



HOW DOES THE CAC 40 RESPOND TO INVESTORS?

ENGAGEMENT REPORT - SEASON 3



WRITTEN QUESTIONS TO
GENERAL MEETINGS

2022

SEASON 3 :

An overall trend towards greater transparency and precision, but weaknesses that have persisted for three years

The Climate and Biodiversity COPs held at the end of 2022 have once again shown the scale of the task ahead and the need for collective mobilisation. These COPs also highlighted the interdependence of climate issues with not only the fight against biodiversity loss but also the fight against poverty. Investors have a role to play alongside other stakeholders (governments, civil society, citizens, companies) in these efforts, by directing financial flows and by exerting a positive influence on the economic actors they invest in.

For the past three years, the FIR has conducted a written question campaign at the general meetings of CAC 40 companies. In addition to the resulting dialogue, there are three main reasons for conducting this public exercise. The first is to point out to these large companies the issues that are important to responsible investors: climate change, biodiversity collapse, the commitment to a circular economy, gender equality, shared value, social dialogue, etc. The second reason is to encourage other investors, who may not be particularly aware of these issues, to become so. The third motivation is to show responsible savers the issues on which investors exercise vigilance and where they expect companies to make progress.

To carry out its campaign, the FIR acquired one share in each of the companies in the French economy's iconic index. Although the FIR's stock portfolio remains modest, the members of its "Dialogue and Engagement Commission" manage over €4,500 billion in assets, which is somewhat less so.

This year we reduced the number of questions – from 13 to 10 compared to 2021 – in an attempt to increase the quality of the answers.

It is essential to note that this exercise primarily assesses companies' transparency on specific aspects of their social responsibility and does not prejudge the overall quality of their CSR policy. Companies that have responded better than others to our questions may thus have other weaknesses or may attract controversy for certain aspects of their policies. Conversely, some relatively responsible companies may be penalised for their lack of transparency in this campaign. In addition, in order to overcome the biases that arise when presenting an aggregate score, this year we begin by presenting the ranking for the different types of issues: environmental, social and governance. Despite these limitations, the exercise has several advantages: it allows us to present the major and serious concerns of responsible investors at companies' general meetings, to the board and to the shareholders; to assess companies' degree of transparency on specific non-financial performance points; and to compare the different levels of maturity of the responses.

Although the questions have been amended over time – most questions have been reworded to make them clearer, some have been removed and others added – a number of trends have emerged over the past three years:

- Three-quarters of companies have seen their score increase over the three years, which we can interpret as companies taking our questions increasingly seriously, with an overall improved level of precision and detail compared to 2020.
- Companies are making general progress on their decarbonisation plans, with an improvement in their transparency on targets and the means to meet them. However, alignment with a 1.5°C scenario and the amount of investment required to achieve the targets are areas that still require significant progress. The question on this topic comes second in terms of average score (1.82/3), behind the question on integrating ESG criteria into remuneration policies (1.9/3).
- Companies are becoming aware of the challenges relating to biodiversity and resource scarcity. Although most companies present their actions to support biodiversity, it is still difficult to assess the overall level of dependence, with the exception of certain companies belonging to highly dependent sectors. Similarly, in terms of resource scarcity, assessment of the associated economic and financial risks is still in its infancy.
- The most significant progress over the last three years relates to integrating ESG criteria into executive and employee remuneration (the question was extended to company executives this year, and a greater level of maturity is observed regarding the integration of these criteria at the executive level than at employee level) and to integrating social partners into the definition and implementation of CSR strategies (such as the vigilance plan), although major efforts remain to be made (score of 1.13/3).
- Conversely, as has been the case since 2020, we again see a decline in companies' performance on the subjects of a living wage (+0.08 compared to 2021 but the average score remains low at 0.9/3) and fiscal responsibility (-0.21 compared to 2021, with an average score of 0.62/3). Progress also needs to be made regarding the labelling of employee savings schemes. The labelling of all funds, or at least the application of demanding ESG criteria, is still far from being achieved (average score of 1/3).

The FIR hopes that this document will help each of you to form an opinion on the way in which the largest French companies are addressing the major social responsibility themes and their progress over the last three years.



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ENVIRONMENT

Question 1.

Are you explicitly committed to aligning your earnings and investments (CAPEX / OPEX / R&D / M&A, etc.) with the Paris Agreement objective of limiting global warming to 1.5°C? How do you ensure that these earnings and investments respect this objective (please describe the methodologies used)? What key action plans and, if applicable, related investment amounts have you implemented to achieve this objective in the short, medium and long term?

Question 2.

What percentage of your business (expressed as turnover, net banking income, etc.) is directly dependent on biodiversity? What is your biodiversity expenditure?

Question 3.

List the strategic natural resources needed to carry out your business activities and/or those of your clients (water, energy, materials, etc.). How do you assess and calculate the impact of the scarcity of these resources on your business models? What actions are you taking to struggle supply difficulties and to seize opportunities to develop “circular business models”? What are your objectives in this area?

SOCIAL

Question 4.

What proportion of your corporate officers and employees (broken down by type) have environmental and social (E&S) criteria integrated into the determination of their variable remuneration (bonus, long-term incentives, profit-sharing, etc.)? Which governance bodies are responsible for choosing and validating these E&S criteria? How do they ensure that these criteria are relevant, sufficiently incentive-based and correlated with the objectives to be achieved in order to successfully implement the group's environmental and social strategy? (Please specify the non-financial criteria used for corporate officers and for employees.)

Question 5.

What lessons have you learned from the new work organisation methods implemented in your company as a result of the COVID-19 pandemic (remote working, digitalisation of communication methods, increased flexibility, etc.) in terms of their impact on working conditions? How does your human resources strategy currently integrate these new organisational methods? What social dialogue has been conducted on the subject (agreements, shared reflection on the future of work, etc.) across all of your business lines and locations?

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 ensure that its employees, and also the employees of its suppliers, receive a living wage?

Question 7.

Question scope France: apart from investments in your company's own securities, what proportion of the employee savings funds offered to your employees has received a responsible label (SRI, Greenfin, CIES or Finansol labels)? How do you explain the continued offering of non-responsible funds if there is no difference in profitability and when the Paris market is a leader in this area? In your other countries of operation: do your employee savings schemes (pension or other) also include ESG criteria? How does the board of directors or supervisory board encourage subscriptions to these types of employee savings funds?

GOVERNANCE

Question 8.

Do you publish a charter detailing your fiscal responsibility commitments? If so, how does this fiscal responsibility fit into your wider social responsibility? Does the board review and approve this charter? Do you report annually on the application of the charter's principles via a fiscal responsibility report? Does this report detail the taxes paid country by country?

Question 9.

Do you publish a responsible lobbying charter? Are you a member of any professional associations with controversial positions from a public interest perspective? If so, what actions are you taking to reorient the positions of these associations? What resources (human and financial) do you allocate on a consolidated basis (i.e., across your geographical area of operation) to support representation of the public interest?

Question 10.

How does your Group integrate its social partners – at local and global levels – in the different stages of the preparing, updating and implementing its vigilance plan? What resources does the Group provide them with to accomplish this mission? How are these social partners involved in reporting on the effective implementation of the vigilance plan?

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

SUMMARY OF RESULTS

We now present a summary of the main results, the details of which can be found in the full report ([available in French on the FIR website](#)).

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

The FIR has moved from 13 questions in 2021 to 10 in 2022

As in the past two years, the FIR holds one share in each of the CAC 40 companies, allowing it to ask each of these 40 companies ten questions on ten major social responsibility themes. The answers were then analysed by groups of ESG professionals (Environmental, Social and Governance) using a common analysis grid.¹

The ten questions cannot perfectly address all issues and other themes also deserve attention, nevertheless they cover ten major CSR issues that are important for building companies that are resilient and successful over the long term, and that are in tune with society's expectations and aware of their responsibilities.

Following a collective reflection, for the third edition of its written question campaign, the FIR decided to ask fewer questions than last year (moving from thirteen questions to ten) with the aim of improving the quality of responses to each question. The question on gender equality policy (question 11 in 2021) – the question with the highest average score – was removed this year. The question on the equity ratio (question 10 in 2021) was, on the other hand, withdrawn to give companies time to learn about the indicator, as it appeared that an explanatory phase was necessary to clarify its merits and use. Question 4 from 2021 on solidarity between economic actors, and large and small companies, in response to the COVID-19 crisis was also deleted as it was no longer applicable when the questions were drafted in early 2022, although it has in fact retained its relevance given the current

energy crisis. Finally, the question of integrating ESG criteria into profit-sharing agreements has been merged with the question of applying ESG criteria to executive remuneration. The FIR has continued focus on clarifying its questions in order to obtain more precise and comparable answers.

By asking written questions at companies' general meetings, the FIR allows all shareholders, and all interested parties, to benefit from summarised answers to these vital questions. It also makes it possible to compare the answers of these large companies. This exercise provides a better understanding of the companies' approach to particular issues and clarifies certain elements, allowing a better assessment of their level of ambition in terms of social responsibility. Without claiming to reflect all aspects of these companies' policies, the exercise enables us to frame their answers, rather than purely being guided by the elements they communicate via other channels.

The analysis was performed based on the responses of 39 companies,² and it relies on the accuracy of these responses. The analysis does not prejudge the quality of the company's overall practices on the matter. This may leave the door open to a form of *greenwashing* that stakeholders will be able to identify when reading the full responses.³

Ten precise and detailed questions, responses that continue to improve

This year the FIR voluntarily reduced the number of questions asked at companies' general meetings (-3 vs. 2021 and -2 vs. 2020), while trying to encourage more precision and an increased level of detail in the responses. Although the questions have maintained the same themes, they have all been reformulated with the exception of question 6. The purpose of this rewording was to obtain more precise answers and to complete elements that had been missing in previous years. For example, question 2, which in the first year focused on the impact of the company's activities on ecosystems, evolved in 2021 to focus on the means employed to limit the impact of biodiversity loss on the company's future earnings and, finally, in 2022,

1. Although the assessments are subject to some subjectivity on the part of the analysts, all companies are rated from 0 to 3 on the basis of clearly defined criteria for each question, assessing both the company's transparency and its precision.

2. Despite several reminders, Eurofins Scientific, included in the CAC 40 in September 2021, did not wish to answer the FIR's questions this year.

3 https://www.frenchsif.org/isr_esg/wp-content/uploads/2023_reponses_Campagne-FIR-AG2022.pdf (in French).

on the percentage of activities directly dependent on biodiversity and the company's biodiversity expenditure.

21 companies⁴ saw their score rise compared to last year, with L'Oréal (+0.75 points), Vinci (+0.63 points) and Danone (+0.59 points) showing the strongest increases. Three companies were unchanged and fifteen saw their score fall. On a like-for-like basis,⁵ 27 companies improved, ten fell and two were unchanged compared to 2021. The same three companies show the greatest progress.

As in the last two years, the ten questions covered the main issues at the heart of corporate social responsibility today: environmental impact measurement and targets, biodiversity dependence and expenditure, natural resource management, developments in working conditions, ESG criteria in remuneration, respect for human rights, responsible savings, tax policy, lobbying and stakeholder engagement.

The victors of this third campaign

In terms of the consolidated score for all questions, Orange and TotalEnergies top the list in this third campaign with a score of 2.1/3, up 0.1 and 0.2 points respectively⁶ compared to 2021. If we take a more granular view, however, the ranking by theme (E, S and G) reveals different results:

- Kering and Danone come out top in the ranking for the average of the three environmental questions, while Orange and TotalEnergies only achieve 11th place (with an average of 1.67/3);
- L'Oréal, Michelin and TotalEnergies are tied for first place for the average of the four social questions, but with a lower score than the top-ranking companies in the environmental questions (2.25/3 vs. 2.67/3);
- Finally, TotalEnergies and Orange are joined by Société Générale at the top of the ranking for the three governance questions (2.67/3).

Although Orange and TotalEnergies, the top two companies in terms of overall average, score highest on:

- Integrating social partners in the implementation of new working methods (question 5), responsible lobbying (question 9) and integrating social partners in the vigilance plan (question 10) for Orange;

- The living wage (question 6), fiscal responsibility (question 8) and integrating social partners in the vigilance plan (question 10) for TotalEnergies;

They still have progress to make on the other questions and in particular on the measurement of their dependencies on biodiversity and their expenditure on this topic (question 2). In addition, Orange has made little progress on the issue of a living wage, moving from 0 to 1 between 2021 and 2022.

Michelin comes in third with a score of 2/3 (+0.1 compared to 2021).⁷ However, the company has made no progress on its fiscal responsibility, for which it still gets zero points.

At the bottom of the table, we still find Airbus, followed by STMicroelectronics and then Teleperformance and Pernod Ricard. Airbus, STMicroelectronics and Teleperformance have seen their scores drop slightly compared to 2021.⁸ This is explained by the removal of some questions on which they performed fairly well, in addition to a reduced score for other questions that now have stricter requirements (the scores of Airbus and STMicroelectronics fell on the question of fiscal responsibility, for example). The biggest drop in the ranking is Legrand, which fell from 1.46 to 0.9 points (lower scores on questions 2, 3, 5 and 8).⁹

Constant progress in transparency and precision over the three years but less progress in 2022 than in 2021

Overall, three-quarters of the companies (30 companies) have seen their scores increase since 2020.¹⁰

Three companies' scores remained unchanged, while five saw their scores drop.¹¹ Over the past three years, the majority of companies have therefore improved their transparency on ESG topics in the context of their general meeting, by making additional efforts to understand the questions and to be more precise in their answers. More companies improved from 2020 to 2021 (29) than from 2021 to 2022 (21). This can be explained both by the increasingly demanding questions and analyses over the years and by the removal of two questions (questions 4 and 11) on which companies scored relatively well.

4. Compared to last year, one company was not assessed because it is no longer included in the CAC 40 (Atos). It should have been replaced by Eurofins Scientific, but the latter did not wish to answer the FIR's questions this year. In addition, the comparison here is made on the basis of the overall scores for each year, which do not include the same number of questions from one year to the next.

5. In this case, we compared the overall scores of each company on a like-for-like basis, with questions 4, 10 and 11 removed from the calculation of the overall scores for 2021.

6. Comparison here of the overall 2022/2021 scores with all questions for each year.

7. Comparison here of the overall 2022/2021 scores with all questions for each year.

8. On a like-for-like basis, only STMicroelectronics' score deteriorates.

9. On a like-for-like basis, Legrand also saw the biggest drop, on a par with Crédit Agricole, with -0.5 points.

10. Comparison here of the overall 2022/2020 scores with all of the questions for each year. Some of the questions asked in 2022 were not yet formulated in 2020, which makes the like-for-like comparison less relevant. However, of the eight comparable questions between 2022 and 2020, 33 companies saw their overall score increase.

11. Comparable evolution based on 38 companies, with Atos and Accor exiting the CAC 40 in 2021 and 2020, respectively.

Analysis of the results table shows a slight overall improvement on last year with an average score for the ten questions of 1.33/3 vs. 1.26/3 in 2021 and 1.04 in 2020.

A majority of satisfactory responses (two or three stars) were given to three questions (equal to last year): 30 companies (vs. sixteen in 2021) on the question of aligning CAPEX with the Paris Agreement (Q1) (but only two maximum scores); 24 companies (vs. 26 in 2021) on the question of managing resource scarcity (Q3); and 31 companies on the question of integrating ESG criteria into remuneration (Q4). Companies obtaining three stars are still in the minority, with a maximum of seven companies for the questions on responsible lobbying (Q9) and on integrating social partners in the vigilance plan (Q10). There was only one question (vs. three in 2021) for which no company obtained the maximum score: the question relating to the labelling of employee savings funds (Q7). For the question on fiscal responsibility (Q8), only one company obtained the maximum score.

The issue on which companies are the most mature overall is the integration of ESG criteria into remuneration (Q4, extended to executive remuneration and not just profit sharing this year). In addition, the two questions that have seen the greatest progress compared to 2021 are:

- Question 1 (alignment of earnings, investments and action plans with the Paris Agreement): +0.33 points, question with the 2nd highest average after question 4; and
- Question 10 (integrating social partners in the vigilance plan): + 0.51 points.

Conversely, the questions with the biggest drop in their average score are question 7 on the labelling of employee savings funds (-0.28 points) and question 8 on fiscal responsibility (-0.21 points).

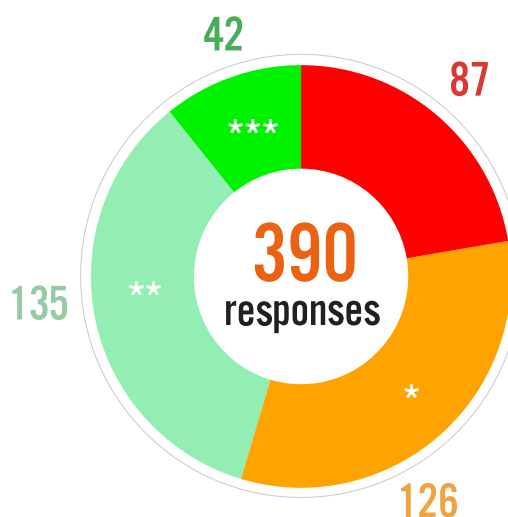
The questions with the lowest averages are:

- Question 6 on the living wage (as has been the case since 2020), although it has increased by 0.06 points since 2020 to an average of 0.9/3;
- Question 8 on fiscal responsibility with a score of 0.62/3, the lowest average of the ten questions. The deterioration can be partly explained by the question being more comprehensive than in 2021.

In general, the companies still have a lot of progress to make, particularly in their understanding and implementation of a living wage throughout their value chain and in their ability to integrate fiscal responsibility with corporate social responsibility.

In 2023, the FIR will continue to pursue its constructive responsible investor approach via its engagement platform, including its general meeting written question campaigns.

We would like to see the quality of the answers 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. At the same time, we will continue to seek dialogue with companies to explain our approach and our expectations regarding the questions.



Note : 390 responses from the CAC 40

To see all of the companies' responses,

[click here](#)

Eurofins Scientific:

Despite our reminders, the company did not provide any answers to the FIR's questions this year. This lack of transparency towards its shareholders is interpreted as a lack of maturity, which is not acceptable for a CAC 40 company. In general, we find that CAC 40 companies headquartered outside France, such as Eurofins Scientific in Luxembourg, tend to be less transparent about their non-financial performance than their peers with headquarters in France.

CAC 40 companies with headquarters outside France: Airbus (Netherlands), ArcelorMittal (Luxembourg), Eurofins Scientific (Luxembourg), STMicroelectronics (Netherlands).

Application of a penalty:

This year, we applied a penalty of -0.1 points to the overall score of the five companies (LVMH, Michelin, Pernod Ricard,¹² TotalEnergies and Vivendi) that do not provide a generic email address for sending written questions online and that require a postal delivery with acknowledgement of receipt, which we consider to be an obstacle to dialogue.

12. We appreciated Pernod Ricard's written response to the FIR's questions, given that it had provided only oral responses in the previous two years, although we would have preferred the company to respond both orally and in writing.

TABLE OF SCORES FOR ALL QUESTIONS

Companies	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Score 2022
AIR LIQUIDE	2	2	1	2	2	0	1	0	1	2	1.30
AIRBUS GROUP	1	0	2	1	0	0	1	0	0	0	0.50
ALSTOM	2	1	2	2	1	0	1	0	3	0	1.20
ARCELORMITTAL	2	1	2	1	0	1	0	0	1	0	0.80
AXA	2	1	1	2	2	0	1	2	1	0	1.20
BNP PARIBAS	2	2	2	3	2	1	2	2	3	0	1.90
BOUYGUES	2	0	1	2	2	0	0	1	1	0	0.90
CAPGEMINI	3	0	1	3	2	0	1	0	0	1	1.10
CARREFOUR	1	3	3	1	1	2	1	0	2	2	1.60
CRÉDIT AGRICOLE	1	1	1	2	1	0	1	2	2	1	1.20
DANONE	2	3	3	2	2	1	1	2	1	2	1.90
DASSAULT SYSTÈMES	2	1	3	2	2	0	1	1	2	1	1.50
ENGIE	2	1	1	2	2	0	0	1	1	3	1.30
ESSILOR LUXOTTICA	1	1	3	2	1	0	0	0	2	0	1.00
HERMÈS	1	2	2	1	1	0	1	0	1	1	1.00
KERING	2	3	3	1	1	3	2	1	3	0	1.90
L'OREAL	2	2	2	2	3	3	1	0	2	2	1.90
LEGRAND	2	1	1	2	1	0	1	0	1	0	0.90
LVMH	2	1	1	1	2	2	0	0	2	0	1.00
MICHELIN	2	3	2	2	2	3	2	0	3	2	2.00
ORANGE	2	1	2	2	3	1	2	2	3	3	2.10
PERNOD RICARD	1	0	2	2	2	0	1	0	0	0	0.70
PUBLICIS	2	1	1	2	1	0	1	0	1	0	0.90
RENAULT	2	1	3	2	3	1	2	0	3	2	1.90
SAFRAN	2	1	2	2	2	1	2	1	2	1	1.60
SAINT-GOBAIN	2	1	2	2	1	0	0	0	0	0	0.80
SANOFI	2	1	1	1	1	2	0	1	2	3	1.40
SCHNEIDER ELECTRIC	2	3	2	3	2	3	0	0	2	2	1.90
SOCIÉTÉ GÉNÉRALE	2	0	1	2	1	0	2	2	3	3	1.60
STELLANTIS	2	2	1	1	0	1	1	1	1	0	1.00
STMICROELECTRONICS	2	0	1	3	0	0	0	0	0	0	0.60
TELEPERFORMANCE	1	1	1	2	1	1	0	0	0	0	0.70
THALES	2	1	2	2	2	0	1	0	1	2	1.30
TOTALENERGIES	2	1	2	2	2	3	2	3	2	3	2.10
UNIBAIL-RODAMCO-WESTFIELD	2	1	1	2	1	1	1	1	1	0	1.10
VEOLIA	2	1	2	3	1	2	2	1	2	3	1.90
VINCI	1	1	2	2	1	2	2	0	0	3	1.40
VIVENDI	1	1	2	2	1	0	1	0	1	2	1.00
WORLDLINE	3	2	2	2	3	1	1	0	2	0	1.60

TABLES OF SCORES GROUPED BY ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

Environmental Questions

Companies	Average
AIR LIQUIDE	1.67
AIRBUS GROUP	1.00
ALSTOM	1.67
ARCELORMITTAL	1.67
AXA	1.33
BNP PARIBAS	2.00
BOUYGUES	1.00
CAPGEMINI	1.33
CARREFOUR	2.33
CRÉDIT AGRICOLE	1.00
DANONE	2.67
DASSAULT SYSTÈMES	2.00
ENGIE	1.33
ESSILOR LUXOTTICA	1.67
HERMÈS	1.67
KERING	2.67
L'ORÉAL	2.00
LEGRAND	1.33
LVMH	1.33
MICHELIN	2.33
ORANGE	1.67
PERNOD RICARD	1.00
PUBLICIS	1.33
RENAULT	2.00
SAFRAN	1.67
SAINT-GOBAIN	1.67
SANOFI	1.33
SCHNEIDER ELECTRIC	2.33
SOCIÉTÉ GÉNÉRALE	1.00
STELLANTIS	1.67
STMICROELECTRONICS	1.00
TELEPERFORMANCE	1.00
THALES	1.67
TOTALENERGIES	1.67
UNIBAIL-RODAMCO-WESTFIELD	1.33
VEOLIA	1.67
VINCI	1.33
VIVENDI	1.33
WORLDLINE	2.33

Social Questions

Companies	Average
AIR LIQUIDE	1.25
AIRBUS GROUP	0.50
ALSTOM	1.00
ARCELORMITTAL	0.50
AXA	1.25
BNP PARIBAS	2.00
BOUYGUES	1.00
CAPGEMINI	1.50
CARREFOUR	1.25
CRÉDIT AGRICOLE	1.00
DANONE	1.50
DASSAULT SYSTÈMES	1.25
ENGIE	1.00
ESSILOR LUXOTTICA	0.75
HERMÈS	0.75
KERING	1.75
L'ORÉAL	2.25
LEGRAND	1.00
LVMH	1.25
MICHELIN	2.25
ORANGE	2.00
PERNOD RICARD	1.25
PUBLICIS	1.00
RENAULT	2.00
SAFRAN	1.75
SAINT-GOBAIN	0.75
SANOFI	1.00
SCHNEIDER ELECTRIC	2.00
SOCIÉTÉ GÉNÉRALE	1.25
STELLANTIS	0.75
STMICROELECTRONICS	0.75
TELEPERFORMANCE	1.00
THALES	1.25
TOTALENERGIES	2.25
UNIBAIL-RODAMCO-WESTFIELD	1.25
VEOLIA	2.00
VINCI	1.75
VIVENDI	1.00
WORLDLINE	1.75

Governance Questions

Companies	Average
AIR LIQUIDE	1.00
AIRBUS GROUP	0.00
ALSTOM	1.00
ARCELORMITTAL	0.33
AXA	1.00
BNP PARIBAS	1.67
BOUYGUES	0.67
CAPGEMINI	0.33
CARREFOUR	1.33
CRÉDIT AGRICOLE	1.67
DANONE	1.67
DASSAULT SYSTÈMES	1.33
ENGIE	1.67
ESSILOR LUXOTTICA	0.67
HERMÈS	0.67
KERING	1.33
L'ORÉAL	1.33
LEGRAND	0.33
LVMH	0.67
MICHELIN	1.67
ORANGE	2.67
PERNOD RICARD	0.00
PUBLICIS	0.33
RENAULT	1.67
SAFRAN	1.33
SAINT-GOBAIN	0.00
SANOFI	2.00
SCHNEIDER ELECTRIC	1.33
SOCIÉTÉ GÉNÉRALE	2.67
STELLANTIS	0.67
STMICROELECTRONICS	0.00
TELEPERFORMANCE	0.00
THALES	1.00
TOTALENERGIES	2.67
UNIBAIL-RODAMCO-WESTFIELD	0.67
VEOLIA	2.00
VINCI	1.00
VIVENDI	1.00
WORLDLINE	0.67

APPENDIX I

PARTICIPANTS IN THE WRITTEN QUESTION CAMPAIGN

We would like to thank:

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Grégoire Cousté – Forum pour l'Investissement Responsable (FIR)

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

Alice de la Morinière – UBP Asset Management

Alix Ditisheim – Phitrust

Julien Foll – Amundi

Paul Guguen – Ircantec

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

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

Marie Marchais – The French Sustainable Investment Forum (Forum pour l'Investissement Responsable - FIR)

François Nolleau – Ircantec

Benoît Ostertag – CFDT (French national trade union)

Thiênn-Minh Polodna – The French Sustainable Investment Forum (Forum pour l'Investissement Responsable - FIR)

Alice Pittet – Ircantec

Simona Rizzuto – ODDO BHF Asset Management

Anouk Rouanet – Crédit Mutuel

Alix Roy – Ecofi

Juliette Simonetto – The French National Institute for the Circular Economy (Institut National de l'Économie Circulaire - INEC)

Deborah Slama Yomtob – Amundi

Joyce Stevenson – Mandarine Gestion

Liudmila Strakodonskaya – AXA IM

Lola Vernerey – Ircantec

Diane Vignalou – Ethifinance

Philippe Vigneron – CFDT (French national trade union)

Cesare Vitali – Ecofi

APPENDIX II : COMPARISON OF THE 2022, 2021 AND 2020 RESULTS¹³

Companies	Scores 2022	Scores 2021	Scores 2020	Score 2022/2020
AIR LIQUIDE	1.3	1.38	1.25	0.05
AIRBUS GROUP	0.5	0.62	0.25	0.25
ALSTOM	1.2	1.00	na	na
ARCELORMITTAL	0.8	0.62	0.33	0.47
AXA	1.2	1.46	1.25	-0.05
BNP PARIBAS	1.9	1.92	1.58	0.32
BOUYGUES	0.9	0.77	1.00	-0.10
CAPGEMINI	1.1	0.85	1.08	0.02
CARREFOUR	1.6	1.23	1.33	0.27
CRÉDIT AGRICOLE	1.2	1.62	1.58	-0.38
DANONE	1.9	1.31	1.42	0.48
DASSAULT SYSTÈMES	1.5	1.15	1.33	0.17
ENGIE	1.3	1.54	1.00	0.30
ESSILOR LUXOTTICA	1	1.15	0.33	0.67
HERMÈS	1	1.00	0.50	0.50
KERING	1.9	1.85	1.08	0.82
L'ORÉAL	1.9	1.15	0.92	0.98
LEGRAND	0.9	1.46	0.92	-0.02
LVMH	1	1.31	0.92	0.08
MICHELIN	2	1.92	1.58	0.42
ORANGE	2.1	2.00	1.67	0.43
PERNOD RICARD	0.7	0.69	0.67	0.03
PUBLICIS	0.9	0.69	0.75	0.15
RENAULT	1.9	1.54	0.92	0.98
SAFRAN	1.6	1.69	1.25	0.35
SAINT-GOBAIN	0.8	1.15	1.25	-0.45
SANOFI	1.4	1.62	1.25	0.15
SCHNEIDER ELECTRIC	1.9	1.77	1.75	0.15
SOCIÉTÉ GÉNÉRALE	1.6	1.46	0.83	0.77
STELLANTIS	1	0.85	1.17	-0.17
STMICROELECTRONICS	0.6	0.69	0.50	0.10
TELEPERFORMANCE	0.7	0.77	0.67	0.03
THALES	1.3	1.31	0.83	0.47
TOTALENERGIES	2.1	1.92	1.25	0.85
UNIBAIL-RODAMCO-WESTFIELD	1.1	1.31	1.08	0.02
VEOLIA	1.9	1.62	0.92	0.98
VINCI	1.4	0.77	1.17	0.23
VIVENDI	1	0.85	0.58	0.42
WORLDLINE	1.6	1.31	1.17	0.43

13. Comparison of the overall 2022/2021/2020 scores with all questions for each year.

APPENDIX III : EVOLUTION OF THE AVERAGE SCORES PER QUESTION BETWEEN 2020 AND 2022¹⁴

Average scores per question				
Question 2022	2022	2021	2020	Evolution of the average per question between 2020 and 2022
1	1.82	1.49	1.46	0.36
2	1.26	1.28	0.87	0.39
3	1.77	1.69		
4	1.92	1.10	1.03	0.89
5	1.49	1.33	0.92	0.57
6	0.90	0.82	0.84	0.06
7	1.00	1.28	1.08	- 0.08
8	0.62	0.82	0.79	- 0.17
9	1.49	1.31		
10	1.13	0.64	0.37	0.76

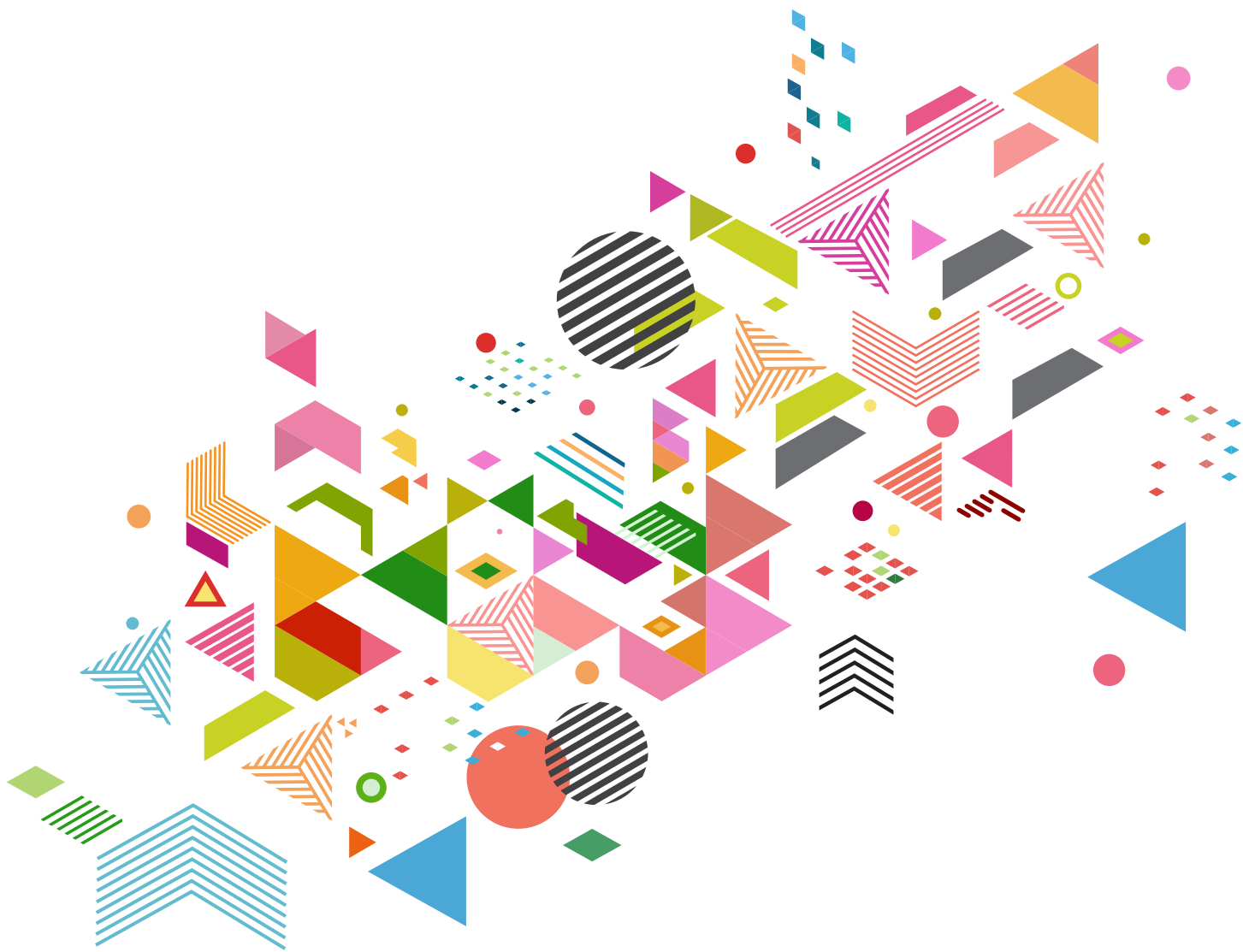
APPENDIX IV : 2022/2021/2020 WRITTEN QUESTIONS

	2022	2021	2020
Q1	Are you explicitly committed to aligning your earnings and investments (CAPEX / OPEX / R&D / M&A, etc.) with the Paris Agreement objective of limiting global warming to 1.5°C? How do you ensure that these earnings and investments respect this objective (please describe the methodologies used)? What key action plans and, if applicable, related investment amounts have you implemented to achieve this objective in the short, medium and long term?	What amounts of Capex do you need to invest by 2025 to be aligned with the Paris Agreement? How will these Capex expenditures be distributed across the value chain between maintenance Capex and growth Capex? What is their geographical distribution?	How are your CAPEX / development plans aligned with a climate scenario compatible with the Paris Agreement? (Question 2)
Q2	What percentage of your business (expressed as turnover, net banking income, etc.) is directly dependent on biodiversity? What is your biodiversity expenditure?	How do you limit the impact of biodiversity loss on your future earnings? Specify the indicators and means you have put in place.	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)? (Question 3)
Q3	List the strategic natural resources needed to carry out your business activities and/or those of your clients (water, energy, materials, etc.). How do you assess and calculate the impact of the scarcity of these resources on your business models? What actions are you taking to combat supply difficulties and to seize opportunities to develop "circular business models"? What are your objectives in this area?	How do you plan ahead for the scarcity of certain natural resources and difficulties procuring your strategic resources? How does this affect your business models and how do you secure your supply chains?	
Q4	What proportion of your corporate officers and employees (broken down by type) have environmental and social (E&S) criteria integrated into the determination of their variable remuneration (bonus, long-term incentives, profit-sharing, etc.)? Which governance bodies are responsible for choosing and validating these E&S criteria? How do they ensure that these criteria are relevant, sufficiently incentive-based and correlated with the objectives to be achieved in order to successfully implement the group's environmental and social strategy? (Please specify the non-financial criteria used for corporate officers and for employees.)	Do you take environmental and social criteria into account in the profit-sharing agreements of your employees in France? If yes: - What are these criteria? Have they changed since 1 st April 2020? - What proportion do these criteria represent in the profit-sharing formula? Has it changed in the last year? - What proportion of employees are affected?	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?

14. Scope: companies included in the CAC 40 from 2020 to 2022, i.e., 38 companies.

	2022	2021	2020
Q5	What lessons have you learned from the new work organisation methods implemented in your company as a result of the COVID-19 pandemic (remote working, digitalisation of communication methods, increased flexibility, etc.) in terms of their impact on working conditions? How does your human resources strategy currently integrate these new organisational methods? What social dialogue has been conducted on the subject (agreements, shared reflection on the future of work, etc.) across all of your business lines and locations?	How do you manage, at group level, the social impacts associated with the massive development of teleworking since the beginning of the pandemic? In particular in terms of psychosocial risk management, cost sharing, employee satisfaction surveys, shifts in employee choices, share of teleworkers, etc.	How does your company prepare its employees for the 21 st century transitions that are shaking up your industry?
Q6	Do you have a definition of the “living wage” that goes beyond the local legal minimum wage? If yes, what is it? How does your company ensure that its employees, and also the employees of its suppliers, receive a living wage?	Do you have a definition of the “living wage” that goes beyond the local legal minimum wage? If yes, what is it? How does your company ensure that its employees, and also the employees of its suppliers, receive a living wage?	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?
Q7	Question scope France: apart from investments in your company's own securities, what proportion of the employee savings funds offered to your employees has received a responsible label (SRI, Greenfin, CIES or Finansol labels)? How do you explain the continued offering of non-responsible funds if there is no difference in profitability and when the Paris market is a leader in this area? In your other countries of operation: do your employee savings schemes (pension or other) also include ESG criteria? How does the board of directors or supervisory board encourage subscriptions to these types of employee savings funds?	In the context of employee savings, which funds have received a socially responsible investment label (CIES, Finansol, Greenfin, SRI)? For each fund offered, what is the name of the label(s), what is its percentage share in the employee savings portfolio, and to what proportion of employees is it offered? In addition, what proportion of the group's employees in France and abroad have access to other forms of professional savings, particularly for retirement? What proportion of the assets corresponding to these savings is managed in a socially responsible manner and has “quality marks”? Which ones? (Question 8)	What proportion of employee savings scheme funds have received a socially responsible investment label (CIES, Finansol, Greenfin, SRI)? (Question 8)
Q8	Do you publish a charter detailing your fiscal responsibility commitments? If so, how does this fiscal responsibility fit into your wider social responsibility? Does the board review and approve this charter? Do you report annually on the application of the charter's principles via a fiscal responsibility report? Does this report detail the taxes paid country by country?	Do you apply the GRI 207 standard for your public tax reporting? If yes, does this reporting cover all the elements indicated in this standard and if not, which elements have you chosen not to publish and why? If you are not using this standard, what are the reasons and do you plan to apply it in the near future (in one to two years)? What other measures have you implemented or do you plan to implement to meet your stakeholders' increasing demand for tax transparency? (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? (Question 9)
Q9	Do you publish a responsible lobbying charter? Are you a member of any professional associations with controversial positions from a public interest perspective? If so, what actions are you taking to reorient the positions of these associations? What resources (human and financial) do you allocate on a consolidated basis (i.e., across your geographical area of operation) to support representation of the public interest?	How are your lobbying practices formalised and how do they fit into your group's CSR strategy? Can you describe your company's chain of responsibility for lobbying or institutional relations? In which cases can or should the matter be referred to your group's supervisory body (board of directors, supervisory board)? What information do you publish about your lobbying practices (public positions, allocated budgets, etc.) for each of your global markets? (Question 12)	
Q10	How does your Group integrate its social partners – at local and global levels – in the different stages of the preparing, updating and implementing its vigilance plan? What resources does the Group provide them with to accomplish this mission? How are these social partners involved in reporting on the effective implementation of the vigilance plan?	How, in concrete terms, do you involve your social partners, at group level and locally, in engaging your company in a just transition? Do you intend to publish their opinion on your vigilance plan? Do you intend to publish their opinion on your non-financial performance statement? (Question 13)	Do you intend to publish the opinion of your social partners on your group's Non-Financial Performance Statement? (Question 12)

Appendix IV : Written questions 2022/2021/2020



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