

Scoring and Evaluation of the Mining Business Unit – AREVA

AREVA has asked Vigeo to measure the level of corporate social responsibility in its Mining Business Unit (uranium mining) management system in the following five areas: Human rights, Human resources, Environment, Customer and Supplier Relations, and Community involvement.

Scope and duration of the investigation

The scope of investigation was the Mining Business Unit, and its uranium mining activity. In other words, the gold mining, prospecting, site reclamation and trading activities are not taken into account. To evaluate this activity, the investigation looked at the Management and central services of the BU, and at its two Niger mining subsidiaries – Somair and Cominak. In making this geographical choice, the relative weight of these entities within the BU and the level of their exposure to the corporate social responsibility risks considered, as a result of their location, were taken into account. Although not necessarily representative of the practices of the mining BU throughout all its units, it is useful in showing up the risks to which it is exposed.

The evaluation is for the year 2004, and reports on the changes recorded over the last three years. The action was carried out during the first quarter of 2005, with the final report delivered on 29 June.

Key Points of Method

The Vigeo scoring and evaluation system is based on interviews with 43 in-house managers and workers, and 13 stakeholders of the Business Unit, and on a more detailed review of the in-house documentation and notes (about 130 documents analyzed).

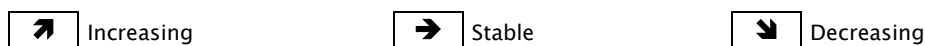
Vigeo defines corporate social responsibility as a formal and consistent managerial commitment that takes account of stakeholder expectations. The reference model for the evaluation consists of action principles for which the company is responsible.

For each of the analysis criteria, the three components of the managerial system are evaluated – the policies (guidelines fixed by the BU or the mining companies), the implementation of the policy (processes and associated resources), and finally the results obtained.

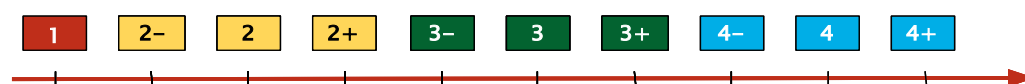
The criteria are evaluated in relation to a 4-level rating scale:

Unconcerned: The company is ignoring a major risk	
Prudent: The company is dealing with the risks at a minimal level	
Active: The company is dealing with the risks for the most part	
Engaged: The company has full control of the risks and contributes to the promotion of corporate social responsibility	

Each rating is accompanied by a trend indicator used to show the changes recorded over the last two or three years.



The rating for each area is obtained by consolidating the ratings of the component criteria, and is placed on a 10-level scale constructed by refining the criteria scale.



General overview of scoring: evaluation based on median levels

Score and Trend in Each Area

Human Rights	2	↗
Human Resources	3	↗
Environment	2+	↗
Customers/Suppliers	2+	↗
Societal Commitment	3+	↗

The Mining Business Unit is evaluated as 'active' in Community involvement and Human Resources, with a level 3 score, which indicates a situation where the company controls the main corporate social responsibility risks attached to these areas. In contrast it is 'prudent' in the other three areas which are evaluated at level 2/2+. There are no area of particular vulnerability (no area receives a level 1 score); but neither is there any area of excellence (no area receives a level 4 score).

The distribution of scores for the criteria confirms that the evaluation is concentrated in the two median levels: only two criteria received extreme scores (one at level 1, the other at level 4).

This report shows a corporate social responsibility management system that obtains control of the significant risks, but does not automatically promote high performance

in terms of corporate social responsibility.

The observable trend is an increase in the five areas, which attests to the dynamics of progress to which the Mining BU is committed, having undertaken many initiatives over the last three years to improve its performance in terms of corporate social responsibility.

Results by area

Community involvement Area

Overall evaluation of area



The Community involvement Area is the strong point of the evaluation, obtaining the best scores with a level 3+ rating.

Impact of company activity on territory of location

Commitments to encourage economic development of territory of location



The commitment of the Business Unit to the territories in which it is located is historic and is registered in the practices of the mining companies.

Commitments to encourage local employment and skills transfer



Performance is particularly high in the corporate sponsorship area, in which the sector risks linked to health and to education are completely taken into account.

Societal performance of the company

Quality of relations with external stakeholders



Contributions of company to public interest causes



Among the other strong points, there is an effective policy of using local labor, and the efforts implemented to optimize the economic spin-off effects of mining activity in the country of location, as shown by the investigation conducted in Niger.

The identified point for progress relates to the details of relations with external stakeholders conducted by the Business Unit: the mechanisms implemented for the purposes of information, dialogue and acknowledgement of the expectations of these stakeholders are not very structured, although recent initiatives have been undertaken to improve the mechanisms in place at both BU and mining subsidiary level.

Human Resources Area

Overall evaluation of area



The Business Unit performance is also high in the Human Resources area, and it is consistent, since 6 of the 8 criteria comprising it are evaluated at an 'active' level.

Quality of employment conditions

Quality of systems of remuneration and benefits



Quality of social welfare



Employment and skills management

Quality of employment management



Development of skills and employability



The strong point of this area is the Health and Safety policy, which carries the main risks in a sector highly exposed, and is backed by significant resources and continuous improvement strategies, aimed at the employees however, rather than the subcontractors.

Quality of labor conditions

Protection of health and safety



Respect and organization of working hours



Similarly, the Business Unit demonstrably controls issues linked to its personnel status and its labor conditions (remuneration, working hours, dialog, social welfare) with the corresponding criteria all obtaining a level 3 rating.

Professional and labor relations

Promotion of employee profit-sharing



Promotion of dialog



In the Nigerian context, the levels of remuneration and services offered to employees, in particular free healthcare, can be considered exceptional.

The identified points for progress all arise in the management of Human Resources (training, employee profit-sharing), and more generally in the development of skills and in labor management planning, in a context that gives rise to risk, since the Business Unit is, like the mining sector as a whole, faced with the aging and retirement of a major proportion of its workforce.

Environment Area

Overall evaluation of area



Taking environment into account in strategic and managerial terms

Environmental management



The main strong point of this area lies in the environmental management system used by the Mining BU for all the sites with significant environmental aspects. The Niger investigation has revealed the guarantees provided by these systems for mining sites systematically to take account of environmental aspects, and for development of awareness among personnel.

Product manufacture and distribution

Input management control



Management of industrial and conventional waste



Radiation protection of local populations



With regard to radiation protection of populations, for the period under review, the Mining BU has put measures in place to prevent exposure of populations and a mechanism for monitoring the overall level of exposure in accordance with specifications defined by international standards. The corresponding criterion therefore receives a level 3 evaluation.

Elimination of infrastructure

Rehabilitation of mining sites



However, in a context of high stakeholder expectations, the identified points for progress (management of slightly contaminated waste in urban area, implementation of an on-site washing system for the work clothes of personnel), and one occurrence of exceeding the regulatory standards for radiation protection of populations (Akokan police station), present a risk for the Mining BU.

The Niger investigation also revealed the as yet insufficient mobilization of mining companies for preservation of water resources, and an unequal commitment for the preparation for rehabilitation of mining sites, and for energy conservation. Finally, if on-site storage of toxic waste is undertaken in adequate conditions, the Mining BU at this point seems hardly committed to defining solutions for elimination of some of its toxic waste. These observations explain the level 2+ score for this area.

Customer/Supplier Relations Area

Overall evaluation of area



Quality of relations of company with its customers

Respect for customer



Relations of company with its suppliers/subcontractors

Taking account of social and environmental factors in the purchasing process



Respect for supplier/and subcontractor



Respect for market regulations

Prevention of corruption



Honesty of competitive practices



The attention given by the Business Unit and the two mining subsidiaries under review to equity of treatment of subcontractors in the purchasing process represents a strong point in this area, particularly in the Nigerian context where these companies represent almost the only ordering entities. The BU also controls the risks linked to Respect for the customer, and in particular concerning the respect of contractual clauses and the handling of potential disputes.

Conversely, the mechanisms put in place by the BU in relation to its subcontractors at this point do not allow it to fully control and monitor the risks relating to the labor conditions of these partners (remuneration, working hours, etc.), beyond the safety aspects that are taken into account. This is despite the fact that these questions constitute a risk given the territories of operation of the BU.

The second identified point for progress concerns the mechanisms in place for implementing the policy of prevention of Group corruption, which are incomplete and, in particular, do not cover the risks associated with Purchases and with corporate sponsorship actions. The overall evaluation of the area is penalized by a lower performance on these last two criteria, which carry the most significant risks.

Human Rights Area

Overall evaluation of area



Respect for freedom of association

Respect for trade union freedoms and for the right to collective bargaining



Abolition of forbidden forms of work

Elimination of child labor and forced labor



Non-discrimination

Promotion of equality of opportunity between men and women



Prevention of discriminations and promotion of equality of opportunities in favor of vulnerable categories



Respect for fundamental human rights

Respect for fundamental human rights



The respect for trade union rights, the implementation of which is delegated by the BU to its subsidiaries, represents the strong point of the Human Rights Area, and is also one that carries the main risks.

Conversely, neither the Mining BU nor its Nigerian subsidiaries have undertaken initiatives structured in favor of equality of opportunities between men and women, who remain only sparsely represented in the workforce in a local context that penalizes on this point.

The other three criteria of the area received a level 2 score, which indicates a situation where the Business Unit, like its Niger subsidiaries, apply the obligations attached to the law and regulations in force, but do not go beyond this, to ensure the active promotion of the human rights considered.