



Press release

AN EXCLUSIVE NOVETHIC-SCPC STUDY

Fight against corruption: insufficient communication for 80% of CAC 40 companies Only 7 companies produce substantial reporting

Paris, 13th September 2006 – Novethic and the “Service Central de Prévention de la Corruption” (Central office for corruption control) presented today the results of their study “Transparency of French multinational corporations on fight against corruption” dealing with reporting on the commitment to, and implementation of, anti-corruption policies. According to this study, corruption control does not generally give rise to satisfactory reporting within the CAC 40 companies, whether it be in annual reports, sustainable development reports or on institutional websites. And yet, effective control of all forms of corruption seems integral part of a Corporate Social Responsibility (CSR) based on legally enforceable standards and references.

The CAC 40 companies do not have enough communication on their corruption control commitments and policies.

80% of CAC 40 companies seem to be lagging behind in terms of transparency of their corruption control policies, while only 20% provide substantial information in their public reports or on their websites. Global transparency increased very little with the reports published this year as compared to last year.

The 7 most advanced companies are Total, Thalès, EADS, Alcatel, EDF, France Telecom and Lafarge. These companies operate in sectors that are sensitive to the corruption challenge (hydrocarbons, armament, utilities and major equipments...). The type of countries where they operate and the sometimes huge sums involved in the markets concerned are also risk factors, generating special awareness.

Out of the 15 assessment criteria, two in particular draw down the average result of the CAC 40: *the corruption exposure risk* (except for Lafarge) and *work with civil society* on the corruption issue (except for EADS, Thalès, Renault and Suez). The issue on which companies do most communication is their commitments (such as the UN Global Compact) and the reference to corruption control in their ethic codes or charters. Mention of the *awareness/training of staff* is quite frequent.

An ethics alarm system (whistleblowing) is reported by 60% of the CAC 40 companies, including especially those listed in New-York (compulsory under the Sarbanes-Oxley Act).

And yet, corruption is a growing challenge for corporate sustainable development policies

This overall low transparency of the CAC 40 companies is in contrast with the strongly increasing impact of the corruption stake in the issue of sustainable development. It materialized with the adoption of a 10th principle of the Global Compact in 2004, submitted to companies by the United Nations and the coming into force in 1999 of the OECD Convention on corruption. Since 1997, the OECD guiding principles for multinational corporations explicitly recommend transparency and dialogue with the public.

The “reputation risk”, especially high for corruption, probably explains the reluctance of companies to engage in communication, apart from some high exposure sectors. And this in spite of growing expectations from many states, international organizations, social rating agencies, investors or NGOs. Information and commitments on corruption control, do not, admittedly, protect companies from court or media questioning. Published reporting (the object of the Novethic/SCPC study) and actual practices should be analyzed separately.

Generally speaking, while most major companies involved in a CSR approach seem to have taken the challenge into account, including having implemented in-house control policies, the release of information in reporting seems clearly incomplete as regards CSR reference values and expectations of society at large.

About Novethic:

A subsidiary of the Caisse des dépôts, Novethic is a research, information and expertise centre on socially responsible investment and corporate social and environmental responsibility. Its website www.novethic.fr is a source of reference information for the players of responsible economy.

About SCPC:

The “Service central de prévention de la corruption” (SCPC) (Central office for corruption prevention) is a multi ministry membership office under the aegis of the Garde des Sceaux, Minister of Justice. The body is in charge of centralizing the information required for detection and prevention of active or passive corruption facts as well as corruption of directors or employees of private companies, illegal gains, misappropriation of funds, favouritism and influence peddling; it is in charge of giving assistance, on request, to legal authorities when such suits are filed and issuing advice on measures that might prevent such facts, to various authorities, on a closed list, whenever requested.

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