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Appendix to the study: "The extension of social security  
and the social responsibility of multinational enterprises:  
An exploratory study" Lou Tessier, Helmut Schwarzer,  
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## **Transcripts of eight interviews**

INTERNATIONAL LABOUR OFFICE, GENEVA

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L'Agence Française de Développement (AFD)

Danone

France Télécom – Orange

Lafarge

Sanofi

Total

Vallourec

Véolia Environnement

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# Agence Française de Développement (AFD – The French Development Agency)

Business sector	Financial sector: credit institution with a permanent public service mission.
Turnover	Not Applicable. Endowment of 400 million Euros.
Countries of operation	Intervention in more than 70 countries.
Number of employees	Staff of 2,048 persons in 2011.

## Summary

Guarantees	<ul style="list-style-type: none"> <li>- Supplementary health insurance.</li> <li>- Survivors pension.</li> <li>- Disability / Invalidity Insurance.</li> <li>- Old age pensions.</li> </ul>
Population covered	All employees and their families, with the exception of employees of temporary structures in countries with new presences.
Implementation	Centralized Implementation. Employee participation through representatives, intervening only on technical aspects.
Funding	Contributions fully paid by AFD. AFD self-insures sickness contingencies. Sick leave and disability leave are self-financed by AFD for the first six months, then an insurance company takes over. Survivors pension is outsourced to an insurance company. Old age pensions are funded by the employer in the form of a single payment.

## Coverage

AFD has set up a social protection program covering death, disability, invalidity, health and old age contingencies. Regarding death, disability and invalidity contingencies, the amount of the benefit depends on the individual circumstances of the employee at the time of the event, ranging from 200% of the annual wage for an insured person living alone to 400% for an insured person with three dependent children.

The supplementary health insurance of employees fully covers inpatient costs and ambulance transport, maternity benefits and preventive medicine. Outpatient care receives 80% to 90% coverage.

## Target population

All employees receive coverage, as well as their dependent children and spouses. In addition, the social protection program also covers retirees and their families.

However, the employees of temporary structures in newly targeted host countries, such as Mexico and Brazil, do not yet benefit from all of these measures.

## Means of implementation

The AFD Board initiated the social protection measures, implementation of which is centralized. AFD staff representatives played a background role in this process, taking positions on technical subjects based on their specific skills. The coverage offered by AFD takes account of, and supplements, local legislation.

The means of implementation of social protection programs differ depending on the contingency. AFD self-insures health benefits and delegates claim management to an insurance broker with its own health care providers network. In the case of sickness and disability leave, AFD self-insures the first six months, then an insurance company takes over the costs above six months leave. Survivors pension is outsourced to an insurance company.

For old-age contingencies, which is fully harmonized, benefits are paid as a single payment for the moment. Eventually, AFD also wishes to propose a monthly pension.

In addition, for inpatient expenses, AFD uses third party payment systems. Inpatient care outside the country of employment is also covered, but the benefit is capped at a rate determined by the Human Resources Department.

### **Funding**

Contributions for all guarantees are fully paid by the employer.

### **Impact**

AFD does not conduct yet a comprehensive study of the impact of its social protection measures. However, it conducts financial control and monitoring over the costs of social protection coverage and changes in the number of persons covered.

## Transcript of the interview

Prerequisites	
Date of implementation	<p>AFD decided to cover staff recruited in foreign countries, excluding French overseas territories, from 2007.</p> <p>The social protection guarantees came into effect in 2009.</p>
Corporate Motivation	<p>AFD is fully aware of the exemplarity that is expected of it, especially since the concept of social protection of all employees is comparable to its development mission. Therefore it decided to cover its entire staff for all aspects of social protection covered in France.</p>
Priority guarantees and reasons	<p>The Agency has chosen to cover the following contingencies:</p> <ul style="list-style-type: none"> <li>• sickness;</li> <li>• death, temporary invalidity / disability (pension);</li> <li>• old age.</li> </ul>
Stock taking phase	
Stock taking Framework	<p>AFD wanted its action plan to be carried out simultaneously at all its facilities so that the project would not be threatened during implementation by decisional timing lags.</p>
Form of the stock taking phase	<p>The preparatory phase of the project lasted two years in order to define the benefits package.</p> <p>The Agency was aware that it was a major operation and evaluated the percentage increase in payroll due to the investment at 20%.</p> <p>AFD also offers all its employees inpatient care outside the country of residence, where appropriate.</p>
Function(s) initiating the project	<p>It was Human Resources that initiated and supported the project within the Agency.</p>
Implementation	
Extent of health, invalidity/disability and survivor guarantees	<p>Among the guarantees prioritized in the health and welfare branches, AFD has developed:</p> <ul style="list-style-type: none"> <li>• Insurance covering all death, disability and invalidity contingencies. The capital payment varies from: <ul style="list-style-type: none"> <li>- 200% for single, widowed, divorced or separated insured persons;</li> <li>- 250% for married insured persons without dependent children;</li> <li>- 300% for insured persons with a dependent child;</li> <li>- 350% for insured persons with two dependent children;</li> <li>- 400% for insured persons with three dependent children.</li> </ul> </li> <li>• Health insurance with a coverage level comparable to that of France. 100% coverage is provided for: <ul style="list-style-type: none"> <li>- Inpatient care (with prior agreement);</li> <li>- The cost of ambulance transport;</li> <li>- Maternity protection (however, as with inpatient care, private rooms and pre- and post-delivery hospital costs are</li> </ul> </li> </ul>

	<p>subject to prior agreement);</p> <ul style="list-style-type: none"> <li>-Preventive medicine (vaccinations and anti-malaria treatments, gynaecological examination and mammography for women; screening for prostate cancer for men);</li> <li>-Non-dental prostheses (with prior agreement).</li> </ul> <p>Routine outpatient care (certain medical procedures are subject to prior agreement if there are more than 5), infertility treatment, between 80 and 90% coverage is provided for dental expenses and optics (with prior agreement).</p>
Target population	<p>The guarantees protecting employees are globally uniform and extend to:</p> <ul style="list-style-type: none"> <li>• the spouse;</li> <li>• his/her children and those of the spouse up until their 26<sup>th</sup> birthday (except for handicapped children, who will be covered as long as the primary insured person is covered);</li> <li>• If necessary, other beneficiaries recognized as dependents by AFD (including ascendants where they are under the care of the insured person, and polygamist relations);</li> <li>• Retired AFD employees (the system links the Agency to its former employees throughout their retirement). This may be even more costly in case of <i>force majeure</i> events (unstable political situations, etc.) because the Agency must be kept open in difficult circumstances;</li> <li>• Other entitled beneficiaries, during the employee's retirement (as long as the rights accrued while the person was still an employee).</li> </ul> <p>Given that AFD's staff are widespread (with only a few in each country), the use of group insurance with a single insurer allowed AFD to negotiate the abandonment of exclusionary criteria such as support for people living with HIV / AIDS and chronic diseases.</p> <p>AFD is not the direct employer for more recent presences in countries such as China, Brazil and Mexico. These countries use carrier or temporary structures.</p> <p>As a result, health insurance is not always offered to employees of entities where AFD is not the direct employer, because there is a danger of illegal employment and re-characterisation of the contract.</p>
Geographical scope	<p>All AFD agencies where it is the direct employer benefit from this coverage, regardless of the country.</p>
The place of social dialogue in the implementation of social protection coverage	<p>Due to the location and small size of its agencies (10 employees on average), international dialogue is complicated, even if the AFD organizes "worldwide" meetings each year.</p> <p>Nevertheless, staff representatives remained rather passive faced with this technical subject. Their involvement varied as a function of their specific skills.</p> <p>Thus, one union representative, who was also working on the issue of HIV/AIDS, provided strong proposals focusing on privacy and the coverage of health care costs.</p> <p>The social protection coverage was the result of a spontaneous, unilateral decision, with input from the representatives of French personnel, AFD defraying all contributions based on a percentage of wages.</p>

Means of funding	<p>AFD funding is a self-insurer and covers the entire system, although sometimes with "user fees", <i>i.e.</i>, out of pocket costs for employees of around 10%.</p> <p>AFD outsources to a manager with an extensive network of clinics. In this way, the Agency was able to systematise a third party payer system with these establishments in which it has confidence, to avoid the need for employees to pay out of their pockets for serious inpatient cases or repetitive treatments.</p> <p>In countries where there are few or no listed health facilities, a "cash box" system has been set up to allow advances on health costs. Inpatient care outside the country of employment is also covered, but the benefit is capped.</p> <p>In the case of sick leave and temporary invalidity, AFD self-insures the first six months, then an insurance company takes over.</p>
Proportion of guarantees defined centrally	<p>Because of the small numbers in each agency, it was important to weigh in as a group vis-à-vis insurers, which is why AFD opted for single insurers, one to cover health and provident contingencies, the other for old age pension.</p> <p>The benefits offered take account of local social security systems. The benefits offered by local social security schemes are deducted from benefits covered by AFD.</p> <p>In addition to the services offered, the Agency was attentive to the means of implementation when choosing a manager:</p> <ul style="list-style-type: none"> <li>• Reimbursement from the first euro spent, regardless of the nature of floor coverage by the national social security system.</li> <li>• Rapid processing of refund requests (within 48 hours).</li> <li>• Third-party payments: the insurer agreed to pay inpatient bills for members and their beneficiaries directly to the hospital.</li> <li>• Tariff moderation, because it is easier for the insurer to establish predetermined rates with providers where there is a certain volume.</li> </ul>
Proportion of guarantees left to local discretion	<p>AFD relies on its branch managers to promote and implement social protection programs. They were made aware of the need for prior knowledge of requests for care abroad to control the budget.</p> <p>Management is outsourced to the insurance broker locally and requests for benefits are sent directly to him or her. Then, the broker agrees to reimburse the health costs to the agency.</p> <p>Confidentiality is preserved in this way.</p>
Integration into wider corporate policy	<p>A medical and social check-up of all agents is offered annually and AFD covers 100% of the cost of vaccines for local staff recruited in foreign countries.</p>
Type of external communication implemented	<p>AFD communicates on its social protection programs in its Sustainability Report and refers to the GRI. The Agency reports on the LA3, LA4, LA8, LA9 and EC3 indicators, but without providing consolidated figures.</p>
Type of internal communication implemented	<p>AFD has published information brochures in English, French, Spanish and Portuguese:</p> <ul style="list-style-type: none"> <li>• A Practical Guide to supplementary insurance for staff recruited in foreign countries;</li> <li>• A Practical guide to health insurance.</li> </ul>



Impact of the social protection measures	
Function responsible for monitoring	<p>AFD has a dedicated budget. The HRD has determined coverage ceilings, which it surveys carefully to prevent abuse and inconsistencies in the level of costs reimbursed.</p> <p>It achieves this with the assistance of a manager in order to prevent potential fraud, etc.</p>
Indicators used to measure action	<p>AFD subscribes to databases and benchmarks to facilitate peer comparison and monitors fees for social protection coverage.</p> <p>Positive perceptions of the social protection system are sought in "worldwide meetings" bringing together a portion of all employee representatives.</p> <p>AFD tracks the number of protected persons.</p> <p>This indicator is roughly equivalent to the number of members multiplied by three, which corresponds to one employee plus two (or even a little more). But the number of protected persons does not integrate the number of pensioners.</p>
Feedback / results	<p>AFD has now reached maturity and can confirm that the budget cost was a 20% increase in payroll, as originally planned.</p>
Next steps / objectives for evolution	<p>In order to improve social protection, AFD intends to:</p> <ul style="list-style-type: none"> <li>• list the forms of assistance and launch a consultation of records to improve assistance during complex evacuations;</li> <li>• revise the survivors pension system to promote the payment of annuities to survivors rather than a lump sum in case of death of the employee;</li> <li>• prepare a more attractive, more elaborate communication guide (insurers, transfer fees);</li> <li>• reduce the high death rate among the population of active local officers under 60 (around 2 to 3 per year). This should result from the preventive system that is gradually taking shape (workplace medicine) and improvements in living conditions.</li> <li>• report to branch managers about costs and reimbursements.</li> </ul>

# Danone

Business sector	Agri-food sector.
Turnover	19,318 billion euro in 2011.
Countries of operation	Present in all regions of the world.
Number of employees	101,885 employees as at 31 December 2011.

## Summary

IFA	Yes.
Guarantees	<ul style="list-style-type: none"> <li>- Supplementary health insurance via the Dan'Cares program (outpatients, maternity, inpatients) with a maximum of 20% out of pocket payments by the employee.</li> <li>- Disability insurance / survivors pension: benefit (single payment) equivalent to at least one year's salary.</li> </ul>
Population covered	All employees, including their families in some countries.
Implementation	<p>Decentralized.</p> <p>The means of implementation vary according to the practical solutions available locally (insurance company, mutual fund, self-managed fund, etc.), in cooperation with workers' representatives according to local legislation.</p>
Funding	<p>Group Acceleration Fund to help subsidiaries launch the program, followed by sustainable self-funding.</p> <p>Employees contribute to premiums in some countries, with in the majority of cases a broader employer contribution.</p>

## Coverage

The Danone Group's long-term commitment is to provide social and medical insurance to all of its employees worldwide. The Group also provides them with survivor / disability insurance.

The levels of benefit set by the Group are as follows:

- Health insurance (Dan'Cares program): coverage ensuring that employee out of pocket payments do not exceed 20% of the total cost of health care. The package must include maternity protection, inpatient and outpatient care. Dan'Cares is referred to in the International Framework Agreement on health, safety, working conditions and stress, signed with the IUF in 2011.
- Survivor / disability insurance: the benefit paid to the beneficiary is a single payment of at least one year of salary (sometimes more, depending on local legal requirements).

## Target population

All Danone employees are targeted for these guarantees.

For health insurance, family coverage is left to local discretion (e.g., the family is covered in Indonesia, but not in Mexico).

In 2010, the stock taking exercise covered 15 countries, among which eight had launched action plans in 2011 (17 subsidiaries amounting to 30,000 employees): Saudi Arabia, Brazil, China, Spain, Indonesia, Mexico, Poland and Russia.

In 2012, a stock taking of the health systems of 26 additional countries was conducted and new action plans were established.

### **Means of implementation**

Implementation is decentralized to allow better adaptation to local realities (mandatory social security provisions vary from one country to another).

The guidelines provided by the head office for health insurance under the Dan'Cares program are:

- Aim to cover all employees in time;
- Employee out of pocket payments should not exceed 20% of the cost of care;
- Covered care includes outpatient, maternity and inpatient.

Unions and workers' representatives are involved to varying degrees depending on the country and local laws. The means used to provide the insurance will vary depending on the local solutions encountered by local HR: private insurers, mutual funds created by the subsidiaries themselves, etc.

### **Funding**

In order to seed implementation of the Dan'Cares program by subsidiaries, an acceleration fund was created at Group level. Subsidiaries that engage in the program can only apply to this fund during the first two years, the aim being that, for reasons of sustainability, they should ultimately be able to assume the cost of their employee health insurance alone.

There is no rule concerning the payment of contributions, this decision being decentralized. Thus, certain subsidiaries require employee contributions and others don't (e.g. China). In general, it appears that the employer's share is preponderant.

### **Impact**

The Group monitors the number of employees covered by health insurance meeting the Dan'Cares standard.

The Group also aims to monitor the economic impact of the program. It measures the impact of Dan'Cares on indicators such as employee turnover, absenteeism and attractiveness and commitment; where possible, this is termed as a return on investment. For example, Bonafont, a subsidiary in Mexico, saw its employee turnover fall by 45% in the first six months of implementation of health insurance coverage for workers and the initial investment was almost covered by the savings induced by the lower turnover.

## Transcript of the interview

Prerequisites	
Date of implementation	<p>Danone has launched a social protection program called Dan'Cares. The Executive Committee made the principled decision.</p> <p>The Group based its decision on the successful experience of its Indonesian subsidiary, which had set up a health insurance scheme to meet local needs, and which led to a reduction in employee turnover.</p> <p>The Dan'Cares stock taking phase took place in 2010 and implementation started in 2011.</p>
Corporate Motivation	<p>Health is at the heart of the Danone mission to "bring health to the greatest number through food." Dan'Cares is consistent with this project because it aims to provide quality medical coverage for Danone employees including the main contingencies and taking account of local specificities.</p>
Priority guarantees and reasons	<p>Health insurance has been identified as a key priority in Maslow's "social" pyramid.</p> <p>Danone also covers death and disability contingencies occurring as a result of a private or professional accident. The guaranteed minimum is equivalent to one year's salary.</p>
Stock taking phase	
Stock taking Framework	<p>Danone took stock of the conditions of access to medical care for 85% of its employees (56 subsidiaries in 15 countries).</p> <p>To map the existing situations of these subsidiaries, Danone identified three criteria:</p> <ul style="list-style-type: none"> <li>• the quality and availability of health care;</li> <li>• accessibility (appointments and waiting time, geographic distance, etc.);</li> <li>• the proportion of the total cost of care paid out of pocket by the employee;</li> </ul> <p>The last criterion allows neutralization of wage differentials between countries.</p>
Form of the stock taking phase	<p>The stock taking exercise consisted of subsidiaries responding to a questionnaire on the basis of the abovementioned criteria and Danone mandated an agency to benefit from expertise in the healthcare market and local business practices.</p> <p>The subsidiaries were given the responsibility to take stock and analyse the local health systems.</p> <p>The criteria were deliberately not defined in absolute terms in order to remain "relative" to the local context.</p> <p>Dialogue with workers' representative bodies in those countries where they are present also helped to report employee expectations on this topic.</p>
Function(s) initiating the project	<p>Human Resources conducted the project.</p> <p>Group HR monitors the deployment of Dan'Cares on the basis of qualitative and quantitative indicators. The local HR departments and Management of each entity are responsible for the design,</p>

	implementation and communication of local plans.
<b>Implementation</b>	
Extent of health, invalidity/disability and survivor guarantees	<p>Danone set a floor level for supplementary health insurance during the stock taking phase so that subsidiaries could audit themselves on comparable items.</p> <p>This protection floor covers maternity protection, inpatient and outpatient care (consultations and pharmaceutical expenditure).</p>
Target population	<p>Dan'Cares aims, in the long term, to cover all Group employees, <i>i.e.</i> more than 101,000 employees.</p> <p>The program encourages extension of guarantees to families as much as possible, primarily covering children and spouses. It is on this point that employee expectations are strongest. Accordingly, Danone tries to answer on a case-by-case basis, rather than applying an "all or nothing" approach. Thus, where health insurance is not extended to families, Danone may offer to take care of the most serious inpatient cases.</p> <p>Employees of subcontractors are excluded from Dan'Cares because such an approach could be legally enforceable against Danone and the group wishes clearly, by this action, to differentiate and promote its own employees.</p>
Geographical scope	<p>Dan'Cares is gradually deployed by clusters.</p> <p>In 2010, the stock taking involved 15 countries, including eight that launched action plans in 2011, covering 17 subsidiaries and about 30,000 employees.</p> <p>In 2012, stock taking was conducted on the health systems of 26 new countries and new action plans were established.</p>
The place of social dialogue in the implementation of social protection coverage	<p>The culture of social dialogue is deeply rooted within Danone, which has already signed many International Framework Agreements (IFAs) with the IUF.</p> <p>Social protection and Dan'Cares are referred to in the Agreement on health, safety, working conditions and stress, signed in 2011.</p> <p>This IFA is unique because the target population varies depending on the issue.</p> <p>For example, contractors are not taken into account in Dan'Cares although they are at different levels in the WISE program (on workplace safety).</p> <p>Depending on local laws, employee representatives may be involved in the negotiation of medical coverage.</p>
Means of funding	<p>Danone has created a temporary acceleration fund at Group level that covers up to a third of the implementation overheads of the social protection program. Its aim is to encourage subsidiaries to implement action plans rapidly.</p> <p>The fund has a maximum duration of 3 years. Subsidiaries must propose sustainable action plans they are able to self-finance.</p>
Proportion of guarantees defined centrally	<p>For survivors pension, the Group has introduced a minimum pension equal to at least one year's salary in case of death due to a professional or private accident.</p> <p>In terms of health insurance (Dan'Cares), the head office provides framing elements for maternity protection, inpatient and outpatient care based on 3 criteria (quality, accessibility, out of pocket costs).</p>

	<p>The harmonization of medical coverage plans is encouraged between subsidiaries within the same country. In fact, Dan'Cares has improved communication on the subject of health insurance between subsidiaries located in the same country and, in some cases this allowed collective negotiation of contracts. The objectives are economies of scale and encouraging employee mobility.</p> <p>Danone also ensures that action plans offered by subsidiaries cater to the largest number of employees and are not only certain categories of employees (<i>e.g.</i>, managers only).</p>
Proportion of guarantees left to local discretion	<p>Local subsidiaries may decide to further indemnify the employee's family in case of death.</p> <p>Under Dan'Cares, implementation of the action plan lies with subsidiaries, both in the selection of providers (insurers, benefit providers...) and details of benefits.</p> <p>Indeed, although the guarantees must cover outpatients, inpatients and maternity, the content of the care and the level of support remain variable.</p> <p>The amount of the employee out of pocket payment, if not 100% by the employer, is also decided at the local level.</p>
Integration into wider corporate policy	<p>Danone has invested in preventive medicine and health promotion for the last 8 years, through the WISE program on health and safety at work. It has, in particular, reduced the frequency of accidents leading to lost job from 12 to 2.</p> <p>In addition, the Group launched Health@work to educate and train employees on health by encouraging them to develop their own health projects.</p> <p>Danone also takes community oriented action. It develops products to meet the specific needs of its customers and/or nutritional deficiencies (cholesterol, iron deficiency...) as well as information and education programs to promote healthy eating behaviour that potentially affected nearly 700 million people in 2011.</p>
Type of external communication implemented	<p>In its Sustainability Report, Danone responds on almost all the Global Reporting Initiative (GRI) indicators for reporting on corporate programs in favour of health. These are the EC1, EC8, LA6, LA7, LA8 and LA9 indicators (see appendix on GRI indicators).</p> <p>However, Danone does not use the primary social performance indicator on the costs of benefits (LA3), because it is not monitored centrally.</p>
Type of internal communication implemented	<p>Danone shares its social protection values internally, locally and at head office. A film was made in 2012 on the basis of testimony by employees.</p>
<b>Impact of the social protection measures</b>	
Function responsible for monitoring	<p>The Management of each BU and the local Human Resources Department are in charge of monitoring the implementation of Dan'Cares.</p> <p>At Group level, a joint monitoring committee was set up after the signing of the Agreement on health, safety, working conditions and stress in 2011. Its mission is to measure the progress of on-going programs.</p>

Indicators used to measure action	<p>The Agreement on health, safety, working conditions and stress specifies the indicators used to monitor commitments by the Group and the resulting programs. They are:</p> <ul style="list-style-type: none"> <li>• Number of accidents per business;</li> <li>• Accident frequency rate;</li> <li>• Accident severity rate;</li> <li>• Social welfare coverage rate;</li> <li>• Number of cases of occupational illness;</li> <li>• Percentage of yearly appraisal interviews performed;</li> <li>• Percentage of sites having a specific health, safety and working conditions body with staff representation;</li> <li>• Percentage of sites having a medical monitoring unit;</li> <li>• Number of companies having an agreement or plan on prevention of stress and psycho-social risks.</li> </ul> <p>Stock taking was conducted under Dan'Cares in 2010 and 2012. The project's progress is monitored in terms of the number of subsidiaries that are covered by the program and the number with standards satisfying the Group's expectations.</p> <p>The Group aims to measure the economic and social impact of the project (absenteeism, employee turnover, engagements, etc.).</p>
Next steps / objectives for evolution	<p>The deployment of the health at work axis, as provided in the Agreement on health, safety, working conditions and stress, is a priority.</p> <p>Danone aims to provide all its employees with basic health insurance by 2013.</p> <p>The Group also wishes to implement self-assessment by each subsidiary of its practices in relation to the agreement and define associated priorities.</p>

## France Télécom - Orange

Business sector	Telecommunications Sector.
Turnover	45.3 billion Euros.
Countries where present	Providing services to individuals in 35 countries and business services in more than 200.
Number of employees	172,000 employees in 2011.

### Summary

Guarantees	<ul style="list-style-type: none"> <li>- Survivors pension.</li> <li>- Disability / invalidity insurance.</li> <li>- Supplementary health insurance (including inpatient care, maternity protection, outpatient care, dental care, optical treatment and medical examinations).</li> <li>- Retirement Guarantee (defined contributions).</li> </ul>
Population covered	A stock taking is being conducted to map benefits offered locally to employees on permanent contracts by major subsidiaries with over 100 employees.
Implementation	Decentralized - currently at the benefit mapping stage.
Funding	At the present stage, funding varies among subsidiaries.

### Coverage

As part of its "Conquests 2015" project, France Télécom – Orange decided to conduct a benefit mapping of social protection programs carried out by its subsidiaries in order to obtain an overview of the benefits they currently offer.

The aim is to assess the social protection programs proposed by subsidiaries that supplement local social protection schemes.

The benefit mapping focuses on guarantees covering the following contingencies: death, disability and invalidity, sickness, old age and a broader range of other benefits.

### Target population

The benefit mapping focuses on the permanent staff of the Group's main subsidiaries with over 100 employees.

### Means of implementation

France Télécom – Orange is currently in the benefit mapping phase. Before receiving and analysing the results, France Télécom – Orange cannot comment on the action that may be conducted in this area.

France Télécom – Orange has a decentralized structure for the implementation of its guidelines, leaving a great deal of autonomy to its subsidiaries in the level of benefits offered to their employees, depending on local social security schemes.

Thus, each of the subsidiaries may propose a specific social protection program that differs from those of other subsidiaries in the same country.

In its "Conquests 2015" project, the Group's commitments, formalized in the "Orange People Charter", are subject to local adaptation.



As for social dialogue, France Télécom – Orange signed an IFA with UNI in 2006. Through this IFA, it agrees to take the "additional measures necessary to move towards best practices", including the social protection of its employees (the IFA does not mentions social protection though).

### **Funding**

At this stage, the funding of various social protection programs varies among Group subsidiaries.

### **Impact**

The company is currently at the benefit mapping stage.

Subsequently, France Télécom – Orange wants to encourage the sharing of social protection best practice between subsidiaries.

## Transcript of the interview

Prerequisites	
Date of implementation	<p>Since 2001, the benefit scheme set up within the Group in France guarantees a high level of social protection to all employees of subsidiaries in France.</p> <p>France Télécom - Orange's commitment to provide social protection coverage to its employees at the overall Group level cannot be said to have started on a specific date. However, since 2010 and the launch of the group "Conquests 2015" project, the Group has based its strategy on four pillars, the first being the men and women of the Group. This led to the "Orange People Charter", designed to define and share common principles establishing the Group's relations with its employees. It was elaborated in collaboration with countries and divisions, thus taking account of local specificities. Each country takes inspiration from it to establish coverage adapted to its local context.</p>
Corporate Motivation	<p>One of the axes of "Conquests 2015" is to establish France Télécom - Orange as an employer of choice. The Group's commitments to employees are formalized in the Orange People charter's six guidelines, which are subject to local adaptation and alignment with local issues.</p> <p>Each of these France Télécom - Orange commitments have a dedicated chapter in the Charter:</p> <ol style="list-style-type: none"> <li>1. "Be an ethical and socially responsible employer" is the first commitments of France Télécom - Orange, followed by:</li> <li>2. offer career and development opportunities;</li> <li>3. provide a work environment for outstanding customer satisfaction;</li> <li>4. empower managers and hold them accountable for progress and success;</li> <li>5. provide a positive quality of life at work;</li> <li>6. recognize and reward our people for individual and collective contributions to our success."</li> </ol> <p>Having the goal of being an employer of choice that attracts, develops and retains talent is a question of compensation strategy and offer. This involves, among other things, the adaptation and competitiveness of France Télécom - Orange offers in terms of benefits. In some markets, offering employees health, pension and old age benefits, etc., are significant advantages that help to retain employees and improve well-being at work.</p>
Priority guarantees and reasons	<p>The Group does not currently impose its approach. The benefit mapping is on-going and there is not yet a Group level corpus of prioritized guarantees as such.</p>
Stock taking phase	
Stock taking Framework	<p>Given that each France Télécom - Orange subsidiary has a social protection program, in terms of scope, the benefit mapping covers all Group companies with more than 100 permanent employees, who work in a country where we have more than 200 employees.</p>

	<p>This selection covers 33 countries and includes 97% of France Télécom - Orange employees. The results will be available mid-2013.</p>
Form of the stock taking phase	<p>The benefit mapping aims to get a comprehensive view of the general benefits enjoyed by employees, covering benefits the company identifies as "Basic" social protection (survivors pension, old age pensions and health care), as well as what the company calls "additional benefits", such as:</p> <ul style="list-style-type: none"> <li>• aid to finance the purchase of vehicle or house, etc.</li> <li>• social work funded by the employer (managed by the Works Committee in some countries);</li> <li>• worker's awards.</li> </ul> <p>In terms of methodology, questionnaires are being distributed to subsidiaries within the scope of the targeted benefit mapping. These require self-evaluation as compared with "local references". France Télécom - Orange sought a consultant for additional expertise on observed local practices.</p>
Function(s) initiating the project	<p>The benefit mapping is being conducted by the Group Remuneration Department, co-piloted with the Group CSR Department.</p> <p>In most cases, it is the HRD of the subsidiary that supports the project at the local level.</p> <p>Health and safety policy is managed at Group level by the Department of Social Relations, Health &amp; Safety division.</p>
<b>Implementation</b>	
Extent of health, invalidity/disability and survivor guarantees	<p>For its 100,000 employees in France, France Télécom - Orange ensures general coverage of death, disability and invalidity contingencies.</p> <p>France Télécom - Orange also ensures that there is supplementary health insurance for permanent employees. France Télécom - Orange pays for:</p> <ul style="list-style-type: none"> <li>• Inpatient costs;</li> <li>• Maternity costs;</li> <li>• Outpatient costs; and</li> <li>• Regular medical checks.</li> </ul>
Target population	<p>The current benefit mapping focuses on permanent employees, whether full or part-time.</p> <p>But all employees are concerned by social protection, since subsidiaries may elect to extend coverage to fixed-term employees.</p> <p>To the extent possible, the health programs of various France Télécom - Orange subsidiaries often support partners and children.</p> <p>In cases where families are not supported, preferred pricing agreements are proposed to extend guarantees to the family.</p>
Geographical scope	<p>France Télécom - Orange intends to be recognized as the preferred employer by employees and, to this end, all the Group's subsidiaries are included in an attractive overall compensation package, including social protection programs.</p> <p>The priority is to ensure that the coverage proposed by the Group's subsidiaries is effective in the entities mapped during the benefit mapping, because they represent almost all the Group's employees.</p>

The place of social dialogue in the implementation of social protection coverage	In 2006, France Télécom - Orange and UNI signed an International Framework Agreement on respect for fundamental social rights. The chapter on “health, safety and working conditions”, states the company's commitment to take “the necessary additional measures to ensure good practices”, <sup>1</sup> including social protection coverage for employees.
Means of funding	Action is funded by the subsidiary and the employer.
Proportion of guarantees defined centrally	In principle, the Group does not plan to introduce minimum standards, but it recommends that each of its subsidiaries should offer to supplement the statutory national social security existing in the country where France Télécom - Orange operates with solutions tailored to the local context.  For the moment, the Group only intends to enhance its social protection programs by communicating the results of the benefit mapping at Group level during the coming year.
Proportion of guarantees left to local discretion	The level of benefits is left to the discretion of subsidiaries and, accordingly, they are not uniform. Each France Télécom - Orange entity has a social protection policy and, as such, a real degree of autonomy is left to the local level, to deal with local conditions.  Thus, in some countries, where appropriate, France Télécom - Orange has created company clinics, for example. In others, mainly in Africa, subsidiaries provide social protection to employees but also to their spouse(s) and children, and play an important role in promoting health.
Integration into wider corporate policy	A new Group policy on health and safety and wellbeing at work was launched in September 2011, with the aim of integrating health and safety into all Group activities and contributing to the goal of being the employer of choice in the area.  As such, a Group strategic committee will meet two times a year in order to monitor the general roadmap of action taken by countries and their results and verify a group control panel.  The social protection programs of some subsidiaries integrate a broader strategy of prevention and health promotion based mainly on local HR initiatives when local statutory social security coverage is underdeveloped.  For example, in Senegal, the Welfare/Health Institute of our

<sup>1</sup> <http://www.orange.com/en/content/download/6403/93424/version/2/file/accord+UNI+VAdef.pdf>

<sup>2</sup> Benefits include a very thorough annual medical:

- a general examination (weight, height, body mass index, blood pressure);
- a cardiopulmonary assessment with electrocardiogram (and if needed an echocardiogram);
- a blood test;
- ophthalmological examination for the detection of glaucoma.

Women receive a clinical examination and a mammogram, as well as a gynaecological examination.

All pathologies are covered and are subject to regular monitoring.

A screening campaign for the prevention of renal failure is also conducted annually with at-risk populations such as those with hypertension, diabetes, obesity, hypercholesterolemia, etc. Confirmed cases are covered.

On the IEC (Medical Information, Education and Communication) campaign for employees on various diseases and preventive measures (tobacco, road safety, musculo-skeletal disorders...), videos and awareness messages were posted on the company intranet.

	<p>subsidiary Sonatel covers a population of 7,614 people: 1,965 staff members, 1,484 spouses and 4,165 children, with an 80% average level of guaranteed costs.<sup>2</sup></p>
Type of external communication implemented	<p>The Group integrates the social protection initiatives of each branch in wider communication, because France Télécom - Orange is committed to putting men and women at the heart of its development strategy, with the aim of being recognized as one of the preferred employers in its main countries of operation.</p> <p>The Group refers to the GRI in its sustainability reports and includes the LA4, LA7 and LA8 indicators.</p>
Type of internal communication implemented	<p>Communication with employees is achieved through various means:</p> <ul style="list-style-type: none"> <li>• Briefings employees on the coverage provided by the subsidiary;</li> <li>• Presence on most HR intranets of complete explanatory records relating to social protection;</li> <li>• Summary brochures given to employees;</li> <li>• In some countries an individual social audit referring to the employee's social benefits.</li> </ul>
<b>Impact of the social protection measures</b>	
Indicators used to measure action	<p>In the broader context of monitoring health and safety, the Group verifies <i>inter alia</i> the number of days of sick leave. Following the results of the benefits mapping, an <i>ad hoc</i> monitoring indicator may be defined to evaluate the effectiveness of social protection programs.</p> <p>In addition, an analysis of social quality is done through action such as a bi-annual social barometer launched in France in 2010; and an annual international social barometer launched in 2011: even if there are no questions covering overall employee compensation, there are questions about sense of recognition, which is an important differentiating element in the preferred, reference employer approach the Group has adopted.</p>
Next steps / objectives for evolution	<p>The benefit mapping will be an opportunity to structure the reporting of these results so that they can be verified in the future.</p> <p>France Télécom - Orange also hopes, through this process, to share good practice between subsidiaries, capitalizing on the implementation of solutions to cover employees.</p> <p>Its goal is to be recognized as one of the preferred employers of employees by 2015.</p>

# LAFARGE

Business sector	Industrial sector specializing in construction materials.
Turnover	15.2 billion € in 2011.
Countries of operation	1,604 production sites in 64 countries.
Number of employees	67,923 employees.

## Summary

Guarantees	<ul style="list-style-type: none"> <li>- Old age pension.</li> <li>- Survivors pension (death from all causes): minimum lump sum equivalent to two years' salary.</li> <li>- Supplementary health insurance (guarantees defined locally depending on the local context).</li> </ul>
Population covered	<ul style="list-style-type: none"> <li>- All Group employees and, in some countries, their families.</li> <li>- Local communities (through construction of "base camps or clinics" in remote areas).</li> <li>- Suppliers: application of a health/safety standard.</li> </ul>
Implementation	<p>Decentralized.</p> <p>Subsidiaries are free to define the content of guarantees for retirement and health insurance.</p> <p>Subsidiaries must select an insurer, preferably from one of the two poolings proposed by the head office. In some developing countries, Lafarge the company itself is the risk carrier.</p> <p>Social partners may be involved as required by local legal regulations.</p>
Funding	Contributions are paid either by Lafarge (relevant subsidiary) or by division of the contributions between the employees and employer.

### Coverage

Under its social protection program, Lafarge offers benefits to its employees in respect of old age, death and often disability contingencies, as well as supplementary health insurance.

Subsidiaries may choose the content of supplementary health insurance packages.

A common minimum standard of two years' salary is defined for survivors pension in all subsidiaries in case of death of the breadwinner (death from all causes).

### Target population

The social protection program is open to all Group employees, regardless of status. Lafarge also covers families "whenever possible".

Lafarge requests the most important suppliers to complete a CSR questionnaire but does not currently impose a level of social protection going beyond the statutory minimum.

## **Means of implementation**

The Department of “Human Resources” manages the social protection program. Its decentralized implementation aims to take account of the local laws of the host country, completed and compensated by the Group. This first element corresponds to one of the five basic principles laid down by the Lafarge head office, which underlie implementation of its program of social protection. Thus, subsidiaries must (1) propose a country-driven approach and (2) propose action plans defined by a number of criteria. In addition, subsidiaries must provide a mechanism for managing the financial risks of the program (3), train people to manage the program (4) and, finally, propose a communication strategy towards employees (5).

Beyond compliance with these implementation principles, Lafarge leaves subsidiaries to define the content of the supplementary health insurance package.

For survivors pension, the Group minimum level of benefit for death from any cause is a lump sum equivalent to two years' salary, including all sources of compensation. Obviously, Lafarge applies the host country's legislation, which sometimes provides a higher level of coverage than the internally set minimum.

Old age pensions are defined on the basis of local legislation.

In terms of social dialogue, Lafarge has signed an International Framework Agreement with three Global Union Federations, focused on workplace safety and the prevention of HIV/AIDS and which does not mention social protection for the moment. In addition, the company claims to develop social dialogue and partnership "as soon as possible."

## **Funding**

In many countries, the social contributions to cover employee health insurance plans are paid in full by the employer.

Regarding risk carriage, in some emerging countries, Lafarge is its own insurer.

In other regions, Lafarge leaves subsidiaries free to choose their insurer, as long as they include the Group's two poolings in their tenders, since they were selected to improve geographical coverage of the social protection program and reduce the financial costs it generates.

## **Impact**

A benefits committee has been set up at Group level to validate proposals for significant changes in the local benefits policies and ensure compliance with the Group's policy in this matter.

Lafarge has indicators to confirm whether or not subsidiaries have social protection schemes covering the criteria defined at headquarters level.

Lafarge believes the impact of the program is positive for the protection and retention of its employees, relations with local authorities and adjustment to local conditions.

## Transcript of the interview

Prerequisites	
Date of implementation	<p>Lafarge invested heavily in health and safety at work in the late 1990s, but soon extended this to public health related issues such as HIV/AIDS.</p> <p>As the Group has developed, it has strengthened the management of its programs, taking account of existing local situations and based on the work done in Africa against HIV/AIDS, to widen its action to cover other health subjects and other Group entities, without there being a specific date officially marking the starting point of its strategy.</p>
Corporate Motivation	<p>Lafarge believes that any social protection program should only come as a supplement to the workplace health and safety policy already put in place by the company, or even more generally, Group Social Policy.</p> <p>Having already led HIV/AIDS prevention programs with its subsidiaries in Africa, the feedback to Lafarge showed good results in terms of reduced absenteeism, employee turnover, etc.</p> <p>The Group also sees this as an opportunity to ensure what it calls the "license to operate" <i>i.e.</i> "the ability to operate". Indeed, the development of programs, including health programs aimed at local communities, with their collaboration, reduces the negative perceptions of the company within local populations.</p>
Priority guarantees and reasons	Lafarge has decided to focus its social protection programs, and establish principles with respect thereto, on the old age, survivor, disability and health care components.
Stock taking phase	
Stock taking Framework	Lafarge established an inventory of existing social protection systems; as regards the old age, disability/incapacity and survivor components, this was done for all of its subsidiaries.
Form of the stock taking phase	The stock taking exercise took the form of a questionnaire on the coverage offered by each subsidiary in addition to the national statutory social security systems.
Function(s) initiating the project	The Compensation and Benefits function pilots Lafarge's social protection programs in connection with other Human Resources functions in charge of Group health and safety, or CSR, policy.
Implementation	
Extent of health, invalidity/disability and survivor guarantees	<p>Regarding health insurance, Lafarge decided to leave subsidiaries free to choose the content of care packages while setting certain principles and recommending that its subsidiaries be attentive to quality control over these programs: timing of reimbursements, out of pocket payments by employees, etc.</p> <p>In 2010, Lafarge adopted a Group policy to cover death from all causes including <i>inter alia</i> a recommendation for overall compensation of two years' salary.</p>



Target population	<p>The Lafarge social protection strategy targets all Group employees, regardless of status. It also extends to their families as much as possible.</p> <p>Indeed, Lafarge has already had the occasion to note, for example, that employees with HIV/AIDS preferred their relatives to receive drugs instead of them, which was unimaginable and unbearable.</p> <p>Sometimes local communities benefit from access to health care facilities when the site is far from any infrastructure and Lafarge has, in fact, built a clinic.</p> <p>In order to take account of its stakeholders and maintain the "license to operate", each subsidiary must become involved in at least one project (education, health, road safety...) in favour of the community. This project may relate to preventive health.</p>
Geographical scope	<p>The Group has not focused on geographical areas or specific countries. All Lafarge entities aim to achieve compliance with the principles laid down by the Group in terms of social protection as soon as possible after joining.</p>
The place of social dialogue in the implementation of social protection coverage	<p>Lafarge signed an IFA (International Framework Agreement) with three Global Union Federations in 2005 on the Group's Social Responsibility, which mentions the special attention Lafarge must pay to security and the role the Group can play in the prevention of HIV/AIDS.</p> <p>Lafarge involves social partners in the process whenever possible, because they are a guarantee of better understanding of the system by all employees.</p>
Means of funding	<p>The employer pays either 100% of contributions or on the basis of an apportionment between the employee and the employer.</p> <p>In some emerging countries, Lafarge insures itself (where there is no provider available, the company carries the risk itself).</p> <p>In some countries, Lafarge pays all contributions related to coverage of employees.</p>
Proportion of guarantees defined centrally	<p>Lafarge's social protection programs are completely decentralized in order to take account of local regulations.</p> <p>The Group's policy is to take account of what already exists locally. Lafarge establishes principles to be implemented by subsidiaries on the basis of local laws and practices.</p> <p>Lafarge has laid down five principles:</p> <ol style="list-style-type: none"> <li>1. A country-by-country approach, in view of national statutory systems of social security and taxation.</li> <li>2. As employers, subsidiaries must develop action plans according to defined criteria. They must be: <ul style="list-style-type: none"> <li>■ Rugged, that is to say, designed for the long-term;</li> <li>■ Affordable;</li> <li>■ Flexible, offering, to the extent possible, a number of options to employees;</li> <li>■ Efficient, satisfying employee expectations;</li> <li>■ Competitive (compared to what similar companies offer their employees).</li> </ul> </li> </ol>

	<p>3. In terms of funding, there must be a sustainable risk management system.</p> <p>4. On the issue of governance: a good management plan involves trained actors.</p> <p>5. The action must be communicated to employees.</p> <p>Except in the rare cases where Lafarge is its own insurer, insurance companies cover these contingencies. The Group implemented two pools to achieve better geographic coverage, and invites its subsidiaries to choose between them. They must be included in their tenders and, where applicable, their choice to go through another provider must be justified. The group demanded that there be no exclusion criterion in relation to HIV/AIDS from its leading insurers.</p> <p>In 2010, the Group decided to cover the risk of death from all causes by a lump sum or annuity of at least 2 years' salary.</p>
Proportion of guarantees left to local discretion	<p>The content of health care packages, survivor/disability and old age pensions are defined locally so as to take account of the specificities of each national social security system. The head office ensures that each subsidiary offers services in this area.</p>
Integration into wider corporate policy	<p>Lafarge relies on a strong health and safety policy, inducing a group corporate culture on these topics.</p> <p>In 64 countries, it has introduced important preventive measures in the field of workplace safety that have helped divide the number of accidents by four, with a frequency rate below 1 out of every million hours worked.</p> <p>As a logical consequence and given the scale of the HIV/AIDS epidemic, the Group extended its activities to public health related matters. Following this, Lafarge developed a guide summarizing the methods the Group has developed in sub-Saharan Africa. The aim is to transfer know-how acquired by Lafarge and its African subsidiaries and the guide has thus been made public. It describes a methodology to inspire subsidiary managers to implement the same type of action at their own sites, depending on the health issues that seem to be a priority.</p> <p>There is no prior oversight by the head office. Business Unit directors have the skills and better knowledge of the field than the Group's head office on these points. For example, in Russia, Lafarge has a policy of cardiovascular disease prevention; in the USA, it is engaged in the fight against diabetes and obesity. In Europe, certain subsidiaries have initiated programs on the subject of well-being at work. Finally, in Africa, the health program was expanded to the fight against malaria, tuberculosis and cholera.</p> <p>The Group develops partnerships with NGOs such as Care for HIV/AIDS, to assist the company in its action plans, depending on the problems addressed.</p> <p>The Group also has "base camps and clinics" when the infrastructure does not exist or is too far from the sites where it is located. Most of the time, in these cases, care centres are accessible to neighbouring communities.</p> <p>But Lafarge goes further, in order to take account of its stakeholders and maintain the "license to operate", each subsidiary must become</p>

	<p>involved in at least one project in favour of the community. According to local needs, it can focus on education, road safety, construction of health facilities, etc.</p> <p>For Lafarge, improving the territorial anchoring of subsidiaries allows them to work in good, sustainable conditions, by combating the trafficking and crime that can develop around its sites.</p>
Type of external communication implemented	Lafarge reports on its action in the field of preventive health care (health insurance and health and safety programs combined) across most of the relevant Global Reporting Initiative indicators (LA6, 7, 8, 9 and 15).
Type of internal communication implemented	Lafarge has produced formal information documents for its employees on the social protection principles set out by the Group in 2006, as well as a brochure and booklet for the HR Directors of subsidiaries when they take up their post.
<b>Impact of the social protection measures</b>	
Function responsible for monitoring	<p>A Benefits Committee was established at Group level to ensure:</p> <ul style="list-style-type: none"> <li>• That the Group's Benefits principles are implemented;</li> <li>• That changes in the coverage offered by subsidiaries (mainly pension systems) are consistent with the Group's policy;</li> <li>• The cost that this represents for the company in the long term.</li> </ul> <p>It is composed of representatives from HR, finance and operational management. It focuses on retirement plans as well as the two insurance pools.</p>
Indicators used to measure action	<p>As part of its workplace health and safety programs, the Group verifies the number of accidents at work and occupational health. As regards prevention of HIV-AIDS, the Group's reporting is based on the following indicators:</p> <ul style="list-style-type: none"> <li>• The percentage of employees screened;</li> <li>• The number of non-employees screened;</li> <li>• The number of deceased employees.</li> </ul> <p>These figures are also monitored by the Human Resources function. The HR function evaluates the cost of coverage. It pays particular attention to the contingencies involving the longest running, most expensive action plans, namely:</p> <ul style="list-style-type: none"> <li>• pension plans for retirement;</li> <li>• survivors pension/disability insurance, in terms of premiums paid;</li> <li>• pooling.</li> </ul> <p>Lafarge is its own insurer in certain emerging countries where the supply of insurance is not sufficiently developed. There is a benefits database but it is not aggregated. Medical plans are monitored at the local level. The head office has a certain vision but it is not consolidated.</p>
Feedback / results	<p>Lafarge is confident of the positive impact of social protection programs for the protection and retention of employees, as well as the territorial anchoring of the Group, its links with local partners and adaptation to the local tissue.</p> <p>Lafarge uses indicators to confirm whether or not its subsidiaries have programs on the major social areas of social protection.</p>

Next steps / objectives for evolution	<p>The group intends to continue the extension of social protection coverage to all employees, including the coverage of death/disability.</p> <p>It also wishes to continue implementation of the standards of occupational health developed in 2010. This implies better organization and processes allowing more regular medical examinations or additional examinations for employees exposed to specific risks.</p>
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# SANOFI

Business sector	Pharmaceuticals sector and industry.
Turnover	33,389 billion euro in 2011.
Countries of operation	Presence in a hundred countries.
Number of employees	More than 110,000 employees.

## Summary

Guarantees	<ul style="list-style-type: none"> <li>- Survivors pension: death from all causes</li> <li>- Invalidity / Disability</li> <li>- Supplementary health insurance</li> <li>- Retirement Plan</li> </ul>
Population covered	All employees, regardless of their status or professional category.
Implementation	Implementation of guidelines issued by the Group, taking account of local market constraints.
Funding	The subsidiaries collaborate with the Group to ensure that the best possible service provider insures the social protection program, particularly in terms of costs. Particular attention is given to the solidness of insurers and their market leadership.

### Coverage

Sanofi's policy is to ensure that its social protection programs are (i) competitive compared with the market, (ii) in line with Group and human resources strategies, and (iii) generate economies of scale to ensure that employees receive the best possible coverage for an optimized budget.

In this context, the Group works closely with its subsidiaries to ensure that social protection programs in each country are at a level comparable to those of its competitors and are delivered properly to employees.

Sanofi ensures that each employee throughout the world has (i) quality health insurance and (ii) survivor protection in case of death. Sanofi also believes it has a responsibility to encourage its employees to accumulate retirement savings and sets up supplementary pension plans wherever this is market practice.

### Target population

All employees, regardless of their type of contract or socio-professional category, are concerned by the welfare program.

### Means of implementation

The Group sets out basic principles that subsidiaries adapt to their context, in accordance with local legislation, with strong support from the Head Office. These five fundamental principles, require:

- 1) Improvement in the attractiveness of Sanofi as employer;
- 2) Being competitive and aligned with market practices;
- 3) Providing protection against unexpected contingencies;
- 4) Providing access to quality health care at a fair price and promoting healthy lifestyles;
- 5) Providing ways for employees to accumulate savings, especially for retirement.

### **Funding**

As regards survivors pension, Sanofi has negotiated global agreements with the largest insurance networks around the world to enable its subsidiaries to benefit from the bargaining power of the Group, both in improving the quality of coverage and cost optimization.

For retirement plans, Sanofi has a dedicated team at Group level that oversees asset management globally to ensure optimum performance while minimizing investment costs.

### **Impact**

Sanofi takes part in an annual survey of the competitiveness of its social protection programs around the world. Program costs and the number of people covered are thus monitored and controlled by the Group.

## Transcript of the interview

<b>Prerequisites</b>	
Date of implementation	Sanofi has deployed a comprehensive benefits package including social protection since 2005.
Corporate Motivation	<p>In 2005, during the merger between Sanofi and Aventis, variations in social protection coverage required harmonization between the two companies.</p> <p>In addition, the acquisition of Genzyme and Merial led to another project to ensure that social protection programs around the world were optimised immediately.</p>
Priority guarantees and reasons	Sanofi has prioritized the contingencies of death from all causes, invalidity/disability, sickness and the reimbursement of related expenses, as well as old age. The guarantees are not uniform because each country where Sanofi is located has a different environment.
<b>Stock taking phase</b>	
Stock taking Framework	<p>An inventory was compiled in all countries in which Sanofi operates. The stock taking exercise took account of the statutory social security systems in force in each country as well as market practice. The Group also identified operational risks, such as road accidents.</p> <p>During the acquisition of new companies, the Group also undertakes a country-by-country assessment of the social protection programs of the subsidiaries of these new companies with a view to harmonization, where necessary. The last review took place in 2011 during the acquisition of Genzyme and Merial.</p>
Form of the stock taking phase	<p>Sanofi initially studied all new requests from subsidiaries to improve, renew or establish social protection coverage through a prior authorization procedure.</p> <p>In addition, to measure the competitiveness of the Group's offers, it takes part in an annual survey on social protection in 67 countries around the world, alongside 16 other multinational companies in the pharmaceutical sector.</p>
Function(s) initiating the project	The Human Resources management is responsible for stock taking. Group Human Resources provides support to subsidiaries at the local level.
Function(s) consulted about the project	<p>All subsidiaries have multidisciplinary teams to implement social protection programs for which the head office has given its approval.</p> <p>There is close collaboration between HR teams and the Finance Department as regards funding social protection programs. The Purchasing Department is also involved when a change of service provider is required.</p> <p>Procurement cooperates in the process, both locally and at headquarters, to share costs across the host country and thus benefit from competitive leverage and/or through pooling mechanisms.</p>

Implementation	
Extent of health, invalidity/disability and survivor guarantees	<p>The content of guarantees is an important strategic issue for Sanofi and the Group has chosen to prioritise coverage for the contingency of death from all causes.</p> <p>To cover health expenses, Sanofi has focused on certain minimum benefits: inpatient care, maternity protection and medical consultations. Sanofi also tries to include provision for sick leave whenever possible.</p> <p>In many countries, Sanofi has developed programs to encourage healthy lifestyles among employees and has tried to reduce the impact of chronic disease and death. For example, Sanofi chairs the "CEO Roundtable" on Cancer, an organization aiming to eliminate cancer as an individual disease and public health problem.</p>
Target population	<p>The social protection programs in each Sanofi subsidiary include all employees regardless of their type of contract or professional category.</p> <p>The notion of respect for human rights is very important for the Group, so it is very sensitive to affiliation procedures (<i>e.g.</i> a medical examination is not necessary) and exclusions by insurers.</p>
Geographical scope	<p>Sanofi seeks to cover all of its employees in all of its subsidiaries. Each new social protection program, as well as the renewal or improvement of guarantees offered by Sanofi subsidiaries is treated as a new project subject to the approval of the Group's supporting departments (<i>i.e.</i> HR, Finance and Procurement). This operational support from head office is also a high incentive for all subsidiaries to enter the process, wherever they are in the world.</p>
The place of social dialogue in the implementation of social protection coverage	<p>The five principles set out above include the head office involving employees and their representatives in the implementation of social coverage and including social protection among the subjects of social dialogue.</p>
Means of funding	<p>The weight of implementation is borne by the subsidiary but the Group remains vigilant concerning the "economic capacity" of its subsidiaries. It may therefore decide to intervene so that the insurer covers all employees or to cover a specific risk (HIV/AIDS, diabetes, etc.).</p> <p>In these cases, Sanofi can opt to:</p> <ul style="list-style-type: none"> <li>• reduce the most expensive guarantees;</li> <li>• pay an additional premium;</li> <li>• share costs at Group level within a global pool to allow a local insurer to provide guarantees.</li> </ul>
Proportion of guarantees defined centrally	<p>The Sanofi ethical code dictates the way we work and has an important effect on the design of its employees' social protection. In particular, this means:</p> <ul style="list-style-type: none"> <li>• Respect for individual rights: prohibit discrimination, especially because of gender, age, health or seniority;</li> <li>• Data protection: compliance with legislation relating to data protection and respect for confidential data of employees.</li> </ul>
Proportion of guarantees left to local discretion	<p>Local subsidiaries adapt the guidelines issued by the head office according to local legislation and local market offer. The head office insists on involving the corporate team when considering plans to</p>



	<p>modify or introduce a new plan or provider.</p> <p>The subsidiaries collaborate with the Group to ensure that the best possible service provider funds the social protection program, particularly in terms of costs. Particular attention is given to the solidity of providers and their market leadership.</p> <p>They decide on the choice of insurers, health care providers, content of guarantees and their level of coverage. Subsequently, they receive approval from head office.</p>
Type of external communication implemented	The Group communicates on its commitment to the social protection of its employees through its website and CSR Reports and brochures that reflect the evolution in the range of social protection programs it implements.
Type of internal communication implemented	The Group uses multiple media to communicate with its employees, including <i>inter alia</i> brochures, "newsletters" and the intranet. The share of technology in such communication is increasing steadily.
<b>Impact of the social protection measures</b>	
Function responsible for monitoring	The Group Finance Department is consulted during stock taking and is associated in the validation of social protection programs offered by subsidiaries and their verification.
Indicators used to measure action	<p>Sanofi's annual participation in the sector-wide inquiry into social protection practice allows the Group to gauge the competitiveness of its programs in each country where it operates.</p> <p>In addition, Sanofi has launched an annual assessment of the cost of social protection across the world in order to better understand the impact on its business.</p>

## TOTAL

Business sector	Industrial sector, specializing in energy (oil and gas) and petrochemicals.
Turnover	184,693 billion euros in 2011.
Countries of operation	Present in more than 130 countries.
Number of employees	94,104 employees.

### Summary

Guarantees	<ul style="list-style-type: none"> <li>- Supplementary health insurance (outpatient care, inpatient care, dental, optics, sick leave, maternity protection).</li> <li>- Survivors pension, death from all causes (establishment of a Group-wide guarantee in the form of annuity lump sum corresponding to 200% of annual salary).</li> <li>- Supplementary old age pension.</li> </ul>
Population covered	<ul style="list-style-type: none"> <li>• All group employees (regardless of status) and their families (for health benefits only).</li> <li>• No mention of suppliers.</li> </ul>
Implementation	Decentralized (adaptation of the social protection program in accordance with local laws). Group governance framework where initiatives are local but the design and selection of insurers and schemes are subject to validation and approval at the Group level. Monitoring of implementation through a comprehensive database of coverage levels by country.
Funding	Supplementary health insurance funded by both the employer and the employee. Pooling for death, disability and sickness contingencies. Longstanding partnership with some insurance pooling networks.

### Coverage

With a view to harmonizing the social protection benefit levels of employees in all subsidiaries, Total decided to offer similar benefits to all its employees worldwide, adapted as necessary to local contexts. The guarantees offered relate to survivor, accident and disability insurance, supplementary old age pensions and supplementary health insurance.

Survivors pension (in case of death, from all causes), established as a "global group standard", is a lump sum equivalent to 200% of annual base salary.

As for supplementary health insurance, the types of guarantee that must be included in the health care package are defined at head office according to market practice: outpatient and inpatient care, dental, optics, sick leave and maternity protection.

### Target population

All Total employees are targeted by these guarantees, regardless of their status, as well as their families (spouse and children), especially as regards health insurance.

Although deployment of the Total social protection policy began in entities with more than 200 employees, Total's goal is to eventually extend it to all subsidiaries. Currently, 87% of Total employees throughout the world have survivors pension in case of death from all

causes. Total aims to increase the number of employees covered to 92% by the end of 2012, by lowering the threshold to 150 employees per entity.

### **Means of implementation**

The process of establishing global group standards for social protection was piloted by the Total Group Compensation, Benefits & Expatriation Directorate (Employee Benefits & Employer Liabilities Department) as well as the Group Labour Relations Directorate.

The establishment of a global group standard for survivors pension is centralized.

Monitoring of implementation by the head office is achieved notably through a global database of levels of benefit by country; in parallel, the TEBAM governance framework (Total Employee Benefits Approval & Monitoring) defines approval rules for funding, development of plans and coverage options, choice of insurers, communication and employee administration.

Implementation of social protection coverage is adapted to local legislation by each subsidiary, which is authorized to establish long-term plans to achieve the global goal (market median, categories covered, etc.) based on their financial capacity.

In the case of European subsidiaries, social partners are informed about the establishment of new benefits, especially with regard to old age pensions.

### **Funding**

Both the employer and employee normally fund supplementary health insurance.

In order to gain economies of scale, streamlined insurance plans by country is organised with the assistance of consultants and pooling networks.

### **Impact**

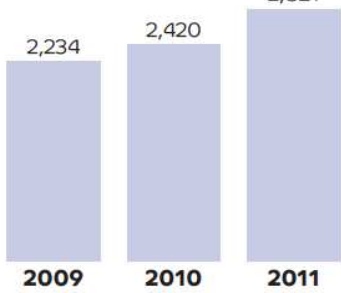
The Group Compensation, Benefits & Expatriation Directorate Employee Benefits & Employer Liabilities Department of Social Benefits & Commitments is responsible for monitoring implementation of the social protection coverage strategy and verifies all aspects of the strategy, including costs. No specific impact study has yet been made public.

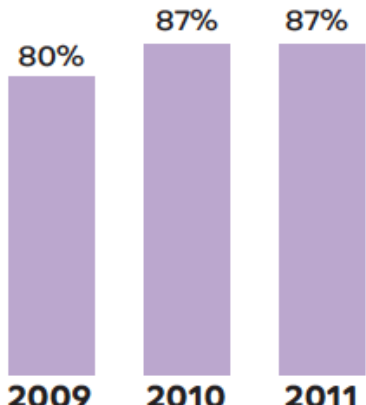
In addition, Total regularly conducts internal opinion surveys (the Total Survey): comparisons show (*e.g.* in Asia) improved employee satisfaction rates after the implementation of social protection schemes, regardless of sector and age group.

## Transcript of the interview

Prerequisites	
Date of implementation	The Total governance framework for social protection was established in 2006 and updated in 2011.
Corporate Motivation	Total's business model is integrated. The chemical transformation activity complements its oil and gas exploration and production activities. Total's main motivation is to reduce the variations in social protection schemes across its range of activities. This is a harmonization process.
Priority guarantees and reasons	Total prioritizes survivors pension, employee savings and supplementary old age pensions. The Group intends to offer its entire staff comparable benefits everywhere in the world, adapted to local contexts. Total wants these benefits to be based on a common floor.
Stock taking phase	
Stock taking Framework	Total began its stock taking phase in countries where the Group has the highest number of staff. A country specific approach allowed Total to operate as a project manager with its subsidiaries, which gave them more ownership of the issue.
Form of the stock taking phase	The stock taking phase took the form of consultations. Total launched a call for tenders for consultations by region via an external provider. The consultations compared the Total social protection programs with the market reference. The market reference was defined as follows: <ul style="list-style-type: none"> <li>• the statutory social security schemes in each country in which Total operates;</li> <li>• industry practices in the sector in which subsidiaries operate.</li> </ul>
Function(s) initiating the project	The entire process was supported by the Total Group Compensation, Benefits & Expatriation Directorate as well as the Group Labour Relations Directorate.
Implementation	
Extent of health, invalidity/disability and survivor guarantees	The social benefits strategy was clearly laid down with the enactment of a single internal standard called the "global group standard" (global footprint) for death from all causes (lump sum or pension equivalent to survivors amounting to 200% of annual base salary). Subsequently, all existing social protection was revised to ensure coverage at the median level of the local industrial market.
Target population	All Total employees are targeted by these guarantees, regardless of their status, as well as their families (spouse and children), especially as regards health insurance.
Geographical scope	The ultimate goal is to cover 100% of Total Group subsidiaries. Deployment of the social protection policy commenced in Total entities with more than 150 employees. Currently, 87% of world employees (companies in which the Group holds more than 50% of the capital) are insured for death from all causes.

The place of social dialogue in the implementation of social protection coverage	<p>At the European level, a presentation of the retirement plans in place in the main countries of operation was made before the European Works Council Liaison Committee.</p> <p>Following local legal requirements, the social partners are informed and consulted upon introduction of new benefits.</p>
Means of funding	<p>The establishment of a harmonised coverage system can be costly for the subsidiary in terms of increased costs of remuneration.</p> <p>There are three possible funding options:</p> <ul style="list-style-type: none"> <li>• Spreading implementation over time.</li> <li>• Group matching financial assistance. This solution must be exceptional because it raises issues concerning the sustainability of the social protection system.</li> <li>• Head Office imposition of monitoring to ensure implementation within the original time frame.</li> </ul> <p>For reasons of cost awareness, whenever possible, Total prefers that supplementary health benefits be co-financed by the Group and the employee.</p>
Proportion of guarantees defined centrally	<p>The Employee Benefits &amp; Employer Liabilities Department has outlined a plan to cover death, injury and illness contingencies in collaboration with local teams.</p> <p>Thus, in case of death for any cause, an annuity equal to two years salary is paid to survivors.</p> <p>Supplementary health insurance includes:</p> <ul style="list-style-type: none"> <li>• outpatients care,</li> <li>• inpatients care,</li> <li>• dental care,</li> <li>• optics care,</li> <li>• sick leave with the establishment of a fixed daily rate based on legal or negotiated rules,</li> <li>• maternity leave with the establishment of a fixed daily rate.</li> </ul> <p>The Department of Social Benefits &amp; Commitments launched a tender to select a single insurer, allowing economies of scale.</p> <p>Subsequently, it validates the choice of the subsidiary if the insurer selected by the subsidiary is not in the pool.</p> <p>Total formalized this process through the TEBAM (Total Employee Benefits Approval &amp; Monitoring) system, which monitors the implementation of the coverage strategy. TEBAM defines approval rules for:</p> <ul style="list-style-type: none"> <li>• Design of coverage plans</li> <li>• funding</li> <li>• coverage options</li> <li>• choice of providers</li> <li>• communication and employee administration</li> </ul>
Proportion of guarantees left to local discretion	<p>Local subsidiaries are responsible for managing the social protection program.</p>

<p>Integration into wider corporate policy</p>	<p>Total has a Group Health Steering Committee that defines health policy. In 2008, it set up an observatory of employee health whose mission is to follow the evolution of illnesses in order to decide on preventive action, with the assistance of occupational medicine.</p> <p>Regarding the medical monitoring of employees, the largest Total subsidiaries have their own health facilities. For smaller subsidiaries, employees are supported by external institutions selected and audited by the Group.</p> <p>Beyond the prevention of contingencies related to the handling of certain products, some subsidiaries also conduct public health preventive medicine and promotion, such as the fight against pandemics like HIV/AIDS, or even obesity.</p> <p>These are local initiatives since the work must be done in conjunction with insurers who are able to lead campaigns for employees and, in most cases, their families or the local community.</p> <p>This is also true with regard to expanded access to Total health facilities, beyond employees.</p>								
<p>Type of external communication implemented</p>	<p>Total reports on all the Group's health-related action, completing the following GRI (Global Reporting Initiative) indicators (see Appendix on GRI indicators):</p> <ul style="list-style-type: none"> <li>• EC8:</li> </ul> <p>Table showing the number of social initiatives identified by Total (from the Society and Environment Report 2011)</p> <div data-bbox="523 1093 1238 1489"> <p><b>Number of initiatives</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Number of initiatives</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>2,234</td> </tr> <tr> <td>2010</td> <td>2,420</td> </tr> <tr> <td>2011</td> <td>2,821</td> </tr> </tbody> </table> <p><b>In 2011, corporate philanthropy spending by Total S.A. (including the Total Foundation) amounted to €28 million.</b></p> </div> <ul style="list-style-type: none"> <li>• LA6</li> <li>• LA7</li> <li>• LA8</li> <li>• LA9</li> </ul> <p>In the Society and Environment Report, a range of indicators also reflect the Total Worldwide Human Resources Survey conducted over the last three years, including the evolution of survivors pension coverage:</p> <ul style="list-style-type: none"> <li>• Percentage of employees entitled to survivor benefits coverage in excess of 200%.</li> <li>• Percentage of Group companies that offer employees regular medical check-ups.</li> </ul> <p>Total also publishes the percentage of employees earning more than the local minimum wage.</p>	Year	Number of initiatives	2009	2,234	2010	2,420	2011	2,821
Year	Number of initiatives								
2009	2,234								
2010	2,420								
2011	2,821								

Type of internal communication implemented	The proposed new guarantees covering survivor, injury and illness implemented via a single insurer have been the subject of specific communication to ensure their understanding by all employees including, for example, illiterate employees. Concretely, the Group held several meetings on the subject at each site.								
<b>Impact of the social protection measures</b>									
Function responsible for monitoring	The Total Employee Benefits & Employer Liabilities Department is responsible for monitoring the implementation of the coverage strategy.								
Indicators used to measure action	<p>The Total Employee Benefits &amp; Employer Liabilities Department verifies:</p> <ul style="list-style-type: none"> <li>• the cost of coverage;</li> <li>• the level of funding of pension funds;</li> <li>• changes in insurers;</li> <li>• the implementation of the harmonized survivor benefit;</li> </ul> <p>Table extracted from the Society and Environment Report 2011</p> <p><b>A BENEFITS – Worldwide Human Resources Survey scope<sup>1</sup></b></p> <hr/> <p><b>Percentage of employees entitled to death benefits coverage &gt; 200% of gross salary</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>80%</td> </tr> <tr> <td>2010</td> <td>87%</td> </tr> <tr> <td>2011</td> <td>87%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• companies that have implemented services without going through validation at Group level;</li> <li>• the level of employee satisfaction in terms of pay and benefits.</li> </ul>	Year	Percentage	2009	80%	2010	87%	2011	87%
Year	Percentage								
2009	80%								
2010	87%								
2011	87%								
Feedback / results	<p>The results of the last Total Survey of opinion showed that the majority of Group employees were satisfied with the overall remuneration policy conducted by Total.</p> <p>For example, the satisfaction of employees in China increased from 10-15% to 51% globally.</p> <p>Contrary to popular belief:</p> <ul style="list-style-type: none"> <li>• Those under 25 years old are more satisfied</li> <li>• This is particularly true in developing countries such as China, India and Vietnam.</li> </ul>								

Next steps / objectives for evolution	<p>Total set the following goals in 2012:</p> <ul style="list-style-type: none"> <li>• growth in the percentage of employees covered by survivors pension from 87% in 2011 to 92% in 2012</li> <li>• improving the ratio of health care costs and allowances refunded compared to the cost of premiums paid to insurers.</li> </ul>
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## VALLOUREC

Business sector	Industrial sector, specializing in tubular solutions.
Turnover	5.3 billion euros in 2011.
Countries of operation	Integrated production units in more than 20 countries.
Number of employees	22,000 employees.

### Summary

Guarantees	<ul style="list-style-type: none"> <li>- Supplementary health insurance, including inpatient and outpatient care, maternity protection and sick leave, and dental care.</li> <li>- Supplementary old age pensions.</li> </ul>
Population covered	All the Group's employees, regardless of the type of contract, often including families.
Implementation	<ul style="list-style-type: none"> <li>- Decentralized.</li> <li>- A local insurer is chosen for each subsidiary, where possible. Sometimes, the Group self-insures (is its own risk carrier).</li> <li>- Establishment of discussion groups working on specific topics, involving employee representatives and management.</li> </ul>
Funding	<p>Payment of contributions is defined by the legal obligations of local social security systems, resulting in many variations depending on geographical location.</p> <p>The implementation of social protection programs for employees is the responsibility of subsidiaries. In big subsidiaries, a foundation may be created to ensure financial support for implementation.</p>

### Coverage

Vallourec is establishing a social protection program that aims to offer its employees supplementary health insurance and old age pensions in all countries where it has operations.

The guidelines given to subsidiaries by the head office specify that supplementary health insurance must cover the costs of inpatient and outpatient care, maternity protection and sick leave as well as the costs associated with dental care.

### Target population

The social protection program is open to all employees, regardless of the type of contract binding them to Vallourec and, in most cases, their families.

### Means of implementation

Within the Head Office, the social protection program is run by the Employee Relations / Social Affairs section of the Corporate Human Resources department, which makes recommendations to the Management and Human Resources departments of subsidiaries, the latter being responsible for adapting the social protection program to local realities.

The content of the program at head office is thus:

- Confirming that minimum insurance is mandatory for all employees.

- Developing guidelines for the contingencies to be covered (in order to avoid potential variations between subsidiaries, the head office encourages them to offer at least a basic health care package including sick leave and where appropriate, maternity leave, as well as medical consultations, inpatient care and dental care). Generally, Vallourec encourages its subsidiaries to provide higher social benefits than the minimum required by local law.

- Providing technical support for implementation is the responsibility of the Group Human Resources Department (defining levels of coverage, exclusions, identifying insurers, negotiating contracts).

Depending on local laws and to the extent possible, Vallourec aims to harmonize social benefits to all its employees progressively, whether they be expatriates or local staff. Priority for this alignment is given to subsidiaries with large numbers of staff.

Where they are present, Vallourec negotiates with unions. In addition, the Group develops structures bringing together employees and representatives of departments working together on specific topics, such as labour relations and working conditions. These structures have defined action plans at subsidiary level and at country level.

## **Funding**

The proportion of employee and employer contributions is based on the host country's statutory social security systems. Thus, in some countries, particularly in the Arabian Peninsula, the employer is responsible for financing the social protection of its employees. In other countries, such as India, employers and employees both pay the contributions.

The implementation of social protection programs for employees is the responsibility of subsidiaries. In big subsidiaries, a foundation may be created to ensure financial support for implementation.

## **Impact**

Vallourec does not currently assess the overall impact of its social protection program. However, the head office surveys certain indicators provided by subsidiaries. These indicators relate to the cost of health insurance, old age pensions and the rate of employee turnover in each subsidiary. Thus, Vallourec affirms that the employee turnover rate has decreased overall from 30% to 10% in Dubai. In the People's Republic of China, employee turnover amounts to 6-7% as opposed to 18% on average in developing countries.

In addition, Vallourec has conducted a social survey with questions on compensation and benefits in Brazil, China and France. The average satisfaction rate for all three countries is 60%, for a participation rate of 90%.

In addition, among the internal human resources control tools, a regular check on social welfare policy is made with all human resources departments.

## Transcript of the interview

<b>Prerequisites</b>	
Date of implementation	Vallourec's efforts to cover its employees did not start on a specific date. They have been evolving constantly as the Group deployed internationally.
Corporate Motivation	<p>The social protection programs are based on Vallourec's deeply rooted culture in the areas of workplace health and safety.</p> <p>The Group seeks to harmonize the health insurance packages it offers throughout each host country.</p> <p>Moreover, in a highly competitive environment, large groups attract candidates or retain employees with the level of benefits they offer. Vallourec also intends to offer an attractive compensation and benefit package to its employees.</p> <p>The Group has made recommendations in this regard and ensures that all its subsidiaries have implemented an action plan in this regard.</p>
Priority guarantees and reasons	Vallourec has expanded its original concept of health insurance to more comprehensive social protection: in addition to inpatient and outpatient costs, sick leave and maternity leave, the Group has defined dental costs, old age pensions and other educational issues (access to preventive training, access to education, financial aid) as guarantees that can be prioritized depending on the needs of each country.
<b>Stock taking phase</b>	
Stock taking Framework	The Group has not conducted a stock taking exercise, as such. It does maintain a constant overview of the coverage adopted by subsidiaries due to the information they report.
Form of the stock taking phase	In addition to its reporting on the subject of social protection, the Vallourec Corporate Human Resources Department has a reference document, similar to an "employee handbook", but at Group level. It includes guidelines for internal regulations, social benefits, enterprise agreements and collective agreements governing subsidiaries.
Function(s) initiating the project	<p>The Employee Relations / Social Affairs section of the Corporate Human Resources Department supervises deployment.</p> <p>Locally, the HRD at each site is responsible for rolling out the Group social protection policy within their entity.</p>
Function(s) consulted / involved	<p>Of course, the Managements of subsidiaries is involved in, or conducts, action plans.</p> <p>In addition, certain subsidiaries create foundations with fields of activities covering both health and social issues:</p> <ul style="list-style-type: none"> <li>• at work (management of company restaurants, training...); and</li> <li>• beyond (prevention, health care, action to promote education...)</li> </ul> <p>Although these structures require an investment, this may be reduced where tax relief is available to compensate for weaknesses in local systems of social security.</p>

Implementation	
Extent of health, invalidity/disability and survivor guarantees	<p>The Group only makes recommendations to its subsidiaries to encourage them to provide a basic package including:</p> <ul style="list-style-type: none"> <li>• sick leave and, where appropriate, maternity leave,</li> <li>• medical consultations,</li> <li>• inpatient care, and</li> <li>• dental care.</li> </ul> <p>The sole obligation of subsidiaries is to offer a social protection program. Subsidiaries show a varying rate of compliance with the recommendations of the Group regarding its content.</p>
Target population	<p>All employees, regardless of the type of contract they are on, are targeted by the social protection recommendations proposed by Vallourec.</p> <p>In most cases, families are also beneficiaries.</p> <p>To the extent permitted by law, Vallourec plans progressive harmonization of social protection among all its employees through private insurance contracts. For example, there may be cases where the insurance coverage of a spouse or dependent child is subject to a statutory cap.</p> <p>Vallourec provides no guidance to subcontractors regarding health insurance, or more broadly the social protection that they offer their employees.</p>
Geographical scope	All subsidiaries must provide minimum insurance cover to employees.
The place of social dialogue in the implementation of social protection coverage	<p>In Vallourec's experience, social protection is not often a priority for unions, especially in developing countries. They focus more on wages, working conditions and transport. Their interest in the subject also depends on the social security system in the country and the level of basic coverage that exists already.</p> <p>Vallourec is developing structures where employees and board representatives work together on specific issues. For example, in Brazil, China and France, pilot working groups were set up on the themes of working relations and conditions. They led to debriefing sessions that defined action plans at sites and even at country level.</p>
Means of funding	<p>The recommendations for social protection reflect local regulatory and business conditions in these countries. Legal requirements are met, as local practices for social protection systems are respected. They are the basis for the definition of employee and employer contributions.</p> <p>For example, in the countries of the Arabian Peninsula where Vallourec operates, there is an obligation to take out private insurance to cover employees. Everything is paid by the employer.</p> <p>In Russia, the system is also based on the purchase of individual contracts.</p> <p>In contrast, in India, the system is quite protective as a whole, even if the quality of benefits is relatively low. It is based on contributions from both employees and employers.</p> <p>Brazil applies another operating model, where the corporate Foundation is a comprehensive framework that works exclusively on social support both within and beyond the company proper, to cover rural areas.</p>

Proportion of guarantees defined centrally	<p>One of Vallourec's objectives is to remain attractive <i>vis-à-vis</i> its employees, so the head office ensures that benefits are of good quality.</p> <p>The desired harmonization of social protection for employees must contribute to enhancement of the guarantees offered.</p> <p>The action plans of Group subsidiaries are submitted to the Corporate Human Resources Department. Subsidiaries must report on certain indicators that are supervised by the head office.</p>
Proportion of guarantees left to local discretion	<p>Except for the specific coverage of expatriate employees, the guarantees covered and the level of benefits are left to local determination and the Group's recommendations are limited to compliance with the minimum statutory requirements or, if possible, completing them in an effort to attract and retain employees.</p>
Integration into wider corporate policy	<p>Vallourec's social protection policy feeds into Group policy in the field of security.</p> <p>To this end, it has developed three programs:</p> <ul style="list-style-type: none"> <li>- A preventive health program, called CAPTEN SAFE; then</li> <li>- CAPTEN+ Safe, which focuses on awareness of workplace health and safety issues; and</li> <li>- The Chemsafe program, covering exposure to chemical hazards.</li> </ul> <p>Whenever possible, Vallourec extends its health promotion (and education) programs to local communities. To this end, the Group relies on the foundations it creates whenever subsidiaries have sufficient critical mass to allow such investments. These are full-fledged structures extending to all social issues. Vallourec funds them, which is tax deductible.</p> <p>In Brazil, although the "Foundation" team is not part of V&amp;M do Brasil (VMB), the two entities are constantly working together on motivation, health, internal dispensaries, occupational physicians, health education and maintenance, through programs designed for favelas.</p> <p>School groups have emerged (music lessons are given free to underprivileged children and awareness campaigns to fight against drugs are organized, as well as HIV-AIDS prevention sessions).</p> <p>Regarding motivation, VMB and the Foundation were the first entities to conduct a satisfaction survey, held every 2-5 years.</p>
Type of external communication implemented	<p>Vallourec Group has a culture founded on safety and prevention. These are the indicators that the Group publishes primarily in its annual reports and/or sustainability reports.</p> <p>The Brazilian subsidiary of Vallourec, VBM at the forefront on many CSR issues, publishes its own sustainability report referring to the GRI indicators (Global Reporting Initiative). VMB reports in particular on the cost of benefits corresponding to the GRI LA3 indicator.</p> <p>VMB Reporting Table for the cost of social benefits (extract from the 2011 Sustainable Development Report):</p>

	Investments / benefits to employees (approx. values in R\$)									
	Benefit	VMB			VMFL			VMMN		
		2011	2010	2009	2011	2010	2009	2011	2010	2009
	Medical, dental, hospital assistance	14.0 million	12.9 million	12.7 million	3.5 million	2.6 million	2.2 million	888.7 thousand	555 thousand	576 thousand
	Transport	9.1 million	8.2 million	7.7 million	9.5 million	9.4 million	7.6 million	834.3 thousand	736 thousand	747 thousand
	"Cesta básica"	3.3 million	3.6 million	3 million	1.9 million	1.6 million	1.2 million	216.7 thousand	185 thousand	172 thousand
	Total	26.4 million	24.7 million	23.4 million	14.9 million	13.6 million	11 million	1.9 million	1.5 million	1.4 million
	"Cesta basica" = basic package									
Type of internal communication implemented	<p>Internal communication at the local level varies to meet the needs of subsidiaries.</p> <p>Corporate communication covers more general topics relating to "comfort at work" (working conditions, wellbeing, etc.).</p>									
Impact of the social protection measures										
Indicators used to measure action	<p>The Vallourec head office supervises:</p> <ul style="list-style-type: none"> <li>the action plans of subsidiaries and their evolution. The Group observes indicators relating to: <ul style="list-style-type: none"> <li>- The cost of health insurance;</li> <li>- The terms of insurance contracts, to ensure they are not discriminatory;</li> <li>- The retirement system.</li> </ul> </li> <li>on-going proceedings, whether at the initiative of the authorities or employees;</li> <li>the rate of employee turnover in each subsidiary.</li> </ul> <p>Vallourec has also produced a social survey of three countries (China, Brazil and France), taking the form of a questionnaire with 80 questions. One group of questions relates to compensation and benefits. The participation rate was approximately 90%.</p>									
Feedback / results	<p>Employee turnover fell sharply. In Dubai, it decreased from 30% before acquisition of the sites by Vallourec, to less than 10% per year. In China, it is around 6 to 7% against an average of 18% in developing countries.</p> <p>The survey conducted in China, Brazil and France showed an average satisfaction rate of 60% among those employees who participated.</p>									
Next steps / objectives for evolution	<p>Vallourec intends to pursue the harmonization of social protection systems because it is convinced of their impact on employee turnover as well as the attractiveness of the Group employer brand.</p> <p>The Group also intends to extend the social survey to other countries in which Vallourec operates in the near future.</p>									

# VEOLIA ENVIRONNEMENT

Business sector	Environmental Services Industry (water management, waste management, energy services and transportation).
Turnover	29.6 billion euro in 2011.
Countries of operation	Present in 77 countries.
Number of employees	331,266 employees.

## Summary

Guarantees	<ul style="list-style-type: none"> <li>- Old age pensions.</li> <li>- Disability Insurance.</li> <li>- Minimum supplementary health insurance.</li> </ul>
Population covered	The aim of the project is to cover the Group's employees, starting with those from subsidiaries with large workforces, then extending coverage to employees of all subsidiaries, regardless of their status.
Implementation	<p>Decentralized implementation.</p> <p>Minimum social guarantees defined at Group level and adapted to local laws.</p> <p>Collective bargaining agreements in some cases, unilateral implementation by the employer in others.</p>
Funding	No general funding policy. Regarding the disability / invalidity and death contingencies, risk management via five pools.

## Coverage

The Veolia Environnement Group intends to provide guarantees to all employees for old age, illness and disability contingencies. In order to harmonize the coverage, the Group aims to achieve minimum standards of social protection progressively in all its subsidiaries.

## Target population

Ultimately, it is expected that the social protection program will cover all employees. Veolia Environnement has launched a stock taking in countries with large staff numbers (France, the UK, the USA, Germany, Poland, the Czech Republic and Slovakia).

In addition, the Group's policy is to do everything possible to ensure the same level of coverage for all its employees, regardless of their status. This principle must naturally be applied as close to the grassroots as possible, under the responsibility of the Human Resources function locally.

## Means of implementation

Implementation of social protection programmes is decentralized, since they are established in accordance with local legislation. In this regard, the company intends to develop a “core-flex” approach, based on a certain level of social protection benefit to be applied in all subsidiaries (core), while allowing flexibility to each entity in the determination of guarantees under local legislation (-flex). Individual divisions can then offer additional guarantees, provided that the minimum social protection benefit levels defined by the Group concerning supplementary health and disability insurance are already offered to employees.

In addition, the employer at the local level can make decisions concerning social security programs either through collective bargaining or unilaterally. As for survivors pension (death and disability contingencies), Veolia Environnement generally uses local insurers, based on five pools.

### **Funding**

Funding for these guarantees, including the allocation of contributions between employer and employee, is still disparate and non-systematic.

Regarding survivors pension (death and disability contingencies), Veolia Environnement uses five pools of insurers. These will gradually be harmonized on the basis of the identification of countries with a large workforce and those with high growth potential. To this end, Veolia Environnement also verifies a number of specific indicators. The reported data mainly concerns the number of employees covered in each country and the level of benefits paid, either locally or at head office.

In addition, to reduce the cost of insurance, the company seeks to pool the insurers and brokers in each country, which also allows harmonization of the social guarantees offered to all employees.

### **Impact**

To better understand the initial results of its policy, Veolia Environnement carries out a stock taking of local social protection guarantees where necessary. In parallel, visits by Group representatives may be conducted locally in selected subsidiaries to ensure compliance with recommendations with regard to employees' needs and legislation. The main measures taken during the second half of 2012 are subject to impact assessments, including financial planning.



## Transcript of the interview

Prerequisites	
Date of implementation	Veolia Environnement launched its plan to transform social protection of employees in 2011, as part of its strategic plan.
Corporate Motivation	<p>Above all the President of the Group wants to ensure that Veolia Environnement is a socially responsible group.</p> <p>He insists on compliance with the laws of the countries in which it operates, on the one hand, and the proposal of harmonized social protection on the other.</p> <p>The coverage must extend over time for all employees of Veolia Environnement, as well as their families, where appropriate. The costs generated by such coverage must thus be managed and financed.</p>
Priority guarantees and reasons	<p>The most important types of guarantee for Veolia Environnement are:</p> <ul style="list-style-type: none"> <li>• retirement systems that, to the extent possible, gradually move away from defined benefit schemes in favour of defined contribution arrangements, which supplement the statutory provisions in force in each country, if any. This approach has been implemented primarily in countries where the Group's actuarial liability is the greatest (UK, France and the USA);</li> <li>• health insurance, <i>i.e.</i> reimbursement, to some extent, of medical expenses, inpatient care, etc.;</li> <li>• provident benefits, <i>i.e.</i> depending on the country, the provision of survivors pension and disability insurance (annuity payment), etc.</li> </ul>
Stock taking phase	
Stock taking Framework	<p>In the countries where it operates, the Group has studied the existing standards of social protection, focusing first on countries with the largest workforces, in order to benefit more easily from leverage, and those in which the Group wishes to develop its activities.</p> <p>Beyond France, the inventory therefore focused primarily on the United Kingdom, the United States, Germany, Poland, the Czech Republic and Slovakia.</p>
Form of the stock taking phase	<p>The Group compared the raw data reported by the subsidiaries with an internal benchmark on practices in host countries and the degree of coverage by statutory mechanisms.</p> <p>This benchmark allowed Veolia Environnement to work on achieving internal consistency, regardless of the nature of its activities in a given country, and to control the resulting risks.</p> <p>For example, Veolia Environnement maximizes pooling in order to enjoy the best levels of benefits at the same cost.</p>
Function(s) initiating the project	The Corporate Human Resources department and the Human Resources departments of the divisions are in charge of this issue.

Implementation	
Extent of health, invalidity/disability and survivor guarantees	<p>The guarantees and their content vary from country to country. They primarily reflect the Group's acquisitions, with a significant opportunity factor, with the result that work to ensure integration of social protection systems has not always been done.</p> <p>In time, the Group's objective is to provide standard coverage regardless of the host country.</p>
Target population	<p>The Group's policy is to do everything possible to ensure the same level of coverage for all its employees, regardless of their status. This principle must naturally be applied as close to the grassroots as possible, under the responsibility of the Human Resources function, locally or in the host country.</p>
Geographical scope	<p>Group employees in the main countries of operation (see above) are covered for health and provident costs. Ultimately, it is expected that the social protection program will cover all employees. The implementation of our efficiency plan should gradually extend monitoring to new geographical areas.</p>
The place of social dialogue in the implementation of social protection coverage	<p>Social protection is a subject that is discussed at the local level, based on local legislation, mostly within Economic and Social Units, but sometimes at the level of specific legal entities.</p> <p>As a result, it may result in either collective bargaining agreements or unilateral decisions by the employer.</p>
Means of funding	<p>To date, practices regarding the rules for sharing the financial burden of guarantees between employer and employee are still very disparate.</p> <p>Regarding the disability / invalidity and death contingencies, a special effort has been made to increase pooling. Indeed, Veolia Environnement now uses five pools that it wishes to harmonize gradually. The Group thinks more in terms of opportunities than in a systematic manner.</p> <p>A certain staff density is required if pooling is to be effective. For this purpose, Veolia Environnement has identified countries with significant staff numbers, and those in which the Group is expanding rapidly, such as Slovakia.</p> <p>This approach has generated a significant increase in Dividends to the parent company, but the percentage of employees covered can still be strengthened.</p>
Proportion of guarantees defined centrally	<p>The Group strategy in terms of social protection is to develop a “<i>core-flex</i>” approach: <i>i.e.</i> the “core” is the level of social protection the Group wants to offer to all employees, while allowing flexibility and liberty to subsidiaries (“<i>flex</i>”).</p> <p>In this scheme, maintaining a “core” reduces the gap between divisions, so as not to be an obstacle to mobility.</p> <p>At first, Veolia Environnement meets all insurers in one country, often different depending on the business, to propose a primarily economic approach.</p> <p>Insurers and brokers in each country are thus pooled, which is the first step towards gradual harmonization of social protection programs offered by the Divisions.</p> <p>Where necessary, the Group may decide to issue tenders to</p>

	maximize relations with external partners and offer quality services at a reasonable cost.
Proportion of guarantees left to local discretion	<p>Following the "core-flex" approach, which the Group uses to explain the operation of its action plans, if the Divisions want to implement additional services, they may do so by signing supplementary agreements, but the prerequisites must be met first.</p> <p>Relations between the head office and local roll out of the Veolia Environnement social protection strategy are organized at the country level. This system is not yet effective everywhere and the minimum services offered by Divisions within a country are not always comparable.</p> <p>The Group's objective is to move towards unification of the floor level of benefits by country in all areas of its business.</p>
Type of internal communication implemented	Given the complexity of the Group, communication on these issues is left in the hands of local entities, or business groups. For example, the media available to an operator in Delhi, India, will be different from those available to a Managing Director at the Group's head office.
<b>Impact of the social protection measures</b>	
Indicators used to measure action	<p>The Veolia Environnement Corporate Human Resources department conducts a benefits review of existing benefits, and helps to master the evolution of social costs within the Group. Corporate teams go to the field to ensure that implementation of the recommendations is consistent with the needs of employees and local laws and/or practices.</p> <p>The activity indicators for pools can be gauged at either the country, or transnational, Group level.</p> <p>Thus, the data may be reported either locally or centrally. It mainly concerns the number of employees covered by country and the level of benefits paid, either locally or at head office.</p>
Next steps / objectives for evolution	<p>Veolia Environnement does not focus on deadlines; it will continue its work to convince its own staff at head office and in local teams.</p> <p>This involves regular visits to Divisions to meet those people implementing social protection programs.</p> <p>Starting in 2013, Veolia Environnement intends to build on its benefits review to coordinate coverage levels by both business sphere and professional category (manager or not).</p> <p>In the medium term, the main areas of global coverage, such as survivors pension, health and disability / invalidity insurance, will be formalized as guidelines issued by the head office, in close collaboration with the Group's business divisions.</p>