forum pour l'Investissement Responsable*, FIR)

Martial Cozette - French Business Information Centre (*Centre Français d'Information sur les Entreprises*, CFIE)

Maxime Ducroux - Ircantec

Claire Gavini - Federated Hermes

Benoît Humeau - La Banque Postale Asset Management

Nicolas Jacob - Oddo BHF Asset Management

Pauline Lecoursonnois - Federated Hermes

Caroline Le Meaux - Amundi, President of the FIR's Dialogue and Engagement Commission

Martine Léonard - French Society of Financial Analysts (*Société Française des Analystes Financiers*, SFAF)

Thiên-Minh Polodna - French SIF (*Forum pour l'Investissement Responsable*, FIR)

Joyce Stevenson - Mandarine Gestion

Diane Vignalou - EthiFinance

Engagement report produced with the support of the **CFIE** (*Centre Français d'Information sur les Entreprises*)



FIR FORUM POUR
L'INVESTISSEMENT
RESPONSABLE

www.frenchsif.org

e-mail : contact@frenchsif.org - Tel. : +33 (0)1 40 36 61 58