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**The ORSE newsletter**

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**IN BRIEF**

→ The OECD is satisfied with progress in tax cooperation

The OECD recently congratulated Switzerland, Austria, Luxemburg and Andorra for their commitment to "improve the transparency and exchange of tax information".

The Principality of Monaco also announced its intention to adopt the OECD standards on tax matters in order to be taken off the black list of "uncooperative tax havens", on 2 April during the G20 meeting in London. Finally, the OECD noted recent advances in Singapore, Hong Kong, the Isle of Man and the Cayman Islands.

**FIGURE OF THE MONTH****3 million**

the number of people who die prematurely each year from water related sicknesses in developing countries, according to a new report by the UN.

**EDITORIAL****Human assets at the heart of corporate governance**

At the same time as Barak Obama was forcefully inviting American business leaders to "enter a new era of responsibility", an opportune book published recently in Europe reminds us that corporate governance is a human issue.

Its success does not, as people sometimes think, rely mainly on the implementation of rules, procedures and controls. The key to good governance, as underscored by the school of cognitive and behavioural governance (led in France by professor Gérard Charreaux), lies in the quality of relations and the collective game played by actors (managers, administrators, shareholders, wage-earners) in their good behaviour, as well as their collective and individual ethics. For a company, listening to stakeholders, replying to their expectations as well as possible and anticipating their needs, are unavoidable demands if it wishes to assure its future and improve its performance.

Full account must be taken of this capacity to preserve and promote human capital when choosing those who will be called upon to exercise direction and control: managers and administrators.

Besides vision and training capacity, the former should be able to listen, respect others and show a capacity for teamwork and self-criticism.

The latter are expected to show commitment and competency, but also integrity and independence. As recommended by the IFA



Daniel Lebègue, Président de l'ORSE

(Institut Français des Administrateurs), the increased presence of elected or employee proposed administrators on company boards, the increased nomination of women and the search for real diversity of socio-professional origins would undoubtedly give more space to the human factor and relationships with civil society in corporate piloting.

There are, indeed, subjects the board of directors must discuss, upon which it can provide real added value without in any way replacing management, for example: when it comes to defining the charter of corporate values, policies to attract talent and promote diversity, taking account of the human impact in major merger and acquisition operations, or the corporate contribution to the promotion of human rights and the preservation of the environment.

governance and CSR, CSR in governance: we expect the 21st century company to be not only economically efficient, but also well governed and socially responsible.

Daniel Lebègue, President of ORSE

**→ Sustainable development, a factor for growth**

According to a study by the BIPE, (see interview on p. 2), between 2006 and 2035, the growth rate of the French economy under a sustainable development scenario could reach 2.2% per year, i.e. 0.4 points more than in a "go with the flow" scenario. Indeed, compared with a

long term "go with the flow" growth scenario of 1.8% per year, the acceleration of activity in many sectors (mostly with weak importation rates, or in which France benefits from comparative advantages compared with other regions of the world), will more than compensate for the turndown in activity in the automobile sector.





Elisabeth Rocha, Associate Vice President of the BIPE

## 30 year perspectives for a France committed to sustainable development

The BIPE celebrated its 50th anniversary on 20 January 2009, by publishing a prospective book developed and written by its "30 year perspectives for a France committed to sustainable development" teams.

The aim of this study is to describe how the economy and varying sectors thereof will be transformed during their progress towards a sustainable development trajectory.

What are the challenges facing the major economic sectors today, and what will they be tomorrow?

How will they respond, how will they end-up?

And what will the consequences be for other sectors?



Elisabeth Rocha, Associate Vice President of the BIPE

Comments with Elisabeth Rocha, Associate Vice President of the BIPE...

→ **What was the starting point for your study, the basis you relied on for this prospective exercise?**

One of the starting points was to reflect on the logic of territorial and town planning, asking the question: "what sort of territorial planning do we want?".

Because the consequences in terms of sustainable development on our way of life, transportation...and thus on greenhouse gas emissions, are major.

Another starting point, being realistic, was to accept that we could not go against individual expectations to impose a system of constraints.

Therefore, we needed to ask ourselves what could be done to avoid wasting resources, especially those that will become rare tomorrow, such as silence, space, the respect for private life, water, darkness... pedagogy, call upon civic sense... without, of course, denying the role of regulation and taxes.

→ **How can we avoid such waste?**

That is one of the important conclusions of our report: if we want to achieve a real change in our value systems, we need to change the relative price of goods, giving them their true value by integrating externalities to approach a global cost.

This integration of the "global cost" in pricing systems will also contribute to evolution in product conception, in a positive sense in terms of sustainable development: conception of repairable goods, longer working life, modular goods, individual parts of which can be changed (screen, battery...) to integrate the latest innovations.

→ **One of the specificities of the BIPE, is sectoral analysis... How are the different economic sectors going to survive the often-radical transformation of their business model that sustainable development is going to impose on them?**

Based on our analysis, we have distinguished four family sectors:

- "engine-room" sectors and/or activities that will "promote", perhaps even make possible, change in other areas of activity (nanotechnology, renewable energy...)
- dynamism "bearing" sectors whose growth will be stimulated by the transition to sustainable development (cultural activities and leisure, collective transportation, personal services...)
- "transitional" sectors that will undergo (or orchestrate) important changes, but whose growth rate will not be appreciably affected (air transport,

water management, industrial maintenance, financial services)

- "unavoidable transition" sectors which, in their current configuration and in the absence of evolution in their "field" of activity, will be less dynamic than in the past, at least in traditional markets, in terms of growth (automobile, road transport).

→ **Will sustainable development entail sectoral integration?**

In 20 or 30 years, we will have evolved towards "new" activities, "new" frontiers between companies, between sectors, and between areas of activity.

It is a good bet that tomorrow's new activities will no longer be conjugated on the basis of the "product" or the "service" itself, or the technology used to produce it, but on basis of the role played by the product or service.

For example: "transportation" will be the domain of those concerned by "mobility services".

→ **What will the role of public authorities be in this evolution?**

Public policy must become re-acquainted with the maxim: "to govern is to anticipate": there is not enough long-term reflection... To reach citizens and businesses, they must use means of communication, education and pedagogy, call upon civic sense... without, of course, denying the role of regulation and taxes.



## → **an "anti-obesity" Charter for communication professionals**

In Europe, 5.1 million children are obese, i.e. 6.8% of them. The international organization for the study of obesity (OIEO) estimates that there will be 300,000 more obese children each year in Europe.

Faced with the progression of this social "bane", advertising professionals and the French professional authority for the regulation

of advertising (ARPP) have just signed a Charter with public authorities to promote feeding habits and physical activity favourable to health in programs and advertisements shown on television.

The professionals agree to encourage balanced nutritional behaviour in advertising:

- advertisers agreed to re-evaluate ethical rules on the content of advertising messages aimed at children;
- advertisers in the food industry agreed to finance education programs adapted to a young public in favour of good life, eating and physical activity behaviour.

## adapting business to climate change

The new publication, "Adaptation: An Issue Brief for Business", by the World Business Council for Sustainable Development (WBCSD) presents an overview of climate adaptation issues from a business perspective.

The report examines the potential impacts of climate changes on business, risks and opportunities, and the business case for adaptation planning.

It is now acknowledged that even if we do succeed in reducing emissions, some climate change impacts are unavoidable because of the level of greenhouse gas emissions in the atmosphere.

As a result, adaptation will be necessary because temperatures will continue to rise with the attendant short and long-term impacts that this will bring, as witnessed by the increasingly high costs of extreme weather events, compounded by rising population densities and eroding natural protection systems.

Changes in the Earth's climate system could have repercussions on how business operates. The magnitude and frequency of impacts are uncertain, but consequences with negative effects on business could include:

- Higher temperatures, which could affect the location, design, efficiency, operation and marketing of business infrastructure, products and services
- Water scarcity, which could stymie business operations, particularly those of water-reliant industries
- Rising sea levels, which could affect the location of business operations, submerge or complicate access to raw materials or natural and human resources
- Increased frequency of extreme weather events, which could damage business infrastructure, disrupt logistics, and affect business continuity and costs
- Changes in the distribution of vector borne disease (e.g., malaria) and greater population migration, with their attendant socioeconomic impacts on workforces and markets.

Climate change could also affect business through its impacts on key stakeholders:

- Customers affected by climate-related stress, losses, costs and damages may have less disposable income to spend on conventional goods and services
- Investment analysts, who are already asking for disclosure of climate risks and demonstration of an effective risk management strategy, may demand even greater disclosure
- Investors, who may shift away from business perceived to be at high risk from or of contributing to climate change
- Regulators, who are likely to implement new measures requiring new business processes and skills for compliance management which is likely to increase costs.

### Areas for business adaptation action

Along with efforts to reduce emissions, there are three spheres of risk and influence where business can take action to contribute to adaptation: "inside the fenceline" (within their own operations and supply chains), "beyond the fenceline" (in partnership with surrounding communities), and "beyond the horizon" (in collaboration with the global community).

### Action to minimize risks

- Inside the fenceline
  - Redesign to minimize water use
  - Redesign for resilience
  - Emergency response preparedness
  - Supply chain balancing and contingency planning
- Beyond the fenceline
  - Community emergency response
  - Infrastructure planning
  - Logistics contingency planning
  - Community health plans
  - Watershed management
- Beyond the horizon
  - Support for global health programs
  - Improved information systems

### Action to leverage opportunities:

- Inside the fenceline
  - Design of new products and services
- Beyond the fenceline
  - Enter new markets for products and services
- Beyond the horizon
  - Enter new markets for products and services

## → An independent advertising observatory

The French "Alliance for the planet" launched an independent advertising watchdog (Observatoire indépendant de la publicité - OIP) on 31 January 2009.

Self-proclaimed "Spur to the official system", its website: <http://observatoiredepublicite.fr> has the ambition of "being a space for alerts and civil society expertise in the advertising field, but also for public awareness raising and training".

The OIP can be contacted by an internet user who believes an advertisement contravenes the existing regulatory framework (consumer and environmental protection codes; recommendations by the ARPP).

The observatory then rapidly brings together a panel of associative experts and communication professionals to evaluate the advertisement in question.

Moreover, web users can also give their opinion "with the aid of available documentation and a diagnostic framework". After a month, the observatory makes the expert evaluation public, as well as the score attributed by the users.

For memory, at the end of 2009, an assessment will be conducted of application of the charter of commitment and objectives for eco-responsible advertising signed by representatives of the advertising profession with the Ministry of the Ecology, as part of the Grenelle Environment summit.

According to the Alliance for the planet, despite "significant progress", the current system "is still perfectible".

## "Men are the future of professional equality"



On 8 March 2009, International Women's Day, ORSE published two studies:

### A progress report on collective negotiation relating to professional equality issues

This report relies on the enterprise agreements listed on-line by ORSE at: [www.egaliteprofessionnelle.org](http://www.egaliteprofessionnelle.org)

Around 159 enterprise agreements covering professional gender equality have been signed since 2002, compared with 112 only a year ago.

The progression in agreements (27% in one year) may be observed mainly in major companies. 70% of CAC 40 companies are signatories of an agreement, against 60% in March 2008, as well as 32% of the 120 biggest French companies, against 20% the year before.

Beyond numerical objectives for the reduction of salary gaps and the level of female managers, these agreements focus on new

themes, such as the work/life balance, widening recruitment, the workplace organization, and the struggle against gender stereotypes.

35 professional branch agreements relating to professional equality issues have been signed since 2002, of which 19 new ones in 2008, especially in the chemical, the mass retail and insurance sectors.

ORSE also analyses the content of enterprise agreements (more than a hundred agreements over the 3 last years).

The following observations emerge:

- beyond proclaiming the major principles of non-discrimination, companies are increasingly committing to very specific, numerical

objectives to be reached (salary gaps, level of female managers);

- companies are diversifying the themes under negotiation.

New emerging themes include issues of:

- life/work balance, with an emphasis on child minding systems;
- widening recruitment methods to ensure real job diversity. Companies realise that this requires complete revision of the entire HR process (both at the time of recruitment and through professional development);
- working conditions and organization, notably to allow women to work in so-called male jobs and sectors;
- gender stereotypes that penalize women in their access to management positions, but also create difficulties for men in their commitment to family life.

### A call to companies to involve men in questions of equality

Men, the future of professional equality? Why must men be included in the professional equality process?

Male voices have, until now, not been heard often on the subject of male / female equality, as if the question should only be seen from a feminine perspective. Lack of interest for this question on their behalf? Nationalist temptation?

Under-estimation of the challenges and benefits they could derive from greater professional equality?

These observations mask others: in fact, men, just like women, remain constrained by gender stereotypes lagging behind the major social evolution since the '60s. In any case, the logic of imprisoning the sexes in stereotyped roles also penalizes companies, which cannot take advantage of diversity. The relative "breakdown" of the



professional equality process based solely on women has pushed them lately to think and act differently.

Methodology and levers for action

Here are some levers for action extracted from the special file "men are the future of professional equality", extracted from examples of corporate action.

Modernize corporate culture and combat gender stereotypes to:

- help employees, especially managers, question gender stereotypes in the framework of awareness raising action;
- promote the implication and exemplariness of directors;

- develop diversity in debating and negotiation arenas and raise the issue of reconciling work time for all;

- promote commitments to males employees in internal communication to help them better reconcile their personal and professional lives..

More flexible work organization to:

- restrict work meetings for all;
- promote male / female equality in the work time adjustment.

Accompany professional careers to:

- allow men to take leave during an unforeseen family crisis;
- strengthen paternity leave;
- allow men to integrate parental leave mechanisms.

