



Eiffage

ISIN code: FR0000130452. Rating: May 2009

General Information

Eiffage is the 6th construction and concession company in Europe and has more than 500 subsidiaries that operate in six sectors: construction (Eiffage Construction), concessions (Eiffage Concessions), infrastructure and civil engineering (Eiffage Travaux Publics), electrical contracting (Forclum), and structural steelworks (Eiffel). More than 80% of Eiffage turnover is realised in France and its operations outside Europe are limited to a few countries: Algeria, Morocco, Senegal and Nigeria. In October 2008, Eiffage acquired Clemessy and Crystal, which strengthen its position in the energy and thermal industry services. In December 2008, it sold its participation in the Portuguese company TGA, in link with a decrease of demand on this market.

CSR Profile

Compared to its 2007 rating, Eiffage, which is a communicative signatory of the Global Compact, continues to demonstrate an average performance with regards to CSR issues, although its ratings have been downgraded in three domains highlights some weaknesses. In the Business Behaviour domain despite the publication of an Ethical Charter of purchasing and the implementation of innovative measures to prevent corruption, improvements of other panel members generate a rating downgrade from positive to average. In the Corporate Governance domain, the decline of the rating to below-average is due to minor allegations from minority shareholders. As for Human Resources, the announcement of two restructuring plans contrasting with the absence of commitment and measures to reduce their impact explains the rating downgrade to average. Other ratings remain stable: the key environmental impacts have been addressed, with a limited results disclosure, which accounts for an average rating. Human Rights issues are covered by formalised commitments published in the Code of Conduct, which has been updated in 2008, although there is no mention of specific means guaranteeing the respect for human rights standards and freedom of association. The community involvement challenge is the best addressed, with relevant programs promoting professional integration, which accounts for a positive rating.

Executive Summary

Human Resources

Compared to its 2007 rating, Eiffage's performance with regards to Human resources is slightly weaker. The promotion of labour relations is ensured via employees representative bodies in a majority of operations and a wide-coverage of collective bargaining subjects. A career management system is in place, but turnover rates and the share of employees entitled to trainings are not disclosed. Relevant means are in place to ensure health and safety issues, although measures covering the sub-contracted workforce seem limited. Despite the announcements of restructurings in 2008 and 2009, Eiffage does neither disclose any commitment nor mention any measure in this regard; this mainly explains the weaker score obtained on this criterion, which was not analysed during last rating. As a result, Eiffage's rating has been downgraded from positive to average.

Environment

In line with the last rating, Eiffage's environmental policy covers the main issues of the sector, although a lack of disclosure of results indicators weakens its overall performance. The environmental strategy covers a majority of impacts and consists mainly in monitoring and a work towards ISO 14001 certifications. Comprehensive means are in place to reduce impacts on biodiversity, but a controversy weakens the performance. Eiffage's main strengths are the comprehensive and innova-

tive measures addressing the reduction of impacts linked to energy consumption - which cover the process and the constructed buildings - and building's eco-design, where Eiffage' s approach includes most of the relevant actors. Waste management is ensured via recycling and reduction programmes, while basic measures limit local pollutions. This accounts for an average rating for the sector.

Business Behaviour

Eiffage has addressed most of the Business Behaviour issues under review. An Ethical Charter for purchasing, which has been issued in 2008, as well as relevant measures including contractual clauses related to the environmental and social responsibilities of suppliers, address the supply chain linked environmental and social risks. The prevention of corruption is covered by relevant and innovative measures focusing on purchasers. The prevention of anti-competitive practices appears as Eiffage's main area of weakness, in link with relatively fewer control tools in place and several fines imposed for cartel practices. Due to improvements of the global panel scores in this domain, Eiffage's rating has been downgraded from positive to average.

Corporate Governance

Compared to last rating, Eiffage's performance in Corporate Governance slightly declined. The board of Directors counts only 25% independent members, whose academic and professional backgrounds are not disclosed. A limited role attributed to the audit committee weakens the internal control system. Shareholders' rights are limited by anti-takeover devices, while minor allegations regarding the company's corporate governance performance negatively impact the score on this criterion. Executive remuneration appears as the main area of weakness, due to a lack of transparency on remunerations' principles and amounts. This leads to a below-average rating for the sector.

Community Involvement

In line with its 2007 rating, Eiffage has successfully addressed the Community Involvement challenge of the sector. Extensive means, including trainings, apprenticeships and specific employment contracts implemented in coordination with public instances have been deployed to ensure the professional integration of local population. The disclosure of quantitative indicators regarding the results of these programmes draws the company's score up in this domain. This leads to an above-average rating for the sector.

Human Rights

In line with its 2007 rating, Eiffage' s performance with regards to human rights is unbalanced: extensive commitments contrasting with little communication on means. As a global compact signatory, Eiffage addresses the respect for human rights standards via a formalised commitment in its Code of Conduct, and communicates on the respect for freedom of association and the prevention of discrimination. There is however no mention of measure preventing human rights standard violation and ensuring the freedom of association. Nevertheless, the prevention of discrimination is addressed by affirmative actions focusing on gender equality. The absence of allegation draws the company's score up in this domain, leading to an average rating for the sector.

Negative criteria assessment for the company

Nuclear energy: No involvement. Eiffage provides architecture and decommissioning services for nuclear power plants. Limited revenues.

Controversies

No serious allegations detected.