

Assessment of corporate social responsibility performance and risks in the AREVA nuclear Clean- up Business Unit

PURPOSE OF THE PROJECT

AREVA mandated Vigeo to measure the level of corporate social responsibility of the management system of its nuclear Clean- up Business Unit in the following four fields: human rights, human resources, environment and market behavior.

METHOD USED AND SCOPE

The project comprised:

- an analysis of the BU documents relating to the topics being reviewed;
- interviews with around 20 directors and managers responsible for implementing policies and procedures in the fields being reviewed, both at BU Head Office and in the companies comprising the BU;
- interviews with eight representatives of the BU's stakeholders;
- assessments of three on- going projects (the logistics project at EDF's Tricastin power plant, the OSCAR project on the Eurodif site and operation of the environmentally- regulated Triade facility).

The assessment covered 2005 and 2006. The interviews and document analysis were conducted between November 2006 and February 2007 and the final report was submitted on April 16th, 2007.

METHODOLOGY

Vigeo defines corporate social responsibility as a consistent and formalized managerial commitment to take into account stakeholders' expectations. The evaluation methodology is based on a number of criteria declined into action principles derived from international legislation, conventions and guide lines.

The three components of the managerial system are assessed for each analyzed criterion, namely the policies (orientations determined by the BU or the companies within it), policy deployment (processes and associated resources), and the results obtained.

The extent to which the corporate social responsibility issues covered by the criteria are taken into account in the company's strategy and operations can affect its reputation and brand, its cohesion, efficiency, transparency, legal security and the security of its operations, products and services on the market.

The evaluation rating of a criterion is reported on a scale constructed in 4 levels:

Little evidence of commitment	1
The company is neglecting a major issue	
Commitment initiated	2
The company is partially dealing with the issues	
Consolidated commitment	3
The company is managing most of the issues	
Advanced commitment	4
The company is fully managing the issues and contributing to the promotion of corporate social responsibility	

Each rating is accompanied by a trend indicator showing the changes in the level of commitment during the period under review.

The rating for a field is obtained through the consolidation of the criteria ratings composing it and is situated on a 10- level scale giving a precise indication of managerial performance.



PERFORMANCE BY FIELD

I- Continuous improvement in human resources management: Consolidated commitment (3-/4)

HUMAN RESOURCES

Overall assessment		<p>With five of the nine human resources criteria ranked 3, the audit revealed strong human resources management and the commitment to this field was evaluated as "consolidated".</p> <p>During the audit, a number of strong points emerged such as the considerable improvement in security results during the period under review, the BU's effort for increased dialog and negotiation, the robustness of the personnel administration procedures and the stringent management of working hours.</p> <p>The main areas for improvement identified during the audit were the regularity of annual appraisals, the definitions of the criteria used for individual compensation and promotions as well as the need to improve the training process to further encourage career development.</p>
Quality of employment conditions		
Quality of compensation and benefits systems		
Quality of social welfare		
Management of employment and skills		
Quality of employment management		
Development of skills and employability		
Correct management of restructuring programs		
Quality of working conditions		
Protection of health and safety		
Compliance with and flexibility of working hours		
Professional and social relations		
Promotion of employee participation		
Promotion of social dialogue and collective bargaining		

II- Promotion of and respect for human rights: Commitment initiated (2/4)

HUMAN RIGHTS

Overall assessment		<p>We did not note any proactive approaches or specific commitments by the BU for any of the corporate social responsibility objectives in this field other than the distribution of the group's Values Chart. The human resources management processes do not provide any reasonable guarantee that the discrimination risk is under control and the unions consider that the resources allocated to them for carrying out their activities are deficient. Based on the above, the BU's commitment to the issues in this field is assessed as "initiated".</p>
Respect for freedom of association		
Respect for freedom of association		
Non- discrimination		
Prevention of discrimination and promotion of equal opportunities for men and women		
Prevention of discrimination and promotion of equal opportunities in favor of vulnerable categories		
Respect for fundamental human rights		
Respect for fundamental human rights		

III- Environmental protection: Commitment initiated (2+/4)

ENVIRONMENT

Overall assessment		<p>Given the BU's business (service provider for nuclear operators), its environmental performance depends essentially on its contribution to the environmental performance of the contractors (waste management, prevention of accidental pollution, etc.). The main areas for improvement concern the varying degrees of formalization of the environmental management systems on contractors sites and on the BU's service sites. The current environmental management systems do not enable the BU to report externally on its environmental performance. Nevertheless, clients have a positive opinion of it. Based on these results, the commitment in this field is assessed as "initiated".</p>
Strategic and managerial consideration of the environment		
Environmental management		
Product manufacture and distribution		
Control of incoming flows		
Control of outgoing flows		
Radiation protection of the environment and the public		
Elimination of infrastructures		
Contribution to customers' environmental performance		

IV- Market behavior: Consolidated commitment (3/4)

MARKET BEHAVIOR

Overall assessment	↗	The BU's commitment in this field is evaluated as "consolidated" as all the associated criteria are rated at level 3.
Quality of customer relations		
Concern for customer's interests	↗	The strong points revealed by the assessment were the structured new purchasing processes, the deployment of a quality management system and the bid review processes related to the objectives under review.
Relations with suppliers and sub- contractors		
Allowance made for social and environmental factors in purchasing processes	↗	
Concern for suppliers' and sub- contractors' interests	↗	
Compliance with market regulations		
Anti- corruption actions	↗	
Loyalty of competitive practices	→	

CONCLUSIONS: AN ASSESSMENT CENTERED ON MEDIAN PERFORMANCES

Human Rights	2	→
Human Resources	3-	↗
Environment	2+	↗
Market behavior	3	↗

The BU is faced with the evolution of its services and with the integration of its activities. The actions taken to rise up to these challenges have a positive impact on the BU's corporate social responsibility performance in the fields below and its commitment is therefore assessed as "consolidated" (Level 3):

- customer relations (move towards a single point of contact for the customer);
- supplier relations; purchasing processes have been reworked and brought into line;
- human resources management.

However, the BU's commitment in the environment and human rights fields is still at the "initiated" stage (Level 2).

We noted that numerous societal commitment initiatives have been taken such as employment of disabled workers, training plans and support for local suppliers. In our opinion, a strong commitment in these three areas could provide a lever for developing the BU's identity and corporate culture.

Overall, there were no notable weaknesses in the BU's performance, nor was it outstanding in any area. In general, it is penalized by the lack of formal policies and procedures. The trend indicators show a strong dynamism in all areas with the exception of human rights.