SOCIAL RESPONSIBILITY: KEY THEME FOR MUTUAL INSURANCE COMPANIES

Report drawn up by the “Basic and Practical Research” Working group for the 2002 - 2004 Period

1 September 2004

Working Group chaired by Philippe Lallemand
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1. **INTRODUCTION**

It was the last AISAM General Meeting in Bordeaux on 4 October 2002, which instituted the “Basic and Practical Research” Working Group.

The Working Group was formed "to study a re-foundation of mutuality in insurance for the new millennium, through evolution rather than revolution, through a positive and dynamic approach rather than a defensive one, in order to propose solutions drawn from common experience."

In the words of Filomeno Mira, the President of AISAM, "I am aware of the fact that the 21st century has not started very well for insurance companies and for the insurance sector as a whole, and that mutuality is going through difficult times due to international economic conditions and its own legal nature. The current "crisis" in corporate values has shown that we must return to the traditional principles which our mutualist institution has always embodied: solidarity, service, ethics, openness, internal democracy and humanism, to name only a few."

In this spirit, the development of ethical values has a promising future, and will allow mutual insurance to win a foothold in this new millennium. The mutuals of tomorrow will be those which add value to society, but they will also have to be in the vanguard of certain struggles: social, ethical, environmental, etc.

The Working Group would like to give mutual insurance companies an overview of the Social Responsibility tools used within the sector, and to convince all those which have resolutely chosen this path of its usefulness and efficiency.

On the basis of these objectives, and of additional tasks received on the occasion of various Board meetings, the Working Group met on six occasions during the 2002 - 2004 period.

With a view to benchmarking, the members contributed to the Group's work by describing the experiences of their company or country in this field, thus demonstrating the usefulness of the network formed by the members of AISAM. The results of this study are included in their totality in the appendix to this report.

We would like to thank them all, in addition to AISAM's staff, for their contribution to the successful completion of this report.

**Philippe Lallemand,**

**Brussels, 31 August 2004**
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2. BACKGROUND AND APPRAISAL

2.1. Background

Within the European Union, studies of Corporate Social Responsibility (CSR) began in 1999. According to its own terminology, the European Commission would like to act as a "facilitator" on the topic of Corporate Social Responsibility.

After the publication of the Green Paper (July 2001) and the Communication on Corporate Social Responsibility (July 2002), the Commission is preparing a new paper on the appraisal of the societal responsibility of companies, scheduled for autumn 2004. This will conclude the work on this topic which was started in 1999 by Romano Prodi's team. The Commission sees it as a possible major development for European companies or companies operating in Europe. It would therefore like to encourage related practices, including various types of communication tools (labels, codes of conduct, charters, commitments, etc), reporting tools (social and societal reports and balance sheets), and evaluation tools, not forgetting ethical investment. (See http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_index.htm)

This procedure fits into an international context in which the European Union wishes to embody ethical values and to improve the social, societal and environmental conditions of

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Corporate Social Responsibility and the EU

March 2000 - today

The different steps

- Following the Lisbon European Summit in March 2000, the EU Council adopted an agenda calling for more socially responsible policies by European companies
- Launching of a public debate on CSR by the Commission’s Green paper entitled “Promoting a European Framework for Corporate Social Responsibility” in July 2001
- Besides launching a debate, it aimed to identify how to build a partnership for the development of a European framework for the promotion of CSR
- Over 250 responses were received to this paper, half of which came from European companies

The public debate

The basis

- Commission communication of July 2002 entitled Corporate Social Responsibility : a business contribution to Sustainable Development forms the basis of Europe’s CSR strategy
- It sets up the Multi-stakeholders Forum on CSR as platform for transparency and convergence of CSR practices and instruments

The forum

- Launch of the Forum on 16/10/2002, to run until mid-2004
- Purpose is to present report to the Commission with results and recommendations for further actions
- Final report presented June 2004 with a series of recommendations for further actions such as maintaining an enabling environment

In addition, several surveys have illustrated the increasing interest of consumers and a growing tendency to demand corporate ethics, even from companies which belong to the social economy and the mutualist movement. Here is a non-exhaustive list:

- A survey carried out in Belgium by CRIOC/OIVO in 2002 shows that the middle classes and families are the most fervent consumers of products with a social and ethical aspect; for this social category, price is at least as important as any ethical, social or environmental considerations\(^1\);

- A study carried out in the UK by the MORI market-research company at the request of CSR Europe in 2001 and repeated in 2003 which shows that 84% of those questioned consider the CSR aspect to be a key buying decision\(^2\).

### 2.2. Overview of recent practices in Corporate Social Responsibility at European level

Corporate Social Responsibility is a management method for companies which would like to integrate concerns relating to sustainable development into their practices. It is a voluntary procedure, although some aspects of it may be compulsory. It enables companies to anchor their values in their relationships with the various stakeholders involved (members/customers, employees, suppliers, subcontractors, etc.).

Corporate Social Responsibility also depends on convincing companies that it is in their interest to develop so-called “ethical” practices in their general business activities. As a matter of fact, companies which develop such strategies are often the most effective in economic and financial terms (see insert). CSR is not a luxury limited to large companies, although it is clear that such companies can use it as an *efficient and modern means of communication*.

#### Companies which implement CSR have a serious advantage

At the end of March 2004, a report issued by two research institutes, the *Work Foundation* and the *Virtuous Circle*, had a major impact. According to the report, companies which adopt practices based on the principles of social responsibility are more profitable and more productive than their competitors. The report specifies that: "there is now a sufficient weight of empirical evidence to indicate that building CSR activities into the heart of business strategy leads to higher productivity and profitability". Practices related to CSR increased the profitability of the companies in question by 19%. In addition, the performance of these companies exceeded that of their competitors by 40%.

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\(^1\) For more information, CRIOC/OIVO - Centre of Research and Information for Consumer Organisations: Rue des Chevaliers 18 - 1050 Bruxelles - tel 02/547.06.11 - www.oivo-crioc.org - crioc-oivo@oivo-crioc.org

\(^2\) For more information, MORI - Market and Opinion Research International: MORI House, 79-81 Borough Road, GB – London SE1 1FY, www.mori.com
This fact has been ascribed to many different reasons, the first of which is that employees in this type of company are more productive and tend to stay longer, thus accumulating precious experience. The report also mentions a significant correlation between levels of sales and the perceived quality of: the management; the corporate culture; the involvement of employees; and the efforts made to hold on to customers.

It also appears that ethical criteria are playing an increasingly important role in the purchasing decisions and brand loyalty of consumers. However, the report deplores the lack of will on the part of company executives. Generally speaking, they are still a long way from placing CSR at the centre of their development strategies.

A second example from Germany’s Oekom Research, a research agency which focuses on independent sustainability rating, has correlated sustainability with financial performance. This study, conducted in conjunction with Morgan Stanley Dean Witte, indicates that shares of quoted companies with a good sustainability record perform better than those which are less socially responsible. 602 companies included in the MSDW World Index were examined and rated by Oekom on social and environmental performance. Share performance was calculated from 31 December 1999 to 27 October 2003 for both groups: it found that the portfolio of those with a good sustainability record outperformed the laggards by 23.4%. For the December 1999 to December 2003 period, the difference was obviously less impressive but still 3.8%.

*De facto*, mutual insurance companies often integrate ethical or societal values (such as solidarity, a commitment to member-policyholders, support for associations with social goals, etc.) into their relationships with member-policyholders, customers, organizations representing employees, local communities and local authorities.

These practices, which "go without saying" (according to the mutualist managers interviewed during our survey – see appendices), explain why many companies in the mutual insurance and social economy sectors only developed specific procedures, explicitly relating to Corporate Social Responsibility, belatedly and timidly.

We are aware that there is often a communication problem as mutual companies are in general less outspoken communicators than other types of companies. Therefore communication has now become a priority for mutual companies, not only upstream (showing the values upon which the company is based), but also downstream (highlighting the company's achievements), not to mention externally (societal balance sheet) and internally (communication with employees).

A Corporate Social Responsibility policy must be transparent and holistic. Particular attention is paid to three aspects: social issues and employment, the society in which the company operates, and the physical environment.

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4 Source: Global Finance, January 2004
The development of objective indicators and tools is of primary importance in promoting openness and comparability. They give indications about a company's social responsibility policy over time (results of the company and how they are used, trends in turnover, trends in the number of employees, indicators of quality such as: the speed with which claims are settled, the customer-loyalty rate, etc.).

Other tools relate to communication with stakeholders. These are the company's commitments, as embodied in the form of labels, codes of conduct, charters, etc. Reports and balance sheets make it possible to ensure openness. All these are backed by evaluation tools and indicators.

In the field of Corporate Social Responsibility, the EU has played its traditional role in positively catalysing various national initiatives. Many European Member-States now have legislation, regulations or policies to raise awareness of social responsibility within companies.

On a non-exhaustive basis, we have tried below to present the most interesting initiatives in order to: stimulate potential initiatives in the field of CSR; adopt those which are most easily applicable to a CSR policy.
BE - Belgium

Since 1996, Belgium has had a law on social balance sheets\(^5\). This law obliges various bodies (companies subject to accounting laws; credit institutions; insurance companies; associations; and companies governed by foreign legislation but with a head office in Belgium) to draw up a statement of various data on an annual basis.

The law of 27 February 2002\(^6\), which aims to promote socially-responsible production, allows companies, if they so wish, to request that a social label\(^7\) be awarded to one or more of their services and/or products. This label guarantees consumers that the product or service respects the four basic principles of the International Labour Organisation (ILO) all along its production line: freedom to belong to a trades union or right to collective bargaining, no discrimination in employment law, no child labour and no forced labour (slavery).

The label depends on an external audit carried out by auditors certified by the public standardization and certification body. The reports are examined by a Committee which includes representatives of the public authorities as well as employers, workers, NGOs and consumers.

In 2003, the Minister for the Social Economy introduced mechanisms to encourage companies from the social economy to submit to social and societal audits. Fifty per cent of the costs of such audits are subsidized.

Upon a proposal of the same Minister, the Council of Ministers decided in February 2003 to create a Social and Sustainable Economy Fund. According to the Prime Minister, this initiative was intended to stimulate employment: ‘the social economy has proven to be an excellent instrument to allow less qualified workers to find a job’. This Fund will collect from the public the necessary financial means for its functioning. In order to do so, it will issue bonds with an interest rate in line with the market (currently 3%). The government hopes to be able to attract €75 million to the Fund, at least 70% of which will be invested in the social economy. This should also help strengthen the credit cooperatives which have been financing the sector for 15 years already and have built up a real expertise in the field. The new Fund would certainly benefit by allying them closely to the accomplishment of its missions.

\(^5\) See appendix 6.7. for an example of a social balance sheet of a Belgian company
\(^7\) For an example of the application of this law, see further, p. 41
DE - Germany

Germany has barely developed any legal tools relating to social responsibility. Likewise, the various employers’ federations and trade unions are not very active in the field. The existence of recommendations relating to governance can nevertheless be noted. On the other hand, several German companies stand out due to their innovative practices in this field. Germany was one of the countries explored within the framework of a study by the Dublin European Foundation on the Quality of Employment.

DK - Denmark

Sometimes referred to as a social label because it is represented by a logo, the Danish social index is a range of self-evaluation tools intended to measure a company's degree of social responsibility. It provides an incentive, as companies can perfectly well choose to use it on an in-house basis alone, although it can also be used as a communication tool. This index has been criticized because it places various social, ethical and societal values on the same level, although their impact is very different (www.detsocialeindeks.dk).

The Danish Ministry of Social Affairs' guidelines for social and ethical reporting (socioaletiske regnskaber) were issued in August 2001. The guidelines are aimed at public and private organizations which wish to draw up a report on the social impact of their activities (www.bm.dk).

The Danish authorities have published a guide for SMEs. It targets companies which are as yet only tentatively committed to Social Responsibility. The guide includes the following information: what a social balance sheet is; the advantages of reporting; feedback from experience in some Danish companies and advice on how to use these reports and balance sheets. The guide was drawn up by ValueCreator in collaboration with the Danish Employers' Confederation, the Danish Ministry of Employment, the Danish trades union confederation, the Confederation of Danish Industries, the central organization of industrial-sector employees, Denmark's union for commercial-sector employees and the Federation of Employers for trade, transport and services (www.valuecreator.dk).

FI - Finland

Drawing inspiration from private strategies, the Finnish government has launched a campaign called "The State - a major employer". It aims to improve the skills and competitiveness of public-service employees via actions to improve employment. This initiative has been roundly criticized, but has the advantage of having knock-on effects on the private sector (in the broader meaning of the term), especially that part of the private sector which is not yet committed to CSR strategies.

The Finnish branch of CSR Europe has created a "social responsibility tool-box" in the field of human resources management. It focuses on policies relating to human resources management and dialogue with stakeholders, and is intended to promote these practices within companies (www.businessandsociety.net).
FR - France

Since 2002, France has required companies listed on the stock exchange to publish information about how the social and environmental consequences of their policies and production activities are taken into account (article 116 of the law on new economic regulations). This is the law on social balance sheets, which seems to offer a compromise between social balance sheet of the Belgian/Swedish type and those of the Italian type.

The balance sheet drawn up by the centre for young managers of the social economy (Centre de Jeunes Dirigeants de l'Economie Sociale: CJDES) is intended to improve the quality of management. Based on 450 questions under several main headings, it aims to be a tool for dialogue with a company's various stakeholders as well as a management tool. It also includes an overall analysis of the company (www.cjdes.org).

The CJDES has also published guidelines relating to social and societal balance sheets. However, these are as yet not very widely used by companies.

In 2001, AFNOR (Association Française of Normalisation: the French standardization authority) set up an internal Working Group to consider the question of labels guaranteed by the public authorities. The Group deals with equitable trade as well as ethical and social labels in the stricter meaning of the term. It associates several players, including many experts and associations (www.afnor.fr).

Offered to those in charge of investment decisions and pension savings plans which fulfil ethical criteria, the "socially responsible" label is issued by the Inter-Union Salary Savings Committee (composed of the: Confédération Française Démocratique du Travail, CFDT; Confédération Générale du Travail, CGT; Confédération Française des Travailleurs Chrétiens, CFTC; Confédération Générale des Cadres, CGS). The label primarily applies to products, but may also be awarded to banks if they can prove that they are able to channel savings towards investments which take social and environmental criteria into account, and if they also allow employees to be represented at General Meetings of shareholders.

IE – Irish Republic

Guidelines for corporate responsibility reports were issued by Business in the Community (the Irish branch of CSR Europe) in September 2002. This guide allows companies to familiarize themselves with social reports (www.bitc.ie).

"Business in the Community" has also developed a tool aimed at both employers and employees, as well as shareholders and local communities. It aims to encourage the involvement of employees in actions to benefit communities in which the company is based (www.bitc.ie).

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8 Article 116 I of the NRE (new economic regulations) law creates a new article L 225-102-1 in the Business Code where paragraph 4 states that the report which is the subject of article L 225-102 “also contains information, the content of which is laid down by Decree, on the way in which companies take into account the social and environmental consequences of their activity. The current paragraph does not apply to companies not quoted on a regulated market.”
IT - Italy

The guidelines of the *Gruppo Bilancio Sociale*, a document which comes from the cooperative sector, is aimed at all categories of Italian companies which would like to draw up *societal reports* (www.bilanciosociale.it).

The University of Castellanza's Centre for Ethics, Law and Economics has drawn up guidelines for the introduction of strategies relating to both social responsibility and ethics in procedures to develop and improve management. These guidelines relate to the following points: the company's ethical vision, the existence of an ethical code of conduct, organizational systems for implementation and monitoring, social and ethical reporting procedures and the existence of independent verification.

NL - The Netherlands

In the Netherlands, guidelines for the implementation of Corporate Social Responsibility have been issued by a Working Group placed under the aegis of the council for annual reports. The council extensively consulted all the stakeholders involved before publishing a guide which identifies *quantitative indicators*, including 24 social indicators, 16 environmental indicators and 10 economic indicators. The Global Reporting Initiative helped to draw up this document. The guidelines mainly explain how to draw up social and societal balance sheets.

In December 2002, the Dutch authorities opened an *information centre* on Corporate Social Responsibility in order to promote the transfer of skills and information relating to Corporate Social Responsibility at both national and international level.

The Global Reporting Initiative (GRI), a model promoted by the European Commission, opened a European secretariat in Amsterdam in October 2002.

The *Rabobank guide* is a practical guide for small & medium-sized enterprises, prepared by Samenleving & Bedrijf. In a single document, the guide brings together various tools relating to social responsibility. It highlights best practices by analysing their impact. It focuses on small & medium-sized enterprises in their basic activities, not only within the community but also more widely in society as a whole (www.samen.nl).

NO - Norway

The *NHO Human Rights Checklist* can be consulted by companies when they are faced with specific questions relating to human rights. The list offers companies a range of questions in order to determine whether or not they comply with the main international legal tools.

SE - Sweden

Sweden has not developed many tools as such. Although this may seem odd, it can be explained by the fact that Swedish companies, and indeed Swedish society as a whole, have already been engaged in societal actions for a long time. As a result, Corporate Social Responsibility does not appear to be a major innovation.
UK – United Kingdom

The **FTSE4GOOD** is an index launched in July 2001. It is aimed at investors interested in ethical investments and covers not only the United Kingdom but also the international market. It is revised every six months by an independent committee. To be featured in the index, companies have to display and fulfil ethical principles. The index has nevertheless been criticized by certain organizations active in the environmental field ([www.ftse4good.com](http://www.ftse4good.com)).

In July 2002, the latest amendment to the Pensions Act came into effect. The new measures provide for the publication of information about ethical, social or environmental investments by pension funds. Since this amendment came into force, a large number of pension funds have reacted by publishing principles relating to social and environmental issues.

In October 2001, the Association of British Insurers (ABI) published **guidelines on socially responsible investment for insurers** ([www.abi.uk](http://www.abi.uk)). They describe information about ISR which should be published in the annual reports of listed companies, and more particularly concerning the Board's responsibilities, policies, procedures and verification. ABI hopes that these guidelines will contribute to the development of better practices in the field of CSR.

The Building Societies Association (BSA), which groups building societies, the only mutualist banks in Europe, published a report in November 2002 on the implementation of CSR within their association. The report is considered to be a first step towards the construction of a real strategic CSR agenda.

In September 1999, the **Turnbull report**, a model in the field of corporate governance, added integrity, a good reputation and other elements relating to non-financial risks to various elements which had already been brought to the attention of the shareholders ([www.cabinet-office.gov.uk/risk/Corporate_Governance_Folder/ Turnbull_report.htm](http://www.cabinet-office.gov.uk/risk/Corporate_Governance_Folder/ Turnbull_report.htm) - 18 June 2003).

The **Business Impact Review Group** was formed in 1999. It currently includes some twenty companies based in the United Kingdom. These companies have made a commitment to measure their performance in the field of Corporate Social Responsibility and to publish the results of these appraisals. The measurements are based on indicators. In December 2001, a web-site was inaugurated where reports by the group's members can be accessed ([www.business-impact.org](http://www.business-impact.org)).
2.3 AISAM's 2003 surveys

In order to highlight the value of its network and illustrate good practices within the mutual insurance sector, AISAM’s working group organized a survey on corporate governance and corporate social responsibility in April 2003. The response rate was high: of the 27 companies which were invited to take part, 21 replied to the corporate governance section (a participation rate of almost 80%) and 19 to the social responsibility section (a reply rate of 70%).

All kinds of mutual insurance companies took part in the surveys: Life, non Life, composite, small, medium, and large, from 10 European countries.

In the field of CSR, the following questions were asked:

- What actions does your mutual take to promote social responsibility within the framework of internal management?
- What tools does your mutual use to highlight its actions in the field of social responsibility, going beyond its legal obligations?
- In your opinion, which criteria of social responsibility are most specific to mutuals?

In the field of corporate governance, the following questions were asked:

- What actions does your mutual take to promote good corporate governance?
- Does your mutual use tools to improve corporate governance within the framework of legal or statutory obligations?
- In your opinion, which principles of corporate governance are most specific to mutuals?

9 In French and in English, for the questions and replies: see appendices 6.4 to 6.9.
10 The following took part: Assubel, Belgium; Ethias, Belgium; la Mutuelle Vaudoise Assurance, Switzerland; VVAG-Nord, Germany; Kommuneforsikringen, Denmark; Sygeforsikringen « danmark », Denmark; Thisted Amt, Denmark; Amic, Spain; Mapfre, Spain; Mussap, Spain; Mutua Universal, Spain; Suomi Mutual Life Insurance Company, Finland; Tapiola Insurance group, Finland; la Mondiale, France; MACSF, France; MMA, France; Mutuelle de Poitiers, France; Itas Group, Italy; Societa Reale Mutua, Italy; Interpolis N.V, the Netherlands; Länsförsäkringar, Sweden; Liverpool Victoria, United-Kingdom.
The replies to both questionnaires have been summarized. The main conclusions are outlined below. A more detailed overview can be found in the appendices.

Although every attempt has been made to ensure the accuracy of this survey, inaccuracies may occur particularly due to difficulties of interpretation of the different national practices and their translation into English and/or French.

The replies received:

- produced a series of extremely varied reference data
- give a good image of the current situation within AISAM
- once again prove that mutual insurance companies are active as socially responsible entrepreneurs, but without knowing it and without making it known.
- give a good overview of the values of mutuals
- can be used for the purposes of information, study and promotion among employees, member-policyholders and the market in general
- allow mutual insurance companies to compare themselves to their European competitors, both mutuals and non-mutuals, in terms of their actions
- stress the development logic of the AISAM network
- will also give them assets to define priorities and develop a plan of action to make up for their backwardness on specific points, on the basis of concrete examples from other members.
3. CORPORATE SOCIAL RESPONSIBILITY

3.1 Corporate social responsibility: a component of corporate strategy

Methodology

The Working Group has chosen to summarize the various topics analysed during its meetings chapter by chapter which should give AISAM members a simplified overview of the main tools relating to corporate social responsibility.

Each chapter outlines a definition of the topic covered, the related risks and rewards and an implementation proposal. For more information on concrete examples, the contacts indicated in appendix 6.1 may help to broaden the subject.

Concept

Social responsibility is a corporate management method which is intended to integrate sustainable development concerns into corporate practices. It is also based on the belief that it would be advantageous for these companies to develop policies which some would call "ethical" into their general strategies. As a matter of fact, companies which develop such strategies are also often the most effective in economic and financial terms.

This method was invented in Europe during the 1960s; at the time, it merely involved introducing mechanisms to attract the most skilled employees to the company. However, it snowballed considerably during the 1990s, mainly in large companies. For their part, cooperatives and social-economy companies began to structure practices which they were already implementing "naturally", while SMEs have thus far only followed suit very timidly.

Corporate social responsibility, abbreviated as "CSR" (in French: RSE, Responsabilité Sociale des Entreprises), has been dealt with in various documents and declarations by the European Commission, which sees it as a possible major vector of development for European companies or for companies operating in Europe. It therefore aims to encourage related practices involving its use in communication media (labels, codes of conduct, charters, engagements, etc), in reporting media (reports and social balance-sheets), and in evaluation tools, not forgetting ethical investment.

Risks and rewards

For companies, it is a matter of believing in the existence of economic and social convergence; in other words, that social, societal and environmental practices are economically and financially profitable.

Among mutual insurance companies, practices of this type have already existed for a long time, although they were not explicitly referred to as "corporate social responsibility" (for example: support for hospitals, for subsidized housing agencies, for associations with social objectives, information and prevention campaigns for member-policyholders, etc.). Nevertheless, following the initiation of studies, mainly in Italy (cooperative sector) and France (Centre de Jeunes Dirigeants de l'Economie Sociale), and of positive examples in
the United Kingdom and Scandinavia, the social economy sector is now developing specific practices grouped under the generic title of social responsibility.

It is the responsibility of all companies, and of mutual companies in particular, to be faithful to their roots, their identity, their mission and their raison d'être. There can be no social responsibility without a corporate commitment. A mutual company's main responsibility must therefore be its commitments to its members, which should be evaluated over time by means of indicators.

**Implementation**

A corporate social responsibility policy as such requires not only that all stakeholders be taken into account, but also that this policy be transparent.

Attention is paid to three main aspects:

1. social aspects and employment;
2. the society into which the company is integrated;
3. the physical environment.

The elaboration of objective indicators is thus of primordial importance in terms of analysis, comparison and openness. They will make it possible to assess the company's social responsibility policy over time (corporate results and their allocation; trends in turnover; employee trends; staff turnover; indicators of quality such as the speed with which claims are paid; the customer-loyalty rate; etc.); but also in relation to equivalent companies.

Objective indicators may also make it easier to manage priorities. With this in mind, for example, reports and balance-sheets make transparent practices possible.

These indicators are also, but not exclusively, tools for communicating with stakeholders. In this case, corporate commitments are expressed through labels, codes of conduct, charters, etc.

In this context we may refer to the SPI Finance Project, which was initiated by ten Dutch financial institutions, including Interpolis, during the spring of 2001. This project developed social responsibility indicators to be used within the context of reporting on CSR and sustainable development.

In addition to the indicators concerning a company's general management and operational performance, neither of which are specific to insurance (for example, screening suppliers, tracing the economically added value, etc.), four indicators have been chosen for the insurance sector: an examination of social factors in the subscription policy; customer profiles; customer complaints policy and figures; insurance with a high social benefit.
### SPI Finance Project: social responsibility indicators

<table>
<thead>
<tr>
<th>Management System</th>
<th>Internal Performance</th>
<th>Suppliers</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CSR Policy (CSR 1)</td>
<td>• Internal CSR Policy (INT 1)</td>
<td>• Screening of Major Suppliers (SUP 1)</td>
<td>• Charitable Contributions (SOC 1)</td>
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<td>• Employee Profile (INT 7)</td>
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<th>Management System</th>
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Source: SPI project 2002, see http://www.spifinance.com/perform.htm#3
3.2 Tools of social responsibility

AISAM's surveys among its members have highlighted many practices relating to social responsibility. On a conceptual level, these practices are grouped together as tools of corporate social responsibility. While some tend to fall within the field of in-house policy, others have an external focus.

The best-known of these practices is corporate governance, which often completes, although not systematically, a CSR policy.

3.2.1 Corporate governance

General definition

Corporate governance is a management mode which was originally introduced in the interest of shareholders. It can be briefly defined as "the system by which companies are managed and controlled"\textsuperscript{11}.

The OECD, which through its studies inspires many players in this field, has defined it as: "one key element in improving economic efficiency and growth as well as enhancing investor confidence. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth."\textsuperscript{12}

Because corporate governance aims to establish or increase transparency in a company's everyday management, in particular through the supervision of company managers, perhaps by an outside agency; and because it grew not only from the observation of a possible divergence between the interests of shareholders and those of management executives, but also from the belief that shareholders, including minority shareholders, should be more deeply involved in the corporate life of the company, it depends on the quality of the supervision of management executives by the Board of Directors or of the Management board by the Supervisory Board.

In particular, corporate governance increases the means of supervision available to administrators and shareholders, especially minority shareholders. It should ensure the long-term viability of the company and can, in this sense, contribute to sustainable development.

\textsuperscript{11} Definition by CBFA: The Belgian banking, financial and insurance supervisory authority

\textsuperscript{12} OECD Principles of Corporate Governance, endorsed by the OECD Ministers in 1999, reviewed in 2002 by the OECD Steering Group on Corporate Governance under a mandate from the OECD Ministers and published in April 2004; preamble p. 11.
As corporate governance takes account of all parties involved, it is not only compatible with corporate social responsibility but constitutes the key element.

Interest in corporate governance has increased sharply in recent times as companies have become more aware of their responsibilities, faced with: a possible divergence between the interests of shareholders and those of management executives; the emergence of a global market; a large number of corporate scandals, including various transgressions, whether fraudulent or not (Enron, Lernout & Hauspie, Sabena, Parmalat, etc.), failure to perform (Ahold, etc.), bankruptcies or financial difficulties (Vivendi, Credit Lyonnais, etc.), as well as the defence of minority shareholders (Deminor).

Corporate governance aims: to increase transparency in the everyday organisation and management of a company; to improve its performance, competitiveness and access to capital; to make it viable over the long term; to encourage active cooperation with all stakeholders; to define indicators of supervision and good management with stakeholders and the company management; to improve the quality of the information available to all stakeholders in the company, etc.

Today, corporate governance is acknowledged to be both useful and necessary for every form of company, whether listed or not.

A corporate governance policy is based on certain guidelines, such as:

- ensuring the transparency of the various management bodies (General Meeting, Supervisory Board and Management Board, Board of Directors and management committee, etc.) which must decide and act in the interest of the company alone;

- monitoring the quality of the supervision of management executives by the Board; for example, the Board may form sub-committees, such as strategic committees, auditing committees, remuneration committees, nomination committees, etc.

There are currently two generic models as regards the control of the General Meeting over the governing bodies: the “widely-held” model and the “blockholder” model. In the “widely-held” model, shares are held by many small shareholders who individually command a small number of votes. The new board is nominated by the outgoing board which is confirmed by the passive mass vote of small shareholders. Formally the board appoints the CEO, in practice the CEO appoints the board, putting incumbent management in charge. In the “blockholder” model, blocks of shares are controlled by an individual, a group of individuals or an organisation. The blockholder has the power to appoint and/or remove the board and the thus appointed board appoints and/or removes the CEO.

In Europe today, there is no widespread preference for either model, and neither of them is considered to be better than the other. Should we favour competition or harmonization in this debate? Should diversity be tolerated or limited? Professor Marco Becht, argues that one interesting approach would be to support the principle of the freedom of establishment: the European Court of Justice encourages companies to choose between systems, and Member-States to compete in drawing up their regulations.
According to this doctrine, the diversity of systems of governance should be considered as a strength rather than a weakness in the European financial system. Business leaders should consider this as an opportunity to be able to choose a system of rules which stimulates the activities of companies rather than hindering them.  

The European Commission recently entered the debate through a Communication to the European Council and Parliament on 21 March 2003, in reaction to:

- the Winter report, the final report of the group of high-level experts in company law, chaired by Jaap Winter, presented on 4 November 2002, which dealt with corporate governance and the modernization of European company law;

- the Competitiveness Council, which on 30 September 2002 invited the Commission "to organize a thorough discussion of the report, which shall be published, and to develop - in coordination with the Member-States – an Action Plan for company law, including corporate governance, as soon as possible", declaring its intention to treat the Action Plan as a high-priority issue;

- the European Council meeting of 20 and 21 March 2003, which confirmed that the Commission needs to adopt an Action Plan.

An Action Plan was drawn up on the basis of this communication. It is based on a broad range of proposals brought together under six main headings: corporate governance; maintenance and modification of capital; groups and pyramids; restructuring and mobility of companies; the European private company; cooperatives and other corporate legal forms. According to the conclusions not only of the Competitiveness Council, meeting on 30 September 2002, but also of the final report of the group of high-level experts, the Plan of action provides for legislative and non-legislative proposals, as required.

As far as corporate governance is concerned, in point 3.1 of its Action Plan, the Commission says that:

"Corporate Governance, which can be defined in many ways, is usually understood as the system by which companies are directed and controlled. It is, in the light of the recent corporate scandals, now a major issue globally. Poor corporate governance performance, by some companies, has greatly undermined confidence in capital markets.

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13 Marco Becht, Executive Director of the ECGI (European Corporate Governance Institute) and Professor of Finance and Economics at the University of Brussels (ULB) background note prepared for the Euro 50 Group meeting on CG, EIB, 10/07/2003; see also: http://www.ecgi.org/


Within the EU, Member States have different systems of corporate governance, which reflect their different cultures and the various views about the roles of corporations and the way in which their industry should be financed. Over the last years, corporate governance has been the subject of an increasingly intense debate. Forty or so corporate governance codes relevant to the European Union have been adopted over the last decade, at national or international level, with the aim of better protecting the interests of shareholders and/or stakeholders.

Differences in national corporate governance arrangements may create uncertainty and costs for both issuers and investors, which need to be addressed to promote an efficient integration of EU capital markets. As announced in its 1999 Financial Services Action Plan, the Commission launched in 2001 a review of the main corporate governance codes relevant to the EU. The full comparative study, prepared for the Commission by Weil, Gotshal & Manges LLP, was finalised in March 2002\(^{16}\) and concluded that the EU should not devote time and effort to the development of a European corporate governance code: the study identified as a more valuable area for the European Commission to focus its efforts on the reduction of legal and regulatory barriers to shareholder engagement in cross-border voting (“participation barriers”) as well as the reduction of barriers to shareholders ability to evaluate the governance of companies (“information barriers”).

The need for a European code and for additional disclosure of corporate governance practices, as well as a series of additional issues raised by the Oviedo Council in April 2002 in the wake of the US scandals (the role of non-executive directors and of supervisory boards, management remuneration, management responsibility for financial statements, and auditing practices), were also considered by the High Level Group of Company Law Experts. In its Final Report, it confirmed that there is no need for an EU corporate governance code.

In this line of thinking, the Commission observes, firstly, that the main differences between Member States are found in differing company law and securities regulation, as opposed to the corporate governance codes which, according to the March 2002 study, show a remarkable degree of convergence, and, secondly, that the existence of many codes in the EU is not generally perceived as a difficulty by issuers (many issuers continue to be active primarily on their domestic market; when they are active on other markets, they are faced with codes that are pretty similar; and in the rare instances where codes provisions are divergent, the "comply or explain" principle offers a satisfactory solution).

Moreover the Commission considers that:

a) the adoption of a European code would not achieve full information for investors about the key corporate governance rules applicable to companies across Europe, as these rules would still be based on - and part of - national company laws that are in certain respects widely divergent;

b) the adoption of such a code would not contribute significantly to the improvement of corporate governance in the EU, as this code would have either to allow for many different options or confine itself to abstract principles. Trying to harmonise all the elements of a European code would take years and would not be achievable in a reasonable timeframe.

There is nevertheless an active role for the EU to play in corporate governance, because some specific rules and principles need to be agreed at EU level in Directives or Recommendations and a certain co-ordination of corporate governance codes in the EU should be organised to encourage further convergence and the exchange of best practice.”

**Definition with a mutualist accent**

Corporate governance is also an issue for social economy companies and mutual companies, which are now being asked to display as much transparency as so-called "classical" companies.

Corporate social responsibility is based on the principle of a convergence of goals between policies which aim to enhance the financial benefit of the company (profits) and those which aim to enhance the well-being of the company's staff, of the community and of the environment.

Social responsibility is a principle which lies at the core of each mutual company, either implicitly or explicitly. Mutual insurance companies are very sensitive to the rules of good governance.

In mutual companies, there are no shareholders but member-policyholders who are also the clients. This means there is no conflict of interest; the board and management are free to concentrate on their primary role: offering high-quality products and services which answer the needs and demands of clients and member-policyholders. Furthermore, the democratic management of mutuals, based on the direct or indirect participation of its member-policyholders in deciding company policy, allows the client to make his voice heard.

**Risks and rewards**

The mechanisms of corporate governance ensure that the management of the company is more transparent. It represents a guarantee to shareholders, and thus to other corporate stakeholders. In a mutual, the transparency resulting from the legal, regulatory and/or statutory application of the rules of good governance should be considered as a positive factor.

In some respects, one can also consider it to be a management mode which protects executives against possible malpractice.
Implementation

Corporate governance is based on a constant concern for efficiency and transparency which requires the company and its management to invest personnel and time in introducing mechanisms to supervise and monitor the management. Most of these mechanisms are the prerogative of the Board of Directors.

Supervisory mechanisms can be complemented by processes within the functioning of the company, or by typical tools of social responsibility, such as social balance-sheets, or codes of good conduct. As we have seen, through a common objective - namely sustainable development – corporate governance plays a regulatory role within a social responsibility policy.

Examples in the structure of the governing bodies from AISAM members

<table>
<thead>
<tr>
<th>Relations between member-policyholders/management bodies</th>
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<tbody>
<tr>
<td>- Case 1: All member-policyholders are invited to the Annual General Meeting to: approve the annual and the management report; elect the administrators; elect the organ of revision (if applicable); decide how to allocate the year's profits if applicable.</td>
</tr>
<tr>
<td>- Case 2: Existence of a Consultative Committee composed of thirty customers; three annual meetings; exchange of information about the evolution of the company and its environment.</td>
</tr>
<tr>
<td>- Case 3: In addition to the General Meeting, there is a system of consultative committees: twenty regional, with nine to fifteen members, one for SMEs with twelve members, and one for a specific sector with twelve members.</td>
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<tr>
<td>- Case 4: Reports made available either systematically to all member-policyholders on request, and/or the deposition of these documents in the various regional and head offices of the company, publication of the annual report on the Internet.</td>
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<tr>
<th>Structure and composition of the Board of Directors</th>
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<tr>
<td>Mutual with a Board of Directors</td>
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<tr>
<td>- Case 1: A Board of Directors exists for each company in the mutualist group. Its task is to monitor; it has 26 administrators, of which 16 independent administrators and 8 senior executives from the group's various units and companies; the everyday management is in the hands of the Management Committee of each company; the supervision and general coordination of the entire group is in the hands of the Board of Directors of the controlling mutual &amp; to two delegated committees: the Institutional Supervision Committee and the Management Committee; the Boards normally meet five times per year in ordinary session; the committees generally meet once a month.</td>
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<tr>
<td>- Case 2: The Board of Directors is composed of two independent administrators and two members of the management committee, as well as representatives of major customers; three or four annual meetings, with strategic decision-making powers.</td>
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<tr>
<td>- Case 3: A Board of Directors (Steering committee) composed of representatives of member-policyholders which meets once a month.</td>
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<tr>
<td>- Case 4: The General Manager is the only salaried employee on the Board of Directors, with an employment contract.</td>
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</table>
**Mutual with a Management board and a Supervisory Board**

- Case 1: The composition of the Supervisory Boards should correspond to the representation of member-policyholders in each company (by region and by category of member-policyholders).

- Case 2: The Supervisory Board (21) is elected for three years by the General Meeting. It approves the decisions of the Board of Directors and elects the President and vice-president of the management group. The Board of Directors (5) is elected for 2 years. Half of the members of each body must resign every year.

- Case 3: The General Manager, employees or agents cannot be elected to represent member-policyholders.

**Board of Directors with independent Board members**

- Case 1: All the Board members must be elected from among the member-policyholders but act independently. At the General Meeting, the delegates elect 13 of the Board members; two extra members are nominated by the two “subsidising member-policyholders”\(^{17}\)

- Case 2: Presence of two independent Board Members not representing the policyholders on the Board of Directors of each mutual.

- Case 3: All the Board members are external (non-executive), except for the “PDG”, who is a Board member at the same time as running the mutual.

- Case 4: All the members of the Board of Directors except the “PDG” must come from outside /are independent (national regulations).

**Presence of specialized committees, e.g.: auditing, remuneration and nomination committees**

- Case 1: Administrative committee (grouping the vice-presidents and presidents of the Boards of Directors of the four mutual companies and assisted by the Management committee); in addition to the Statutory Auditors, there is a Supervisory Committee which may access any financial documents, and which includes representatives of member-policyholders; Ethics Committee.

- Case 2: Within the parent company and its main subsidiary, which is listed on the stock exchange: Nomination and Remuneration Committee; Auditing Committee and Application Committees (also in the main subsidiaries); the Application Committee ensures that the Code of Good Governance is applied.

- Case 3: Two special committees appointed from among the members of the Board of Directors: one approves decisions in favour of member-policyholders and also issues its opinion to auditors, the other controls and approves investments; an internal auditing service under the authority of the General Manager presents its reports to trade union representatives and the Board of Directors.

- Case 4: Sub-committees of the Board of Directors: Monitoring and Audit Committee (internal auditing, risk management,); Remuneration Committee (remuneration of Directors and senior executives); Nomination Committee (nomination of Directors).

\(^{17}\) The “subsidising member-policyholders” are generally institutional member-policyholders which have invested in the mutual insurer’s capital. This capital is returned if the mutual insurer is wound up and earns interest according to the terms laid out in the Articles of association. The subsidising member-policyholder has a maximum of five votes but their total votes must not exceed those of the ordinary member-policyholders.
Exercising voting rights (flexible structures, respect for the principle): In general, one member = one vote, although variants exist.

- Case 1: In two of the four mutuals, principle of one member = one vote; for the third, 15 votes maximum per member depending on premiums; for the 4th, depending on premiums with a maximum of one-fifth of the total votes cast.
- Case 2: Absent member-policyholders may be represented by another member-policyholder. Maximum 2 proxies per member-policyholder; decisions by qualified majority; majority of ¾ of the votes cast for the revision of the Articles of Association.
- Case 3: During General Meeting: each member-policyholder has at least one vote, with additional votes depending on the scale of life or non-life premiums; for group insurance policies, the representative of the member-policyholder is chosen by the employees of the company which takes out the group policy.

Transparency (publication of the accounts, their compliance with international standards, etc.)

- Case 1: General Meeting in April in order to take stock of the company's management as early as possible; the accounts are available on the company website; the report of the rating agencies is distributed to delegates.
- Case 2: The annual balance-sheet is sent – well before the General Meeting – to the home addresses of all delegates, as is the report of the Board of Directors on the balance-sheet.

3.2.2. Employment policy

Definition

The main aim of an employment policy relates to the evolution of the employment rate, equal opportunities and the absence of discrimination throughout one's career as well as the introduction of dialogue and communication with staff. This is thus one of the most important areas of corporate social responsibility.

Risks and rewards

The credibility and cohesion of a given company's CSR policy would clearly be brought into question in the event of a serious failure to comply with these general principles.

Implementation

The employment policies of mutual assurance companies can be distinguished from those of "classical" companies. Many examples observed among mutual insurers belonging to AISAM show that mutuals show more concern for social and human policies.
Examples in employment policy from AISAM members

Employment policy

- Case 1: Creation of an "affinity group" of insurance policies for all staff.
- Case 2: Introduction of a policy of non-discrimination (sex, age, nationality, religious and philosophical beliefs).
- Case 3: No dismissals in the event of surplus staff or prolonged sick leave; encouragement of staff mobility via suitable training courses; more advantageous social benefits.

Equal opportunities

- Case 1: Existence of an equal opportunities programme to promote equal career development within the mutual: the Working Group is composed of representatives of the management, the staff and the administration.
- Case 2: Introduction of a Code of good governance which aims to promote equal opportunities and the fight against discrimination in the workplace.
- Case 3: No discrimination on hiring and throughout one's career (value featured in the code of ethics).

3.2.3. Training policy

Definition

A training policy targets both member-policyholders and employees (whether member-policyholders or not). Actions implemented within the context of this policy are clearly intended to ensure a better interaction and enhance the value of stakeholders.

Risks and rewards

Loyalty, performance, effectiveness, cost control.

Implementation

The mutual insurance companies approached offer a series of training programmes to their staff. Some of these programmes are quite generic, while others tend to stress the mutualist character of the insurer, like those offered to the representatives of member-policyholders

Examples in training policy from AISAM members

- Case 1: Training of representatives of member-policyholders once or twice a year.
- Case 2: Programme of behavioural training (e.g.: stress-management for employees in regional offices)
- Case 3: Creation of universities (several mutual insurance companies have taken this direction)
3.2.4. Internal information policy

Definition

Apart from the employment policy and the training policy, a policy of internal transparency is important to allow each employee to be a force representative of the company. This involves an information policy, which is far more than just occasional communication, and which is based on a consistent strategy of transparency. It is thus seen as a mark of consideration towards staff and member-policyholders.

Risks and rewards

The staff and the member-policyholders should be involved in the challenges and the strategy implemented by the company to improve its efficiency.

Implementation

When communicating with their staff and member-policyholders, mutual insurance companies consider the member-policyholders and the staff as their real stakeholders. A corporate culture which focuses more on openness and direct communication must be promoted. A full range of communication media is used by AISAM members. Some examples are not necessarily specific to mutual insurance companies, and could be applied in other types of company.

Examples in internal information policy from AISAM members

| Case 1: Intranet accessible to the entire staff; publication and dispatch of a periodical information bulletin to the entire staff; Minutes of Works Council meetings communicated to the entire staff; distribution of a complete corporate organization chart to each employee; periodic meetings of the management staff |
| Case 2: Intranet updated regularly, monitoring of the press, recreation, links to the sites of the mutual’s partners |
| Case 3: Internal communication at all levels (managers, annual balance-sheet for the entire staff, internal review and information bulletin) |

3.2.5. Enhancing the value of member-policyholders

Definition

A policy of enhancing the value of member-policyholders aims to offer them desired services (and therefore not to "sell products") of a quality and a variety which distinguishes them from insured who are just clients while simultaneously making them more aware of their right to participate in decision-making bodies. Member-policyholders must really be aware and convinced that they are an integral part of the mutual company.
Risks and rewards

A mutual insurance company cannot exist without member-policyholders and this presupposes that for them to play their role they understand the added value of their status. Such a policy is therefore crucial to the mutual’s survival.

Implementation

It is of major importance for a mutual company to maintain good relations with its member-policyholders. Although the size of the mutual will certainly affect its complexity, it will not influence the basic desire to involve member-policyholders.

This can be implemented via a global strategy, including several means and levels of interaction in the largest companies, or via more specialized actions in the case of smaller companies.

It goes without saying that internal and external communication policies must be consistent.

Examples in enhancing the value of member-policyholders from AISAM members

<table>
<thead>
<tr>
<th>At the level of the General Management – example of a global strategy</th>
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<tbody>
<tr>
<td>- Case 1: Definition of a global social responsibility strategy which includes all components of the company (management; employees, trade unions); drawing up of a multi-annual plan focusing on the social economy (social label; code of ethics; ethics committee; code of conduct; societal balance-sheet; financial, ethical and solidarity products; support for organizations falling within the social economy, etc.)</td>
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<tr>
<th>Creation of different types of Committee composed completely or partly of member-policyholders:</th>
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<tr>
<td>- Case 1: Investment committee which guarantees transparency and a diversity of criteria for financial investments; Solidarity committee which distributes social benefits in accordance with the strategy defined at the level of the mutual insurance company (grants, help for the disabled, etc.); these 2 committees are composed of member-policyholders with seats on the Board of Directors</td>
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<tr>
<td>- Case 2: Guarantee Commission: for the free verification of appeals presented by the member-policyholders.</td>
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<tr>
<th>Distribution of profits to member-policyholders:</th>
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<tr>
<td>- Case 1: Introduction of a policy of rebates and reductions on premiums, adapted according to the mutual insurance company’s results and decided in General Meeting</td>
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<tr>
<td>- Case 2: Distribution of rebates: a quarter proportional to premiums, three quarters proportional to the final results</td>
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<tr>
<th>Informing the member-policyholders</th>
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<tr>
<td>- Case 1: Introduction of periodicals (newsletters, specific letters for certain occasions such as rebates, etc.)</td>
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<tr>
<td>- Case 2: Introduction of a free information platform (toll-free number) for member-policyholders</td>
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</tbody>
</table>
More suitable products

- Case 1: Participation of member-policyholders in the life of the mutual insurance company through panels which test new products or give an opinion of new services; introduction of information meetings before the General Meeting but also more regularly to provide information about the creation of new products, and about lectures on topics of interest to member-policyholders

- Case 2: Termination policy adapted on a case-by-case basis: "moral" rather than "legal" judgement

- Case 3: Obtaining of labels issued by independent external bodies, either for products or of ISO type; development of new products (home assistance, cover for everyday accidents) not developed by competitors or at a lower cost; introduction of a call centre for the management of claims 24/7; offering of services of a "compensation in kind" type rather than ordinary reimbursement; department of general prevention and participation in prevention campaigns

3.2.6. Community social action

Definition

When a company adopts a CSR policy, it takes on a role which goes beyond the simple selling of products or services. The company places itself in a broader context than that of its employees, customers and/or member-policyholders and implements an entrepreneurial strategy which gives added value to society as a whole.

Risks and rewards

As one of the three pillars of CSR is the concept of social and environmental actions in relation to all the stakeholders, a voluntary CSR policy would not be complete without this component.

Implementation

Various policies and means of action can be envisaged: cooperation with local authorities and associations, encouragement of humanitarian, social, cultural and environmental actions, etc.

Examples in community social action from AISAM members

- Case 1: Support for many local authorities by taking an equity interest (hospitals, internet portal dedicated to health, housing companies, companies dealing in new energy sources, etc.), sponsorship, patronage; support for non-profit organizations; for example, support for a foundation which promotes solidarity, a centre for research into the social economy, Responsible Young Drivers, use of organic and Fair Trade products in the staff canteen
Case 2: Cooperation with agricultural production organizations to develop suitable new products and services; various forms of cooperation with professional organizations of entrepreneurs, support for the creation of a prize for women entrepreneurs; various forms of cooperation with universities and schools at local level; cooperation with trade unions; cooperation with the national Red Cross, sponsorship of sports and culture, including a competition between firemen; donations

Case 3: Widespread cooperation with local authorities and associations (sports, cultural, sponsorship of firemen's equipment, help in the fight against crime, support for young business creators); development of "recycling" insurance

Case 4: Founder-member of a centre for children's safety in close collaboration with the police, the local authorities and the Royal society for the prevention of accidents

Case 5: District renovation projects

**Practical case: Fundacion Mapfre Estudios**

A sense of social responsibility is a fundamental principle in Mapfre’s conduct. The governing bodies of the Sistema Mapfre believe that all its business activities should be inspired by this principle, thus reflecting the important social function that must be fulfilled by a group which provides services which help to guarantee the material security and precautionary savings of millions of people.

In addition to this, however, Mapfre has for many years believed that it has a moral duty to provide specific formulas for giving back a part of its profits to Society through the development of non-profit-making activities of general interest.

To this end, the Sistema has six private foundations, the first of which was set up in 1975, which every year carry out a wide programme of activities aimed respectively at:
- promoting safety, in particular road safety;
- supporting research, training and scientific dissemination in the field of health, and improving the quality of medical treatment;
- promoting and spreading the arts and literature;
- promoting business training research in the fields of insurance, safety and business administration;
- promoting research and dissemination of knowledge in relation to the common history of Spain, Portugal and countries with whom they share historical ties;
- and promoting the development of the Canary Islands, enhancing the culture, social welfare and training of their people.

The FUNDACIÓN MAPFRE ESTUDIOS carries out university educational activities related to insurance, safety, finance, company administration and the Latin American context.

All this work is carried out through its Institutes, the Insurance Sciences, Law and Business Faculty and its Documentations Centre.

This Foundation also promotes research grants and publications within the field of risks and insurance.
3.2.7. Environmental action

Definition

Human activity, and thus the activities of companies have effects on the physical environment. The principle of precaution and the growing shortage of resources imply a duty of solidarity, particularly towards future generations, by limiting the negative consequences of the aforementioned activities.

Risks and rewards

In the face of this planetary preoccupation, salvation can only come from a general mobilisation of all concerned. Companies, in the same way as all other organisations or groupings, take on a decisive role, not only in the way they carry out their operational activities but also in drawing the attention of all stakeholders to the preventive measures to be taken. In this respect, the privileged relations they have with their member-policyholders is an advantage for mutual insurance companies.

Implementation

Various actions can be envisaged: cooperation with environmental groups; contributions to specific environmental projects; ensuring all commercial relations are environmentally sound, etc.

Examples in environmental action from AISAM members

- Case 1: Direct participation in projects to offset the consequences of natural disasters throughout the world (helping the victims of the "Prestige" oil spill, research grant for the study of pollution risks)
- Case 2: Defence and protection of forests at local level in collaboration with the regional government
- Case 3: Commitment at national level: FAI (cultural property); and international WWF
- Case 4: An environmental report is requested from each supplier
- Case 5: System of environmental management based on ISO 14001 since 1996
- Case 6: Reserving a part of the Intranet for the environment: active participation in the protection of natural resources and the environment; signature of the UNEP declaration;
3.2.8 Ethical investments

Definition

It is not easy to define an ethical investment as there are several visions of ethics. One can however propose a general definition which would involve an investment approach based on ethical criteria, meaning values which contribute to constructive and sustainable progress, to the same extent as financial criteria. This may be called Socially Responsible Investment or SRI.

There are two major categories of criteria: negative criteria which exclude certain sectors or even geographic areas (arms, tobacco, etc.), and positive criteria which evaluate companies, their products and services, on the basis of a convergence between social, environmental and financial criteria. Since the late 1990s, a third method has evolved: this involves an engagement or influencing approach where the fund manager aims to create a dialogue with companies in order to encourage them to apply SRE policies in their overall strategies. Thus, ethical investing can be said to be offering third generation products.

Ethical investment is mainly based on an evaluation of targeted companies. This can be carried out by institutions which promote products themselves or by external bodies. In Europe, these include the following: Dutch Sustainable Research (Netherlands), EIRIS and PIRC-Pensions and Investment Research Consultants (United Kingdom), SAM - Sustainable Asset Management and Centre Info Suisse (Switzerland), Vigeo and Fitch (France), IMUG (Germany), Scoris (Austria and Germany), Avanzi SRI Research (Italy), Stock at stake/Ethibel (Belgium and Luxembourg), Caring Company (Denmark, Finland, Norway, Poland, Sweden), Fundacion Ecologia y Desarrollo (Portugal and Spain), etc.

It should be noted that, in 2001, ethical investment in the United States, which leads the world in this field, amounted to some 2 trillion dollars, or +/- 10% of the capital of American investment funds. Ethical investment is expanding fast in Europe, as figures show an increase of 36% between 1999 and 2001, but is still only about 1% of European assets invested in mutual funds. In Belgium, in 2002, the ethical market accounted for some 16% of savings products, and about 1.5% of the overall capital invested in funds goes to ethical funds. These results make Belgium the leading ethical investor in Europe.

Risks and rewards

The development of ethical investment (mainly adopted by small shareholders and small savers) has contributed to the development of a certain awareness of the responsibility of all players, including institutional investors, in the social, societal and environmental quality of the corporate activities in which capital is being invested.

This external evaluation of corporate behaviour is one of the basic tools of social responsibility.

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18 Social Investment Forum, Reuters article dates 27/02/2002
19 SIRI Group, Green, social and ethical funds in Europe, September 2003
Implementation

Insurance companies are showing their presence in this field by promoting ethical products and acting as institutional investors.

A few major principles are contributing to the success of ethical products, such as advertising (transparency and public awareness), a quantitative and qualitative external evaluation, a possible partnership between classical and ethical banks or with solidarity companies.

In several European countries, there are systems of tax incentives to promote socially-responsible investment. In the Netherlands, these incentives relate to so-called "green" funds; in France, incentives are granted to savers who invest in the capital of solidarity companies or in corporate mutual funds, at least 5 to 10% of which is allocated to solidarity companies.

Ethical investment examples from AISAM members

- Case 1: Ethical money-market mutual funds, solidarity products, micro-loans.
- Case 2: Selection of investments on the basis of safety and productivity, partnerships, sponsorship, and donations, but also on the basis of shared values.
- Case 3: Programmes to select investments in listed companies on the basis of ethical criteria in the fields of equal opportunities or transparency in terms of accounts, for example.
- Case 4: Ethical fund investments in property investments: hospitals.

3.2.9 Code of conduct:

Definition

A code of conduct is a series of voluntary commitments defined by a company and communicated to its stakeholders, i.e., to organizations representative of workers, to workers, to shareholders/member-policyholders, to partner companies (suppliers, subcontractors and silent partners), to customers/consumers, to the public authorities and to the general public as a whole. It does not necessarily have any regulating value but can be considered as self-regulation.

These commitments should ideally relate to the following three major dimensions: the social, the societal and the environmental. Frequent topics concern ethics in general, human rights and basic standards, the company's role in development, health/safety at work, the environment, etc.

Unlike labels, a code of conduct is drawn up in and by a company or group of companies, although external players and experts may be involved in drawing it up. It is therefore a tool to assert corporate values, associating all stakeholders, and employees in particular.
As far as social-economy companies are concerned, the code is not only a tool to reassert basic commitments, but also for continuous progress.

In 2000, a study of FTSE 350 companies and non-quoted companies of similar size by the London School of Economics (LSE) together with Arthur Andersen indicated that 78% of responding companies had a code of conduct. In the United States, more than 80% of major companies have such a code according to the same study. Most of the companies which have a code publish it on the internet.

Risks and rewards

The code of conduct is a tool of social responsibility. First of all, it explains the concrete actions, rules and principles which must be respected in interactions with the stakeholders.

It contributes to communication about the specific ethics of the company, and consequently about the commercial and financial results upon which the code has an impact. It can be more precise and more suitable than a label to the sectoral specificities or clients targeted by the company.

In legal terms, the code of conduct is regarded as an advertising tool. As such, failure to fulfil any of its commitments could be interpreted as deceptive advertising. In other words, although the code has to go very far in order to be a real asset to the company, its commitments must also be carefully demarcated, and flexible commitments should be preferred, for example. A company would thus not make a commitment to promote women to management positions, but to introduce mechanisms which will encourage the promotion of women within the corporate hierarchy, in collaboration with a range of players (as yet undefined). It may perhaps have to define these mechanisms more precisely in its code.

Implementation

A code of conduct may be drawn up by the Board or management. However, the involvement of representatives of all the stakeholders is a guarantee of its acceptance: internal first, i.e., not only representatives of workers, but also the workers themselves; and then external, involving a range of players (as yet unidentified).

The mode of consultation must also be identified. Although contact and consultation will be easy in some cases, it will require more thought in others. For example, member-policyholders can be contacted by sending out a standard letter and questionnaire; but contacting consumers as a whole requires careful thought about how to identify a panel of customers which is as representative as possible. In any event, the proposed model must be approved by the stakeholders and/or all of the stakeholders must be informed about it: employees, customers, suppliers, subcontractors, member-policyholders, etc.

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A code of conduct is intended to be seen. It will therefore be "displayed" in such a way that it can be seen by stakeholders. In particular, it will be communicated specifically by name to employees, sent to customers, appended to contracts binding the company to its suppliers and subcontractors and sent to member-policyholders. Care will be taken to ensure that it is displayed on the company's premises and in its branch offices.

As it is a private tool, no legal sanction is directly provided for. Nevertheless, as a code of conduct can be regarded as advertising, failure to comply with it could perhaps lead to legal action for deceptive advertising. Having said this, experience in various sectors shows that a failure to comply with a code of conduct can have harmful effects in commercial and/or financial terms.

The most extreme case is that of Nike, found guilty following a complaint from a consumer who discovered, in a report, that the company used child labour despite its commitment not to, displayed in its code. This case could set a precedent in the United States.

**Codes of conduct examples from AISAM members**

- Case 1: Code of conduct of mutual insurance companies (see Appendix 6.2.).
- Case 2: Code of marketing conduct in relation to customers; ethics charter in relation to employers.
- Case 3: Code of social ethics outlining the basic values of the company, its commitments and the introduction of an ethics committee.
- Case 4: Code of good governance, approved by the Board of Directors of the mutual insurance company and ratified by the Boards of Directors, administrators and general managers of all the companies in the group. This is a collection of standards for managers and of principles governing the system's decision-making bodies.

**Practical example: AISAM’s Ethical Charter**

1. **Introduction**

Any successful mutual activity relies on a wide range of different criteria, including ethical conduct. For AISAM and its members, such conduct reflects their idea of the insurance industry and the way it should function. It involves the enactment, within the individual mutual companies, of simple and concrete rules which can be shared with a great many colleagues, member-policyholders and stakeholders while also respecting applicable laws and standards.

2. **Ethical principles**

Through their membership of a mutual insurance company, member-policyholders express their support for the values of solidarity and responsibility in a world of economic and social progress which respects human rights, basic freedom and environmental responsibility defined by international conventions such as the UN Global Compact; the democratic principles governing choice and the functioning of institutions; legal and regulatory constraints; differences related to the cultural, economic, social and legal environment of each country.

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21 Adopted by the Committee in Madrid on 24 May 2002
3. Mutuals and ethical values

Mutual insurance companies are expected to comply with the global principles referred to above under any circumstances. However, the characteristics of mutuals should also be considered and specifically incorporated in mutuals’ behaviour.

Accordingly, mutuals have a special commitment within the following fields:

- solidarity, honesty, good faith and openness towards their member-policyholders;
- best quality/price ratio due to the non-profit status of mutuals, introduction of a policy of rebates, etc.;
- financial solidity, choice of investments; social commitment to employees and to the community;
- quality of the service to member-policyholders;
- clarity and simplicity in communication with member-policyholders;
- prevention

Furthermore, mutuals have a role in the promotion and development of local economies and should, in cooperation with local authorities and associations, encourage actions of a humanitarian, social and cultural nature which arise from the concept of human and economic relations. They may contribute financially to the implementation of such actions by developing and distributing ethical insurance products to the public, and by distributing surplus annual income as indicated above, provided that all requirements to strengthen their financial solidity and improve their services have been fulfilled.

Mutual insurance companies should periodically provide their member-policyholders with transparent information concerning the nature of their activities and have a duty to provide their member-policyholders with the information they need to fully exercise their rights as members.

4. Ethical guidelines

For the purpose of assisting member companies in ensuring that high ethical standards are upheld in their activities, AISAM will, in addition to the above principles and values, issue separate documents containing guidelines in specific ethical areas or revise existing specific guidelines as appropriate. A list of guidelines issued pursuant to this Ethical Charter is found in the annex hereto.

5. Recommendation

To ensure the promotion and development of ethical behaviour and compliance with the ethical guidelines members are encouraged to appoint an executive-level officer as responsible for establishing and implementing the necessary ethics programmes and for ensuring compliance with the guidelines issued by AISAM from time to time.

Depending on the size of the individual mutual, they are encouraged:

- to appoint a liaison officer responsible for promoting the application of the principles, values and guidelines within the mutual;
- to complete the AISAM Charter with their own company Charter.

Failure to comply with AISAM's ethics directives should be resolved honourably through dialogue, in compliance with applicable laws and standards, in order to find the best possible solution considering the mutual interests of the parties concerned.
3.2.10 Ethics committee:

Definition

Where a company recognises ethics as a core value for the company which it takes the commitment to respect and promote, this implies the introduction of some kind of body to monitor and control its application.

The introduction of an ethics committee into a company, whether a mutual or not, is still quite rare. In companies implementing CSR, there is often an employee dedicated to anything which concerns ethics in any way, rather than a committee with rules and clearly defined areas of action.

There is no precise definition of an ethics committee, particularly as terminology can vary from one company to another: ethics committee, social cohesion committee, etc.

One could however try to define it as a body set up within the company, generally on a employer/employee basis. It thinks about strategic development, defines actions and supervises practices implemented by the company within the framework of ethics in general, as well as sustainable development and corporate social responsibility.

Ethics committees are becoming necessary today due to the implementation of audits to qualify for standards and labels, although such committees are as yet only being implemented by a minority of companies.

Risks and rewards

Corporate social responsibility, in general, and the introduction of an ethics committee, in particular, leads to a broadening of the social dialogue, an improvement in employment conditions (particularly within the context of restructuring), a better corporate image and more participation of the company in local development, which makes it possible to strengthen social cohesion within the company.

The ethics committee makes it possible to closely involve employee representatives in CSR. It also acts as an observatory for practices and a forum for debate on the implementation of new actions.

Implementation

The monitoring and control of the respect for ethical values can be given to a person or a committee. The choice depends to a large extent on the position of the company regarding ethical values. It is generally advisable to gradually introduce a supervisory body or to start by giving this role to a person. By adopting this method, one avoids a body or department which is over-staffed and ends up “looking for work” and being excessively rigorous and counter-productive.
A few major principles prove to be essential when an ethics committee is introduced:

- Balanced composition of the committee (parity in terms of representatives of the management / of workers, linguistic parity, etc.);
- The Committee must not be involved in joint management: it cannot take the place of the company's hierarchic structure, nor is it an offshoot of various corporate committees, etc.;
- It should be given clear and precise tasks: What is the scope of its authority? In which fields? etc.;
- Warning procedures should be provided for in the event that a failure to comply with ethical criteria is observed within the company.

Ethics Committee examples from AISAM members

<table>
<thead>
<tr>
<th>Case 1</th>
<th>Introduction of ethics tools and social responsibility tools, monitoring, evaluations, verification that corporate practices comply with the obligations imposed by the social label, etc.</th>
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<tbody>
<tr>
<td>Case 2</td>
<td>Application committee, which monitors the application of the code of good governance</td>
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### 3.2.11 Social label:

**Definition**

Social labels are signs which make it possible to identify products or services which respect fundamental principles in the field of employment and social rights. Over the last ten years, they have considerably increased in number. So-called "private" social labels were created on the initiative of non-governmental organizations, sometimes working with trades unions and/or companies to define them. They generally come with specifications for controls and audits which should theoretically be independent.

Today, a legal framework for a social label exists only in Belgium where, in view of the proliferation of private labels, the Belgian authorities drew up a draft law relating to a label guaranteed by the public authorities. This is a national initiative which was submitted to the European Commission for approval. On the occasion of the Belgian Presidency of the European Union, the label was presented as an example to the other Member-States. Belgium made a particular contribution to the constitution of a platform to examine the minimum conditions which such labels must fulfil. The label therefore fits in with the European Union's philosophy in the field of external trade, through the system of generalized socio-environmental preferences. But it is also a pilot project which should be followed by many others.

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In outline, the label is awarded to a product (goods or services). It tells consumers which products comply with the basic principles of the International Labour Organization (ILO) throughout the production chain, i.e., also among suppliers and subcontractors. The ILO's basic principles are the freedom to belong to a trades union, no discrimination, no forced labour and no child labour (slavery).

The Belgian social label, the verification of which is guaranteed by the public authorities, is thus a world "first".

**Risks and rewards**

Several surveys and studies have shown that consumers expect guarantees concerning manufacturing conditions. Nevertheless, this expectation applies more to consumer products, but not of poor quality. In other words, consumers of luxury products or those who buy "no-name products" do not ask for labelled products. The awarding of a social label also acknowledges a company's desire to behave in an ethical or socially-responsible way, and to come to terms with this desire in its relations with the outside world.

Should mutualist and social-economy companies not be the first to display labels which embody values which correspond to their basic commitments?

Today, consumers are confronted with a proliferation of private social labels. The public label is intended to clarify the commercial landscape. It is controlled according to specifications defined by an approval committee composed of representatives of companies, trades unions, consumer organizations and NGOs, alongside representatives of the public authorities. The Belgian label is now drawing a great deal of attention from various players, including other European governments and international institutions. At this stage, the European Commission does not exclude the possibility of encouraging national labels in order to develop a European label.

**Implementation**

The company's application is submitted to the Belgian Minister responsible for the social label and to the Committee for Socially Responsible Production, composed of representatives of the public authorities, employers & employees, and NGOs. The application is accompanied by a description of the selected product's production chain, and by the Minutes of a Works council meeting during which the trade union delegation was informed of the application's submission. After acknowledging the admissibility of the application, the product is audited by a “social” auditor accredited by the official certification body, BELCERT. On the basis of its report and any further information, the Committee for Socially Responsible Production submits its opinion to the Minister, who grants the label on the basis of this opinion.
Practical example: Ethias’ Social Label for its "Home Comfort Plus" fire insurance

a) Characteristics of the company

Ethias is a mutual insurance company, a fully-fledged player in the social economy. Its goal is to defend the interests of its members and staff.

Ethias operates in a competitive sector. It must therefore, while respecting its values, fulfil the economic requirements of effectiveness and profitability. However, Ethias considers that a company must have dimensions other than the economic one. This is why it initiated a social responsibility process within its various activities by adopting a multi-annual plan involving several projects focusing on the corporate social responsibility.

The first of these projects aimed to obtain the social label guaranteeing socially-responsible production for one of its products.

b) Characteristics of the initiative

Context: since October 2002, companies operating in Belgium have had the ability to apply for the social label. This procedure is voluntary and expresses a concern for ethics and the social and societal responsibility of companies.

The product: The label relates to a product or service. It guarantees consumers that the product or service respects the basic principles of the International Labour Organization (ILO) throughout the production chain, including subcontractors and suppliers.

The method: in accordance with the specifications drawn up to obtain the social label, an external social audit was carried out in order to analyse the "production" chain of the fire insurance. At the end of this audit, the auditor sent a report to the Committee for Socially Responsible Production, which then reported to the Minister, who finally decided to grant the social label.

c) Involvement of partners

The social label is guaranteed by the public authorities within the framework of the law of 27.02.2002. It is controlled according to specifications defined by a Committee for Socially Responsible Production composed of representatives of companies, trades unions, consumer organizations and NGOs alongside representatives of the public authorities.

d) Contribution to the debate on CSR

The application for the label and the audit were based on a strong social dialogue. The procedure made it possible to initiate a debate on social responsibility within the company, and to hear the views of stakeholders. The implementation of measures relating to the application for the label revealed its knock-on effects, as Ethias asked its suppliers and subcontractors to make a commitment to comply with the principles connected to the social label.

e) In what way does the social label offer a "plus"?

Several surveys and studies have shown that consumers expect guarantees concerning manufacturing conditions. The awarding of a social label also acknowledges a company's desire to behave in an ethical and socially-responsible way, and to come to terms with this desire in its relations with the outside world.
3.3 Reporting of social responsibility

3.3.1 Social balance sheet

Definition

The term "social balance sheet" refers to a statistical statement of social data, more particularly on employment, whether required by law or not.

The social balance sheet seems to be an interesting tool of comparison from the point of view of information relating to employment. The data, whose veracity and exhaustiveness must be controlled by the company auditor (as an integral part of the annual report), must be presented in a very precise compulsory way. Some data must be given not only for the last business year but also for the previous one, thus giving the social balance sheet its comparative value and provides a dynamic overview of the employment situation within the company.

Risks and rewards

There is widespread thought about the standardization of social responsibility tools in Europe and in particular of balance sheets and reports. The concern which guides such thinking is to make comparable whatever has to be compared.²³

In this respect, it is generally considered that the social balance sheet today is not in itself a tool of social responsibility. On the other hand, the societal report (such as the French model below, for example, which is the first in which the public authorities are involved) could well be considered as such a tool. This example could be followed in other European countries, although it would have to be adapted.

Implementation

Introductions to the Belgian and French systems are shown below with detailed examples in the appendices.

Practical example: the Belgian social balance-sheet²⁴

Since the 1996 business year, companies obliged to submit their annual accounts to the Banque National (BNB/NNB) have had to append a section entitled "social balance-sheet". The social balance-sheet lists the following data:

- Workers listed in the staff register (number, contracted hours, costs, extra-legal advantages);
- Temporary workers and workers made available to the company (number, contracted hours, costs, extra-legal advantages);
- Information relating to movements of workers during the business year: workers hired (including gender and educational level) and workers who left the company (retirement, early retirement, dismissal, other reasons);

²³ For example, in Portugal the Social balance sheet as defined by law D.L. 9/92 only contains information on accidents at work and working days lost. This is compulsory for all companies with more than 100 employees.

²⁴ See example in appendix 6.2
Information relating to the use of measures to promote employment during the business year: measures offering a financial advantage (stating the amount) and others (internships, springboard jobs, etc);

Information relating to training courses organized for workers during the business year (number of hours, number of workers concerned, cost of training courses, etc.).

This obligation was introduced within the framework of the multi-annual employment plan of 22 December 1995. Essentially a statistical document, it allows the public authorities to evaluate the effects of the measures taken to promote employment. The publication of this information by the Centrale des Bilans de la Banque Nationale (BNB/NNB) is also an instrument of public information about employment in companies.

The following are all concerned: companies subject to the accountancy law, credit institutions (including foreign ones) operating in Belgium, insurance companies, non-profit companies (asbl/vzw) companies governed by foreign law with branches in Belgium, hospitals and inter-company medical services.

Distinct procedures are offered according to the size and nature of the company.

**Practical example: the French social balance sheet**

Companies with more than 750 employees have been obliged to produce a social balance sheet since 1977; in 1982, the number of employees was reduced to 300. At the end of the 1980s, more than 7000 companies published a social balance sheet in France. The document is drawn up by the head of the company and submitted to the works council for comment. It contains statistical data on the level of employment, changes in employment, absenteeism, salaries and training with more detailed breakdown by sex, age and category of employee.

### 3.3.2 Societal report

**Definition**

For a long time, companies have been publishing annual balance sheets which inform their shareholders about their company's financial results and business activity over the past year. These instruments of information and transparency are aimed at a shareholder base which is concerned for its investments.

Today, companies have to answer to a new, broader audience, referred to as "stakeholders"; in addition to shareholders, this term includes associations, customers, suppliers and local communities, as well as workers (who are sometimes shareholders, although they are far away from decision-making centres).

It is within this framework that companies implementing practices relating to social responsibility publish reports and balance-sheets which go beyond financial results alone by including the social and environmental aspects of their activities.

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25 See example in appendix 6.3
The term "societal report" (in French *bilan societal*) - which has often been misused – refers to documents published by companies, generally on an annual basis, and which describe and evaluate economic, social and environmental performances. A societal report goes beyond the notion of “rating” or “certification” and follows the commitments taken by the company and its partners. By the end of 2002, the Copenhagen Centre\(^ {26} \) had listed some 2,000 reports and/or balance-sheets throughout the world.

In outline, the societal report is:

- a communication tool: it communicates the content and reality of a company's social, societal and environmental policies to its various stakeholders;
- a risk-management tool: to be connected to corporate governance, the societal balance-sheet is a tool to improve transparency. In principle, it should reduce certain uncertainties for stakeholders such as consumers and investors. As far as the latter are concerned, some experts are wondering about the knock-on effect that the development of societal reports could have on the development of ethical finance;
- a strategic management tool: the societal report places the company's practices in their context, i.e., it demarcates the risks and rewards of the sector, the expectations of stakeholders, the available environmental and social indicators and sensitive subjects. It is a first-hand tool for defining medium-term objectives.

A distinction is generally made between societal reports drawn up on the basis of a matrix developed in-house, and those which are based on a standard model proposed by organizations such as the Global Reporting Initiative (GRI)\(^ {27} \) or the *Centre des Jeunes Dirigeants de l'Économie sociale français (CJDES).*\(^ {28} \)

Societal reports can serve as a basis for sectoral comparisons. Nevertheless, the absence of any standardization and translation of data does not facilitate this type of approach. This is why practices such as those of GRI or CJDES are so valuable, as they try to develop a model standard through pilot projects, particularly in the banking sector, although the CJDES' model is more applicable to the social economy. The best societal reports are becoming more and more complex. Those best known for their quality are issued by the following companies: Co-operative Bank, Novo Nordisk, BAA, British Telecom, Rio Tinto, Royal Dutch Shell and BP. No mutual insurance company is featured in the honours list of best societal reports drawn up on the basis of sustainable-development criteria by the United Nations Environment Programme\(^ {29} \) nor follows the GRI guidelines.

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\(^ {26} \) The Copenhagen Centre is an independent think tank founded by the Danish Government in 1997 to focus on Corporate Social Responsibility (CSR) initiatives in Denmark as well as internationally following the 1995 UN Summit on Social Development and the Copenhagen of in 1997 on “A new partnership for social cohesion”. TCC aims to identify, develop and create savoir-faire on CSR with an accent on new partnerships.

\(^ {27} \) See www.globalreporting.org

\(^ {28} \) See www.cjdes.org

\(^ {29} \) This prize was awarded according to broader criteria than purely environmental ones.
The standards most frequently used as models are those of the GRI and the AA 1000 standard, one version of which is the model for the CJDES.

- The Global Reporting Initiative was launched in 1997 by CERES, an NGO, and by the United Nations Environment Programme. This international coalition is composed of representatives of all of the stakeholders. It intends to promote a common framework for economic, social and environmental reporting, based on the model of financial reporting. GRI's objective is to develop a method which is as precise and verifiable for social reports as for financial reports. Nevertheless, although the social criteria were strengthened, the initiative was steeped in environmental concerns. A Working Group within GRI is currently developing principles of verification. The main value of GRI lies in the fact that its performance indicators are often based on international conventions, agreements and guiding principles (mainly OECD and ILO).

- AA 1000 is a standard developed by the Institute of Social and Ethical Accountability, UK\textsuperscript{30}. It is primarily a tool to standardize procedures which determines principles and methods. These principles are also the framework for auditing procedures, although the AA1000 standards are not intended to certify a report. The model of the Centre des Jeunes Dirigeants de l’Economie sociale (CJDES) was drawn up according to this procedure.

Risks and rewards

At this stage in the development of societal reports, two major advantages stand out:

- enhanced transparency of practices and thus of a company's image among consumers and investors: the clearest case was that of Shell, which after having suffered smear campaigns which affected some of its stock-exchange performances, published a "citizen's report". Nevertheless, it obviously remains to be seen whether the societal balance sheet is a lever or a tool like others, which seems to be the assumption. It is nevertheless thought that the place of this tool in policies to improve transparency is decisive, particularly if the balance sheet is accompanied by monitoring, the introduction of indicators and audits.

- a management tool: It makes it possible to identify short-, medium- and long-term objectives, and to draw up an implementation plan involving the stakeholders, financial resources and indicators.

\textsuperscript{30} See www.accountability.org.uk
Implementation

Ideally, to be credible, a societal report should be subjected to audits and certifications. However, at present, these mechanisms are all private and are provided by the major auditing companies. This raises the question of conflicting interests for these companies which audit the practices of companies as well as their finances and accounts.

These audits and certifications can seem very burdensome and costly, especially to small social-economy companies. Nevertheless, they allow them to measure their real progress within the framework of the objectives that they have specifically assigned themselves.

Societal reports are more common in companies with more than fifty employees. In small- and medium-sized companies, however, they are still almost non-existent. The societal report requires a larger investment by the company. It also involves the active participation of the entire staff and sometimes even the involvement of other stakeholders. This method, the most common and the one which complies best with the objectives of CSR, makes it harder for social-economy companies to draw up societal reports since they are generally SMEs.

There are several methods of elaboration, based on the following main sequences:

- Identification of the company's main values
- Identification of a matrix of data to be gathered
- Development of monitoring indicators (quantitative and qualitative)
- Identification of representatives of stakeholders
- Development of information-gathering tools
- Informing of stakeholders concerned and dialogue about their involvement in the process.
- Information gathering
- Layout
- Final writing of the report, to be validated by the stakeholders.

The main principles which should guide the writing of the report are as follows:

- precision: always try to quantify, as far as possible, making sure not to isolate the quantified information from its qualitative context
- dialogue with stakeholders and more particularly with employees
- transparency about the methods and the required validation of the entire operation by all partners
- attention paid to monitoring

In this context, it is a good idea to mention that, at the prompting of CECOP, social-economy organizations in Europe, including AISAM, have decided in principle to make a commitment to introduce a European Grouping for Societal Reports (Groupement 31 CECOP, European Confederation of Workers' Co-operatives, Social Cooperatives and Participative Enterprises: see www.cecop.org
Européen du Bilan Sociétal: GEBS) which among other things will be a European multi-stakeholder platform involving representatives of the various circuits involved. It should become the European group of reference in the field of CSR for the social economy, building and adapting methodologies for the evaluation of CSR practices and propose European standards.32

**Practical example: the French societal report (bilan sociétal)**

The French law on economic modernisation of January 2002 obliges quoted companies to include a description of how the company takes into account the social and environmental consequences of its practices in the annual report drawn up by the Board. Although this is not called a societal report (balance-sheet), this obligation fits in with the social responsibility of the company. The information contained in these reports is not only quantitative but qualitative.

At the social level, the company must provide information on:

1° a) Total number of employees; new employees, differentiating between permanent contracts and short-term contracts, and with an analysis of any recruitment difficulties; redundancies and the reasons for them; overtime; recourse to external sources of manpower;
b) If necessary, information on plans to reduce the number of employees and on maintaining employment, efforts to reclassify staff, to re-employ staff and accompanying measures;
2° The organisation of working hours, and their duration for full-time and part-time staff, absenteeism and the reasons for;
3° Wage levels and their evolution, social costs, the application of the measures contained in title IV of book IV of the employment code, equal professional opportunities between women and men;
4° Professional relations and overview of collective agreements;
5° Health and safety conditions;
6° Training;
7° Employment and inclusion of handicapped workers;
8° Social (charity) work;
9° The importance of out-sourcing.

The report shows how the company takes into account the territorial impact of its activities as far as employment and regional development are concerned.

It describes, if necessary, the relations between the company and associations for inclusion, educational establishments, associations for the defence of the environment, consumer associations and associations representing neighbouring populations.

It indicates the importance of out-sourcing and the way in which the company promotes the measures contained in the basic conventions of the International Labour Organisation vis-à-vis its subcontractors and ensures that its subsidiaries respect the same measures.

It also shows how foreign subsidiaries of the company take into account the impact of their activities on regional development and on local populations.”

32 Source: comments and recommendations of the social economy group chaired by CECOP on the occasion of the UE plurilateral Forum on CSR on 13 November 2003 in Venice
At the environmental level, the company must provide information on:

1° The consumption of resources as regards water, raw materials and energy with, if necessary, the measures taken to improve efficiency of energy consumption and use of renewable energy, conditions of soil use, emissions into the air, water or soil seriously affecting the environment, the list of which will be drawn up by a decree issued by the environment and industry ministries, noise or smell pollution and waste;

2° Measures taken to limit damage to the biological balance, to natural habitats, to protected species of fauna or flora;

3° Steps taken as regards environmental evaluation or certification;

4° Measures taken, if necessary, to ensure conformity of the company’s activity with related legislative or regulatory dispositions;

5° Expenditure on the prevention of consequences of the company’s activity on the environment;

6° The existence within the company of internal services for environmental management, training and information for employees on this subject, means given over to the reduction of environmental risks as well as the organisation set up to deal with accidents where the pollution consequences go beyond the company’s establishments;

7° The amount of reserves and guarantees set aside for environmental risks, unless this information is likely to cause serious prejudice to the company in an existing dispute;

8° The amount of any indemnities paid out during the current financial year as settlement following a legal decision in the environmental field and actions undertaken to repair damage to the environment;

9° All elements on the objectives which the company gives its foreign subsidiaries for points 1° to 6° above.”

It has been criticized for constituting only a minimum basis, too imprecise and far inferior to the practices of companies which were already publishing reports on a voluntary basis.

**Practical example: Bilancio Sociale (societal report) in Italy**

Although called ‘social balance sheet’ in Italian (bilancio sociale), it is in fact a societal report as it is a complement and correlative to the annual accounts which contains quantitative and qualitative elements in order to inform stakeholders about a different picture of the company regarding its socio-economic dimension, ‘usefulness’ and ‘richness’ (emphasis on social responsibility).

The Bilancio Sociale is not compulsory and there are no particular guidelines. In Italy there is not yet a long tradition in this field. In fact, the first group, set up with to follow the project of a Bilancio Sociale, was created in 1997 and it was made up of company advisors, auditors, and professionals in the field of organization. This group gave rise to a committee whose task was to link all the people interested in this project, with the aim of writing a draft where all the principles could be summarized. Two years later the draft was published and today it represents an important non-binding instrument for all the companies interested in this area. ABI, the Italian Banking Association, has also worked out a specific standard for a societal report for the banking sector in collaboration with IBS (Istituto europeo per il Bilancio Sociale).
ITAS published its first Bilancio Sociale in 2003 together with its annual report for 2002. It was distributed to its staff, agents and member-policyholders, was well received and gave rise to several positive reactions (certainly due to its large publicized added value of more than 65 million euro and how this was redistributed). The 2004 version of ITAS’ Societal Report was written in collaboration with a Committee of delegates of member-policyholders. It also mentions ITAS’ ethical code which is “an implementation code” of AISAM’s Ethical Charter to which the Bilancio Sociale refers. In fact, “the societal report is nothing more than the history of the company: its identity, its values, its raison d’être and its goals” (quote, Ettore Lombardo, Director General, ITAS).

Besides ITAS, a large number of banks (cooperative banks) and industrial companies publish a societal report each year. Insurers have as yet not taken up this practice with the exception of UNIPOL, the largest cooperative insurer who also won the prize last year for the best societal report (bilancio sociale).
4. **MULTI-ANNUAL PLAN FOR CORPORATE SOCIAL RESPONSIBILITY**

In order to render this report more concrete, a case study of a mutual insurer that has introduced corporate social responsibility (CSR) is included. While many mutual societies practice corporate social responsibility without realizing it, the systematic introduction of a CSR policy and an effort to publicize it require a well-thought-out approach, so that companies pursue it knowingly and publicize it in full possession of the facts.

We hope that this individual case will inspire other insurance mutuals to get involved in a more conscious CSR policy.

**A practical case: Ethias**

In 2002, Ethias (formerly SMAP/OMOB) came up with a multi-annual plan for corporate social responsibility featuring several specific projects. The plan was initiated by the general management and was submitted to all the employees via the works council, the trade unions, human resources department, the most directly involved departments, the Internet site, etc.

The plan grew out of the conviction of Ethias’ management that the company should concern itself with more than purely financial and profit-related matters and must promote corporate, social and environmental responsibility, in particular in light of recent corporate accountancy scandals and the infringement of basic principles of the International Labour Organization, etc.

These instances of corporate deceit can often be partly blamed on a lack of pertinent guidelines, such as codes of conduct, charters, labels and an effective information policy. Therefore, the multi-annual plan set up by Ethias seeks to address this problem by creating a strategic tool for accountability and communication, both internally and among all of Ethias’s stakeholders.

This plan can be successfully implemented only if the entire workforce – general management, trade unions, employees, the Ethics Committee, etc. – is involved. The plan’s added value is greater cohesion among all the company’s stakeholders.

1. **The plan’s content**
   a) **The social label**

   - Social label awarded in July 2003
   - Purpose: to guarantee that the product or service is provided in compliance with the principles enshrined in the core conventions of the ILO
   - Resources: general management, human resources management, works council, Ethics Committee, and trade unions as well as the various departments involved in the manufacture of the product or the provision of the service applying for the label.
   - Follow-up: the label is awarded for a 3-year period, during which annual social audits are conducted.
   - Time period: 2 years, during which formalities relating to the application, mobilization and initial internal work, a preliminary audit, introduction of internal actions and procedures, employee training policy and an audit by an approved auditor are carried out.

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33 see www.social-label.be or www.label-social.be
34 see www.oit.org
<table>
<thead>
<tr>
<th>b)</th>
<th>Social Ethical Code</th>
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<tbody>
<tr>
<td>-</td>
<td>Completed: June 2003</td>
</tr>
<tr>
<td>-</td>
<td>Purpose: to restore corporate values and commitments, including the basic ILO principles, the introduction of an Ethics Committee and a complaints procedure.</td>
</tr>
<tr>
<td>-</td>
<td>Resources: general management, human resources department, works council and trade unions</td>
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<td>-</td>
<td>Follow-up: to annex the Code to the company’s Labour Regulations, to submit it to the suppliers and sub-contractors directly involved in manufacturing or provisioning the product or service and to set up a management unit for these suppliers (for posting, filing, reminders, sanctions, etc. purposes)</td>
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<tr>
<td>-</td>
<td>Time period: 1 month</td>
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<tr>
<td>c)</td>
<td>Ethics Committee</td>
</tr>
<tr>
<td>-</td>
<td>Completion: September 2003</td>
</tr>
<tr>
<td>-</td>
<td>Resources: general management, human resources department, works council, trade unions and the 25 members of the aforementioned committee and the compliance officer.</td>
</tr>
<tr>
<td>-</td>
<td>Purpose: to ensure that the company, its suppliers and sub-contractors who are directly involved in manufacturing or provisioning the product or service comply with the social label’s requirements.</td>
</tr>
<tr>
<td>-</td>
<td>Follow-up: meetings (the Committee is the body that oversees compliance with the social label’s requirements, receives complaints, opinions and recommendations and monitors the application of the multi-annual plan).</td>
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<tr>
<td>-</td>
<td>Time period: 2 months</td>
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<tr>
<td>d)</td>
<td>Code of conduct</td>
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<tr>
<td>-</td>
<td>Completion: June 2004</td>
</tr>
<tr>
<td>-</td>
<td>Resources: general management, Ethics Committee, works council and trade unions.</td>
</tr>
<tr>
<td>-</td>
<td>Purpose: a commitment by Ethias to all its stakeholders concerning sustainable development, a concern for the well-being of all and improving the quality of life.</td>
</tr>
<tr>
<td>-</td>
<td>Follow-up: publication + updates</td>
</tr>
<tr>
<td>-</td>
<td>Time period: 3 months and communication programme</td>
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<tr>
<td>e)</td>
<td>Code of conduct for the financial department</td>
</tr>
<tr>
<td>-</td>
<td>Completion: June 2004</td>
</tr>
<tr>
<td>-</td>
<td>Resources: general management, financial department, human resources department, Ethics Committee, works council and trade unions.</td>
</tr>
<tr>
<td>-</td>
<td>Purpose: to set up an internal code for employees of the financial department, featuring ethics, integrity, operational indicators, etc. in addition to an investment code (ethics, transparency and diligence).</td>
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<tr>
<td>-</td>
<td>Follow-up: submit the code to the employees concerned and annex it to the company’s Labour Regulations, along with updates.</td>
</tr>
<tr>
<td>-</td>
<td>Time period: 3 months + publication</td>
</tr>
</tbody>
</table>
f) Ethics and Solidarity Fund
- Completion: September 2004
- Resources: general management, financial department and the Ethics Committee
- Purpose: to create financial products that combine ethical values (investment in ethical mutual funds) and solidarity (voluntary contributions by the customer of a share of his capital gains to a group of associations selected by the Ethics Committee).
- Follow-up: evaluation of the recipient associations
- Time period: 6 months

g) In order to finalise the multi-annual plan, two other elements must be introduced:
- Societal Report (or bilan sociétal)
- Code of Conduct applicable to the whole company.
5. CONCLUSIONS

There is no need today to be particularly well-versed in the problems of social responsibility or corporate governance to discover, through congresses, forums, private and public initiatives, publications or commentaries, an additional contribution to them.

Is this just a fashion? A need to moralize about business? Or sincere measures postulating the efficiency of an economic activity guided by markers born of the societal value of any human procedure?

Regardless of one's point of view, nobody today can deny that outside the context of any legal or statutory, national, European or international constraints, companies, whether mutuals or not, have taken the initiative to apply CSR practices (for example: Mapfre, Liverpool Victoria, Ethias, Tapiola).

Are these measures connected to any desire to adapt communication to current tastes? Perhaps. And so what, we might well say! Whether voluntarily or involuntarily, these debates are now in the public domain, and national, European and international lawmakers are cautiously trying to legislate or to make these measures credible.

Employees usually adopt a wait-and-see attitude, if not a doubtful one, towards the initiatives taken by companies. With still more dialogue, with more reciprocal understanding about the common interests pursued through practices relating to social responsibility and corporate governance, another step could eventually be taken in the interest of all players.

Mutual insurance companies have often shown their behavioural specificity in the classical entrepreneurial world. They have often expressed qualified reservations or even hostility towards any excessive outward expression of their practices.

With regard to social responsibility and corporate governance, the same syndrome has tended to strike. However, the two surveys carried out among AISAM members attest to the will, the vitality and the quality of initiatives taken by mutual insurance companies in these specific fields.

Mutuals are already implementing social responsibility and corporate governance without knowing it, and often without making it known.

This study is therefore an invitation to still more initiatives and information about these topics, which should be encouraged to defend the interests of mutuals.

A strong mutuality should be both bold and proud of its practices.
## 6. APPENDICES

### 6.1 Members of the Basic and Practical Research working group

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<th>E-mail</th>
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</table>
6.2 Example of a Code of Conduct: UNESPA

Context

On the proposal of the Spanish Council of Ministers, a special experts’ commission was asked to draw up a code of ethics for the management of companies that was published in February 1998. It was drawn up mainly, though not exclusively, for Spanish companies that are listed on the stock market and in particular for those companies whose share capital is mainly made up of freely-circulating shares. The aforementioned experts’ commission is now known as the Olivencia Commission. In the wake of the experts’ work and in light of the experiences in applying the code, a second commission, called Aldama, worked on the same issues and recently published its results. The Aldama Commission continued along the same lines as the first commission and developed certain principles and criteria that had been touched upon in the first report on this same topic.

The Agrupación de Mutuas, aware of the importance of the issue, agreed at its meeting of 16 October 2002, to set up a working group to assess existing information on good corporate governance, with the aim of providing a catalogue of measures to all insurance mutuals that, if deemed useful, they could take on board and introduce them in their statutes or in their rules of procedure. These measures are not meant to be specific, legal regulations, but rather they are recommendations or principles that can help to improve the management and transparency of insurance mutuals.

The aim of this document is to bring together in a single text the work carried out by the members of the Agrupación de Mutuas working group.

All the work done heretofore, and the conclusions reached at the various meetings held by the working group, has demonstrated that good corporate governance rules fulfil three basic principles: the rule of law, self-regulation and, thirdly, management transparency. Therefore, a summary of these principles is presented below, followed by a description of measures that should be introduced in order to create a good corporate governance system.

### THE PRINCIPLES OF GOOD GOVERNANCE

#### The law and ethics in companies

Relationships entered into by all companies must be based on the respect of law, which is the first obligation of a company’s corporate purpose within the general and particular legal framework. This is particularly true for certain sensitive sectors of the economy. Fulfilment of this principle will help to guarantee a company’s longevity.

This principle must be accompanied by a number of traditional ethic values to ensure smooth human relations, in particular the value of justice. Therefore, a mutual, or any other form of association, must try to avoid unjust situations in its professional activities, making adjustments, where necessary, that go beyond what is stipulated in law. In other words, business ethics not only require the strict fulfilment of regulations, but in addition, the social context of the company must be considered, being mindful of all the people who have a direct or indirect relationship with the company.
**Self-regulation**

Most of the requirements of good governance refer, directly or indirectly, to law, such as those pertaining to the duties of directors. However, those regulations have not been developed very far. The range of issues pertaining to the introduction of good corporate governance rules, as mentioned above, and the aforementioned lack of regulations, require that when making use of the principle of business freedom, which is not the exclusive bailiwick of listed companies, the entities should develop basic and generic regulations via self-regulation measures in order to define, on a case-by-case basis, what kind of corporate governance they wish to pursue. However, that principle has its limits, as defined by the Spanish Constitutional Court in its declaration that, only via its central bodies can a State determine the particular scope of the commercial businessman’s unfettered activity and only the legislation adopted by those central bodies can regulate the way in which the rights and obligations arising from that activity come into being and terminate, as well as their content. Once the rules of the game have been defined, the companies are free to pursue any activity that they believe will improve their management, efficiency or image, without any interference from the central government, because alongside the task of delineating the principle of free enterprise, the state also has the obligation of guaranteeing and protecting that principle, and any such interference would infringe that very principle.

This principle is founded on two basic pillars. On the one hand, it is based on the business management ethics mentioned above and, on the other hand, the transparency principle, described below.

**Transparency and information**

The Olivencia and Aldama reports start with an analysis of listed companies in Spain, where information constitutes an essential guarantee that prices will be correctly and fairly set. It is also true that for mutual societies, information fulfils that same role. On basis of correctly transmitted information, a mutual’s associates can obtain the right tools to decide whether they will continue their partnership relationship with a specific entity, in keeping with the agreement they signed when they joined their mutual, and whether or not they will continue entrusting their risks and the management of those risks to a particular company. The fact that they have those tools enables them to assess objectively the situation, and assume the risks and consequences of their decisions.

In order for the associates to be able to take such a decision freely, the principle of information must be accompanied by transparency, which can be attained only when the information to be made available, in this case to the mutual’s associates, and as the Aldama Commission pointed out, meets the following requirements:

- The information must be relevant,
- It must be true and correct,
- It must be symmetrical, equitable, and
- It must be provided in a timely manner

Information prepared in keeping with these principles and then transmitted by the governing bodies of the company will attain the key goal of transparency. But, in order for that goal to be achieved, information must be prepared and transmitted in accordance with a number of rules or criteria. Only in that way can those taking part in the entity, or the prospective associates, form a correct value judgement about the objective situation of their mutual society and decide whether to continue entrusting their risks, and the management of those risks, to their mutual society.
The duty of providing information as described above meets a requirement of any person wishing to participate in a common project, such as a company, i.e. that of security. In so doing, the governing bodies, which have the legal authority to manage the interests of the entity in a wide range of areas, are the ones that are bound by specific rules and criteria to guarantee that security to the associates. Each mutual society, of course, has its own appropriate control measures, in keeping with its own context and situation.

THE GOVERNING BODIES

A. The General Meeting

Although during its first meetings the working group of the Agrupación de Mutuas only touched on the role of the General Meeting, we, the authors, felt it was wise to include, if only succinctly, some of the recommendations that the Olivencia and Aldama commissions made concerning the General Meeting, which handles decision-making and basic controls for the company, as well as oversight of its interests, in our case the associates. We believe that those recommendations are consistent with the mutual societies because they refer to a range of obligations that pertain to all companies – mutuals, listed companies, etc.

Information for the associates pertaining to the General Assemblies

The provision of this information is a legal requirement. However, the mutual societies may decide to provide information once the Meeting has been convened on all the proposals that will be submitted to the Meeting. The proposals should be expressed clearly and intelligently, thereby helping to express the will of the company, making use of the legally required announcements and any other procedures available to the entity, such as Web pages.

The announcement, the agenda, proposals for agreements and information for the associates during the pre-Meeting period

Although there are legally defined minimum time periods for sending out the General Meeting announcements, more time should be given to the associates to request and obtain all the information they need concerning every item on the agenda, and in that way facilitate their right to submit proposals to the Meeting, to suggest that new issues be discussed or to delegate their representation and voting rights to another associate. The aim should be to broaden the minimum time periods that are stipulated in law or the entity’s articles of association. That would ensure greater participation by the associates and would make it easier for the Meeting to fulfil its mission.

The holding of the Meeting

Without overlooking the characteristics and interests of each mutual society, the procedures of the Meeting should take into account aspects such as the presidency, the information to be distributed to the associates during the meeting, answers to questions the associates may have, the length, the order and number of statements the participants may make, among other matters.

B. The Board of Directors

A detailed study is provided below on the organisation of the Board, including a number of recommendations and measures that could improve the Board’s efficiency.
1. The Directors

The various terms used to designate the directors are well known. These terms are not meant to create different categories, but rather to define a personal quality, as otherwise disparities would be created in a body that needs to be cohesive and should not be divided. These terms are the executive directors and independent directors, whose personal qualities are suitable perfectly to all forms of mutual societies, but that may require minor adjustments, as explained below.

The Olivencia Commission report defines independent directors as those who are not involved in the management staff nor in the groups of shareholders that have influence over the management. That does not mean that the independent directors must have no relationship with the share capital, nor that separation from the share capital is one of their major characteristics. Moreover, to this description should be added the directors’ experience, their competences and professional prestige, which are traits that should always be found in an independent director.

However, this definition raises some problems, because the mutual societies, owing to their special structure, do not have any shareholder groups that hold more power or influence than others. For that reason, it is not possible in this type of corporate structure for one person to hold greater economic or political rights than the other associates of the mutual society. Nevertheless, there is a risk that certain branches where the company operates might carry greater weight than others and consequently representing those risks and/or branches could bring greater pressure to bear than others.

We should not forget that one thing that differentiates the mutual societies from other forms of association, especially the companies listed on the stock exchange, is that all the directors must by law be associates of the mutual society. This excludes the possibility of appointing directors who are not partners of the entity. As a result, their independence is vouched by their experience, professional prestige and their competence, and by the fact that they do not have close ties to those risks and/or branches of activity that have a greater presence than others in the mutual society.

We therefore consider that the mutual societies should try to include associates on their Boards of Directors who fill the aforementioned profile, i.e. the so-called external or independent directors, striving to make sure that such directors are present in significant numbers. According to the experts, their numbers should be proportional to the number of directors who represent the risks/branches of activity with the greatest weight in the company. Some prefer to call them proprietary external directors. Apart from these directors, the Board should also try to provide access to its structure to those who hold director positions in the mutual society or in the societies that comprise their group, i.e. the internal or executive directors. They should be on the Board because the latter needs to be informed of the company’s management and must coordinate its activities with the executives that manage the company. That is why the most significant people of the management staff should be present on the Board, in particular the company’s top executive.

2. Selection and re-election of the Directors

Although the authority to select and re-elect the directors is held by the General Meeting or the Assembly, there is no doubt that the Board of Directors has taken on a leading role in this respect. Consequently, the directors should set out rules to make sure that in the Meeting’s proposals and in the decisions the latter takes, the requirement of a balanced and high-quality Board is fulfilled, thereby averting the domination of other interests, personal or other, that in many cases do not coincide with the real needs of the company.
By way of example, these rules should include the following measures:

i) A check to see whether the future candidates and directors standing for re-election fulfil the conditions that are required by law before an individual may carry out the activities of private insurer.

ii) The Board of Directors should adhere to the internal selection and re-election rules and substantiate its decisions on record.

iii) Verify that in the selection process, the following conditions are fulfilled:

• the candidates should be solvent, competent and experienced;

• candidacies and appointments of persons who have professional, family or commercial ties with any executive members of the Board or any directors should be avoided. It is advisable that this limit on family ties be extended to the third degree of kinship or second degree by marriage.

3. Resignation and dismissal of Directors

The decision to dismiss a director can only be taken formally by the General Meeting, and a decision regarding a resignation must be taken by the Board, without prejudice to any legal or statutory proceedings underway, in which case the dismissal or resignation is automatic. But in instances where there are no specific regulations spelling out situations that might call for the forced or voluntary removal of one or more directors from the company, there is a need for such regulations in a company’s internal rules as these scenarios of dismissal and resignation are not described in the legal and statutory texts. We recommend that the following resignation and dismissal scenarios be considered:

i) When the term for which the person was appointed has lapsed and when the General Meeting or the Board of Directors, availing themselves of their legal or statutory authority, so decide.

ii) When the Board deems it advisable, in the case of executive directors.

iii) When the person is no longer an associate (an individual must be an associate in order to fulfil such a position).

iv) When the individual is involved in incompatible or legally prohibited activities.

v) When the Board requests dismissal in the event the individual fails to fulfil his/her duties as director. These duties refer to the obligation to act as a responsible businessman and a loyal representative, in all confidence, to abstain from conflicts of interest, to refrain from disposing of the company’s assets and to not make private use of confidential information.

vi) When his or her continuance in the position may jeopardize the company’s interests.

vii) When the Directors reach a certain age. This is perhaps the most controversial point. The Olivencia Commission recommends that an age limit be set for the position of director, and provides some guidelines in that respect. However, more recent opinions from the Aldama Commission reject the idea of an age limit and prefer to let individual companies set their own rules, the only requirement being that such rules should be expressed clearly.
4. **Directors’ age**

For this topic, we would like to refer to the previous section. However, for the sake of clarity on the issue of age, a number of criteria should be observed, e.g. not all directors and positions should be bound by the same age limit and any reasons put forward should be justified. Some members of the Board may resign sooner than others. However, for reasons of experience or seniority, some members could stay on longer than others.

5. **Directors’ remuneration**

Remuneration should give consideration to the following three fundamental aspects:

i) Control over remuneration policy

ii) The remuneration structure

iii) Remuneration transparency

All experts agree that this first aspect should be entrusted to a commission that reports to the Board, called the Appointments and Remuneration Commission, which we will discuss further on. However, whether or not there is a need to set up such a commission depends on the situation of each mutual society. In any event, it is advisable that this control be carried out by the Board, either directly or via one or more members in keeping with rules that include the following considerations: the system and amount of annual salary, the regular review of remuneration and transparency safeguards.

On the second fundamental aspect, today the most frequent method is a fixed percentage of profits, but there are legal limitations to this type of remuneration. It would appear logical to set different remuneration scales depending on the type of director or position held on the Board, for example. The role of an executive director is not the same as an independent director, or that of the secretariat of the Board. When the remuneration structure is set, criteria such as responsibility, the degree of commitment to the entity and dedication should be assessed. It should always be borne in mind that in order for the person to fulfil a position on the Board in an independent fashion, remuneration should not compromise his or her independence and at the same time should be attractive.

The third fundamental aspect, remuneration transparency, is highly recommended because it can significantly boost the associates’ trust and confidence. In order to achieve that, transparency should be as complete as possible, i.e. it is not enough to divulge the total amount of a director’s remuneration, but rather all the items comprising it should be released. For example, transparency would not be sufficient if under the salary of an executive director, only the remuneration paid in respect of services as a member of the Board were indicated, without mentioning what he or she receives as a senior executive of the company.

Although all the specialists recommend that the principle of maximum transparency should be observed, this is nevertheless a delicate matter and each company should decide on its own. However, in the case of mutual societies, the associates entrust other associates with the management of their common interests. This, in our opinion, fully justifies the adoption of this measure.

6. **General obligations**

The general obligations are probably the most difficult to define owing to their generic nature. These obligations, to which the directors are subject, refer to the loyalty and diligence of responsible businessmen and, owing to their highly subjective nature, they should be set internally. The usual and most familiar obligations of loyalty and diligence apply during the preparation of the Board meeting, attendance and participation in the deliberations. In addition, the directors of any entity must also strictly, loyally and diligently comply with other obligations as follows:
Conflicts of interest

Insurance legislation in Spain provides a description of conflicts of interest in the insurance sector in article 20 of the Ordinance Regulation. However, in spite the existence of this regulation, it has not been applied in practice. That is why there is a need to set out a description of conflicts of interest that the directors should avoid. The following situations have been singled out: A director should refrain from deliberating in matters in which he has had a part, in particular re-elections and dismissals. He should not promote commercial operations between the Board and the entity, because such operations may jeopardize the entity and even the director himself. Consequently, the director should provide information on such events and the entity should provide control mechanisms, one example of which could be disclosure of such agreements, with the prior authority of the Board.

Confidential information

This heading refers to information that should not leave the administrative body, nor should such information be used for personal benefit. In a word, absolute discretion should be observed.

Disposal of assets and business opportunities

Obviously, this obligation ties in directly with the generic obligation of loyalty that all directors must observe, because the resources of the entity must be used exclusively to the purposes and ends that the entity has assigned itself and, secondly, any commercial opportunities that the entity may generate should benefit the entity and not the interests of one or more members of the Board of Directors or their families or friends. Therefore, internal control mechanisms should be introduced that would require the directors to disclose how they make use of the company’s assets and inform of any commercial operations that, given their personal situation and their position as director, they might oversee, it being understood that the entity has the sole prerogative of deciding whether or not a member of the administrative body is authorised to carry out such operations.

Communication obligations

This obligation, similar to the one described above, also ties in directly with the generic obligation of loyalty that all directors must observe, because it refers to participation, for example, in other boards of directors of entities that, directly or indirectly, may compete with the mutual society, or may concern the fulfilment of executive duties in other companies. There is a possibility that these considerations may have an impact on the loyal fulfilment of the director’s duties.

Alongside the aforementioned obligations and in light of the fact that this paper is addressed to insurance mutuals, a series of additional obligations should be added that in some cases concern a specific power granted under Spanish sectoral legislation, and other recommendations from the Spanish regulatory body.

Consequently, the Spanish Directorate General for Insurance, in its Resolution 1/2001 concerning the boards of directors of insurers, sets out that:

i) the board of directors shall approve a general structure for assumable actuarial and financial risks.

ii) a control unit must be created to review the internal control systems and procedures and to oversee their fulfilment.
iii) limits on assumable risks and authority to underwrite them should be created.

iv) the entity must have sufficient human and material resources to guarantee the efficient management of the business and the appropriate separation of functions.

v) criteria should be defined for the drafting and revision of the rules of procedure, the appointment of officials for their application, specifying to whom they apply and setting the frequency of their revision.

Some of these recommendations from the Directorate General for Insurance have already been implemented. The new Spanish Financial Law, for example, in its third additional provision, states that non-profit organisations (insurance mutuals) must comply with the codes of conduct that the Banco de España (the Spanish central bank) and the CNMV (the Spanish Securities and Investment Board) have imposed concerning temporary investments, and must provide information annually on the extent to which the limits to these types of investments, set by these codes, are being fulfilled.

7. Composition of the Board of Directors and its duties

In the case of the mutuals and in reference to the need for independent directors, the corporate governance rules covering the composition of the Board must bear in mind the risk structure of the entity as a whole so as to effectively fulfil the aim of protecting the interests of the associates whose risks are spread more widely or who have less specific weight in the mutual society. As a result, the Board of Directors has the obligation of representing a maximum number of risks, in a similar fashion to the companies listed on the stock exchange.

By the same token, an excessive number of directors should be avoided in order to ensure the efficiency and cohesion of the entity as a whole. A large board would encourage a submissive or passive attitude on the part of the directors, which could have a significant impact because the directors are often scrutinised to check their efficiency and the quality of their decisions. There is no absolute rule on the ideal number of directors, but perhaps the best formula is the one proposed by the Aldama Commission, calling for a broad majority of external directors and, among them, a significant participation by independent directors, bearing in mind the shareholder structure of the entity. In the case of insurance mutuals, the risk structure profile should be taken into account. The capital represented on the Board should also be examined, i.e. the risks actually represented by the mutuals. In consideration of the foregoing, we believe that this rule can apply perfectly well to mutuals, because the aim is to achieve the greatest possible representation on this governing body.

8. The Chairman of the Board of Directors

There is no clear-cut answer to the question of whether the position of Chairman should be separate from that of chief executive of the company, the so-called dualist theory, or whether the two positions can be combined, the so-called unitary theory. The first option would provide greater independence on the Board in relation to the executive staff, thereby facilitating its supervisory functions. But it is also true that the dualist option could cause a separation between the management of the company and the Board. For that reason, it is advisable that each mutual society chooses the solution that it deems best, in keeping with its size and its articles of association, although the final choice should be substantiated.

9. The Board Secretariat

This is one of the Board’s most important bodies because it has the responsibility to oversee the formal and practical legality of the acts and decisions taken by the Board. Consequently, this body should play a bigger role and should have greater independence. It should above all exercise more independence, e.g. in relation to the more powerful members of the Board and to people whom they appoint.
10. Ad hoc Committees

As is well known, the individual directors have no legally assigned function, except to give shape to the will of the Board via their participation in the deliberations, thereby giving rise to Board decisions and assuming the related responsibilities. However, if a structure is set up under the Board that helps to provide the greatest possible representation of the mutuals’ equity, there is no doubt that the contributions of some may be greater than those of others. Each director, in keeping with the situation that brought about his incorporation into the Board, fulfils different functions, it being assumed that an effort has been made to set up a high-quality structure for the Board. In that way, the executives are able to contribute information, judgement, strategic assessments and proposals, and the independent directors contribute their frank acumen and analytical skills.

Therefore, with the aim of enhancing the participation of all the members in the life of the company via the development of the Board’s functions, a number of new ad hoc committees were set up whose aim is to diversify the work and ensure that, with a view to good governance, some areas of special significance are supervised, such as accountancy control and information; selection of directors and high-level executives; and defining the remuneration policy, among others.

The number and powers of these committees and who from among the Board of Directors should join them are questions that should be answered by the Board itself in keeping with the situation of each of the mutuals that wish to develop an internal system of good governance.

It is recommended that these committees fulfil the three basic tasks of evaluation and verification of the accountancy system of the entity, to be supervised by the Audit Committee; the integrity of the selection process for directors and senior executives as well as their remuneration, to be entrusted to the Remuneration and Appointments Committee; and, lastly, the supervision of compliance with the corporate governance standards via the Compliance Committee. These are the key functions that all the experts recommend. However, the entities, availing themselves of the self-regulating provisions found in our legal system, can set out all the additional functions they consider useful.

A greater development of internal standards pertaining to these issues is needed, or at least should be recommended, not only for the insurance mutuals, but for any entity in the insurance sector. Similar to the entities that operate in the financial sector, such as banks, unit trusts, etc., the entities in the insurance sector are subject to very specific rules designed to guarantee minimum solvency in order to safeguard the interests of the policyholders and insured parties. These rules also require, as mentioned above, very specific personal characteristics for those seeking positions of responsibility in the insurance companies. For those reasons, it is recommended that the insurance mutuals develop internal rules that include the creation of committees of this type under the Board of Directors.

A final issue concerns the ad hoc committees and the member of the Board of Directors who should take on those tasks. All the experts concur that the committee members should in the first place be the independent directors, because too many executive directors would make it more difficult for the committees to pursue their goals.

11. Relations with service providers

This question, along with that of the ad hoc committees, and for similar reasons, is one that the mutuals must be mindful of, especially in relation to auditors and financial analysts. As far as relations with auditors are concerned, we would refer the members of the Agrupación de Mutuas to the provisions of the Spanish Law of Reform Measures for the Financial System, whose content is not discussed in this paper.
Turning to relations with external service providers, we refer the reader to the conclusions of the Aldama report, which are more complete on this matter than the Olivencia Code, in which a number of recommendations are given, depending on the nature of the service, and that are not the same for all the insurance mutuals. Some of the latter, owing to the branch in which they operate, e.g. life assurance, are more in need of outside support from financial analysts than others. That is why we refer to the Aldama report, because this type of service depends in most cases on the activities of the individual mutual.

GOOD GOVERNANCE STANDARDS

The last, but not the least, question to take up is how each mutual, once it has decided to introduce good corporate governance rules, puts its decisions into practice and carries out regular compliance controls.

It would serve little purpose to agree to introduce certain rules if those rules are not applied in practice. These recommendations can be included in the Regulations on Boards of Directors or the General Meeting of Associates of Mutuals or they can be introduced directly into the statutory rules, where codes of conduct, which we have tried to summarise here, are set.

It would also serve little purpose to introduce a Code of Good Governance, regulated via internal rules, unless a transparent and public control and monitoring process were included. Therefore, once a code is drawn up, the company’s annual report should provide a chapter on these rules and their scope, the degree of compliance of actions taken by the directors to bring themselves into line with the rules. This should also be done on a regular on the Web pages of those mutuals that have them, or via any other medium considered appropriate and that would serve the purposes of disclosure and transparency.

Lastly, the purpose of this report is to summarise the debates on these matters held by the Working Group since its creation, which have given rise to a number of proposals. Each mutual, in keeping with its own situation, is free to decide whether to apply them partially or wholly.
6.3 Examples of Social balance sheets:

La Mondiale, France
Répartition Hommes/Femmes par ancienneté

Administratifs
- L'ancienneté moyenne des femmes est de 14 ans
- L'ancienneté moyenne des hommes est de 16 ans
- Le taux de salariés embauchés depuis moins de 3 ans est de 23 %

Commerciaux
- L'ancienneté moyenne des femmes est de 5 ans
- L'ancienneté moyenne des hommes est de 8 ans
- Le taux de salariés embauchés depuis moins de 3 ans est de 36 %

Les embauches CDI par statut

A noter que 52 CDD ont été embauchés
- Chez les commerciaux, 2 CDD embauchés

Les sorties CDI par statut

Les sorties par motif

Les promotions

Administratifs
- 20 promotions dans les classes 1 à 3
- 26 promotions de la classe 3 à la classe 4
- 5 promotions de la classe 4 à la classe 5 et 6
- 10 promotions chez les cadres (classes 5 à 6 et 5 à 7)

Commerciaux
- 25 promotions E1
- 5 promotions E2
- 2 promotions E3
- 1 promotion E4
- 1 promotion E5
- 2 promotions Délégués Généraux

ORH Groupe - Jan 2003

Association Internationale des Sociétés d'Assurance Mutuelle
La rémunération annuelle - Répartition par tranches de salaire

La formation
6,17% de la masse salariale 2002 ont été consacrés à la formation continue
427 collaborateurs administratifs ont été formés dont 277 collaborateurs appartenant à la classe 1 à 4
776 collaborateurs commerciaux ont été formés dont 85 PSB
Ethias, Belgium

### Bilan Social Ethias Incendie

#### 1. État des personnes occupées

**A. Travailleurs inscrits au registre du personnel**

<table>
<thead>
<tr>
<th></th>
<th>Temps plein</th>
<th>Temps partiel</th>
<th>Total (T + O)</th>
<th>Total en équivalents temps plein (ETP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nombre moyen de travailleurs</td>
<td>1492</td>
<td>5,8</td>
<td>132,8</td>
<td>152,5</td>
</tr>
<tr>
<td>Nombre effectif d'heures pratiquées</td>
<td>211,405</td>
<td>5,173</td>
<td>216,978</td>
<td>220,671</td>
</tr>
<tr>
<td>Frais de personnel (en unités d'euros)</td>
<td>13.946,640</td>
<td>253,166</td>
<td>14.194,010</td>
<td>13.864,487</td>
</tr>
<tr>
<td>Avantages accordés en sus du salaire (en unités d'euros)</td>
<td>-</td>
<td>-</td>
<td>40,218</td>
<td>49,77</td>
</tr>
</tbody>
</table>

#### 2. À la date de clôture de l'exercice

<table>
<thead>
<tr>
<th></th>
<th>Temps plein</th>
<th>Temps partiel</th>
<th>Total (T + O)</th>
<th>Total en équivalents temps plein (ETP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Nombre de travailleurs inscrits au registre du personnel</td>
<td>151</td>
<td>5</td>
<td>154,2</td>
<td></td>
</tr>
<tr>
<td>b. Type de contrat de travail</td>
<td>147</td>
<td>5</td>
<td>150,2</td>
<td></td>
</tr>
<tr>
<td>c. Par type</td>
<td>106</td>
<td>5</td>
<td>106,0</td>
<td></td>
</tr>
<tr>
<td>d. Par sexe</td>
<td>151</td>
<td>5</td>
<td>154,2</td>
<td></td>
</tr>
</tbody>
</table>

#### B. Personnel intérimaire et personnes mises à la disposition de l'entreprise

Au cours de l'exercice

<table>
<thead>
<tr>
<th></th>
<th>Personnel intérimaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nombre moyen de personnes occupées</td>
<td>5,04</td>
</tr>
<tr>
<td>Nombre effectif d'heures pratiquées</td>
<td>9.327</td>
</tr>
<tr>
<td>Frais pour l'interim (en unités d'euros)</td>
<td>226.934</td>
</tr>
</tbody>
</table>
II. Tableau des mouvements du personnel au cours de l’exercice

A. Entrées

<table>
<thead>
<tr>
<th>Type de contrat du personnel</th>
<th>Temps plein</th>
<th>Temps partiels</th>
<th>Total en équivalents Temps plein</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Nombre de travailleurs inscrits au registre du personnel au cours de l'exercice</td>
<td>5</td>
<td>5,0</td>
<td></td>
</tr>
<tr>
<td>b. Par type de contrat de travail</td>
<td>4</td>
<td>4,0</td>
<td></td>
</tr>
<tr>
<td>Contract à durée indéterminée</td>
<td>1</td>
<td>1,0</td>
<td></td>
</tr>
<tr>
<td>c. Par sexe et niveau d'études</td>
<td>1</td>
<td>1,0</td>
<td></td>
</tr>
<tr>
<td>Hommes : secondaire</td>
<td>2</td>
<td>2,0</td>
<td></td>
</tr>
<tr>
<td>Femmes : secondaire</td>
<td>2</td>
<td>2,0</td>
<td></td>
</tr>
</tbody>
</table>

B. Sorties

<table>
<thead>
<tr>
<th>Type de contrat de travail</th>
<th>Temps plein</th>
<th>Temps partiels</th>
<th>Total en équivalents Temps plein</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Nombre de travailleurs dont la date de fin de contrat a été inscrit au registre du personnel au cours de l'exercice</td>
<td>3</td>
<td>1</td>
<td>3,5</td>
</tr>
<tr>
<td>b. Par type de contrat de travail</td>
<td>2</td>
<td>1</td>
<td>2,5</td>
</tr>
<tr>
<td>Contract à durée indéterminée</td>
<td>1</td>
<td>-</td>
<td>1,0</td>
</tr>
<tr>
<td>c. Par sexe et niveau d'études</td>
<td>1</td>
<td>-</td>
<td>1,0</td>
</tr>
<tr>
<td>Hommes : supérieur rio universitaire</td>
<td>1</td>
<td>-</td>
<td>1,0</td>
</tr>
<tr>
<td>Femmes : secondaire</td>
<td>1</td>
<td>-</td>
<td>1,0</td>
</tr>
<tr>
<td>d. Par motif de fin de contrat</td>
<td>1</td>
<td>1</td>
<td>1,5</td>
</tr>
<tr>
<td>Prééretirement</td>
<td>2</td>
<td>-</td>
<td>2,0</td>
</tr>
</tbody>
</table>
III. État concernant l’usage, au cours de l’exercice, des mesures en faveur de l’emploi

**Mesures en faveur de l’emploi**

<table>
<thead>
<tr>
<th>1. PRONONCE</th>
<th>2. ÉQUIVALENTS TEMPS PLEIN</th>
<th>3. AVANTAGE FINANCIERS (EN MILLIERS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nombre de travailleurs concernés</td>
<td>1.00</td>
<td>154,1</td>
</tr>
</tbody>
</table>

1. Mesures comportant un avantage financier
   1.1. Réduction structurelle des cotisations de sécurité sociale

2. Autres mesures
   2.1. Contrats de travail succésif conclus pour une durée de remise
   2.2. Préparation conventionnelle

Nombre de travailleurs concernés par une ou plusieurs mesures en faveur de l’emploi

- total pour l’exercice 1.00 154,1
- total pour l’exercice président 160 157,7

IV. Renseignements sur les formations pour les travailleurs au cours de l’exercice

<table>
<thead>
<tr>
<th>Total des initiatives en matière de formation des travailleurs à charge de l’employeur</th>
<th>HOMMES</th>
<th>FEMMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nombre de travailleurs concernés</td>
<td>109</td>
<td>74</td>
</tr>
<tr>
<td>2. Nombre d’heures de formations suivies</td>
<td>1,763,7</td>
<td>486,3</td>
</tr>
<tr>
<td>3. Coût pour l’entreprise (en unités d’’avou)</td>
<td>81,281</td>
<td>26,877</td>
</tr>
</tbody>
</table>
6.4 Example of a Societal report:

ITAS, Italy (Excerpts)
1.3 La Missione mutualistica

La Mutualità assicurativa è un importante fenomeno su scala mondiale, che vanta in altri Paesi rilevanti quote del mercato assicurativo nazionale. Mentre per le Società per azioni la qualità del servizio è un semplice strumento per conseguire l’obiettivo del profitto, per le Mutue, al contrario, il profitto è un semplice strumento per rafforzare la Società e per meglio conseguire il fine sociale, che è quello del miglior servizio ai Soci-assicurati.
È dunque dalla sua natura mutualistica che discende la MISSIONE DEL’ITAS:

"Nel rispetto della sua natura mutualistica, conciliando tradizione e innovazione
• soddisfare i Soci-assicurati e gli Assicurati nelle loro esigenze assicurative, previdenziali e di investimento, con un servizio accurato e trasparente;
• perseguire un equilibrato sviluppo per la creazione di valore economico-sociale nel lungo termine;
• valorizzare il capitale umano, promuovendo competenza ed etica di tutti i collaboratori."

1.4 La Carta Etica dell’AISAM

La speciale sensibilità all’etica, strettamente collegata alla mutualità, ha recentemente indotto l’AISAM (Associazione Internazionale delle Società Mutue di Assicurazione) a varare una Carta Etica (Comitato di Madrid del 24 maggio 2002), alla quale ITAS ha subito dato la sua adesione.

Vel la pena di riportarne alcuni passi:

Articolo 2
"...attaccamento ai valori di solidarietà e di responsabilità, in un mondo di progresso economico e sociale, rispetto dei diritti dell’uomo e delle libertà fondamentali definite dalle Convenzioni internazionali (come il “Global Compact” dell’ONU) ...;"

Articolo 3 II comma
"...le Mutue hanno uno speciale impegno nei seguenti campi:
• solidarietà, onestà, buona fede e spirito d’apertura nei confronti dei Soci-assicurati;
• migliore rapporto qualità-prezzo grazie alla mancanza dello scopo di lucro;
• solvibilità finanziaria e scelta degli investimenti;
• sensibilità sociale nei confronti dei collaboratori e della comunità;
• qualità del servizio prestato;
• trasparenza e, in specifico, chiarezza e semplicità delle comunicazioni;
• prevenzione."

Articolo 3 III comma
"Inoltre, le società Mutue di assicurazioni svolgono un ruolo attivo nella promozione e sviluppo dell’economia locale, incoraggiando azioni a carattere umanitario, sociale e culturale, che si ispirino alla stessa concezione dei rapporti umani ed economici".

Association Internationale des Sociétés d’Assurance Mutuelle
1.5 Il Codice Etico ITAS

La Carta Etica AISAM conteneva, tra l'altro, la "raccomandazione di emanare, in sede aziendale, una propria Carta o Codice Etico". Proprio accogliendo quest'invito, il Consiglio di amministrazione ITAS del 30 marzo 2004 ha approvato all'unanimità il primo Codice Etico dell'ITAS Mutua, esteso anche alle altre società del Gruppo ITAS.

Il Codice etico aziendale, oltre a preoccuparsi di dare contenuti concreti alla Carta AISAM attraverso una serie di analitiche "norme di comportamento", ne ha altresì ribadito i principi di onore, stabilendo in particolare:
- che tutti coloro che lavorano in ITAS "devono ispirare la loro attività ai principi dell'onestà e della correttezza professionale";
- e che "tutte le operazioni e transazioni compiute devono essere ispirate al rispetto delle norme vigenti, alla massima correttezza gestionale, alla completezza e trasparenza delle informazioni e all'obiettività sia formale che sostanziale".

A garanzia dell'effettiva applicazione del Codice Etico, il Consiglio di amministrazione ha istituito un apposito Organismo di Controllo Interno, con il mandato "di verificare costantemente il rispetto delle disposizioni" e di riferire al Consiglio ed al Collegio Sindacale ogni eventuale "irregolarità riscontrata".
Il INTERLOCUTORI AZIENDALI (STAKEHOLDER)

I principali interlocutori di un'impresa, comunemente noti come stakeholder, sono tutti i portatori di interessi nei confronti dell'impresa.

Il Bilancio Sociale consente agli stakeholder di apprezzare quanto l'attività aziendale ITAS risponda ai loro interessi e sia davvero coerente con la sua "missione".

I principali stakeholder ITAS (oltre allo Stato e agli Enti locali, qualsi percettori di imposte e contributi) sono:
- Soci assicurati e loro Delegati;
- Dipendenti;
- Agenti, Subagenti e loro collaboratori;
- Fornitori - Collaboratori esterni;
- Comunità.

2.1 Soci-assicurati • Delegati

I Soci-assicurati sono circa 360.000, così distribuiti sul territorio:

I Soci-assicurati eleggono, in assemblee assemblee, i loro Delegati.

I Delegati svolgono un ruolo di primaria importanza qualsi rappresentanti del Soci-assicurati e - come recita lo Statuto - sono "espressione delle finalità e della struttura mutualistica dell'Istituto nell'ambito della realtà economica e sociale del territorio di competenza".

I Delegati, nonostante - oltre e comporre il massimo organo di governo dell'ITAS, cioè l'Assemblea generale dei Delegati - costituiscano un vivo e significativo osservatorio per meglio monitorare e rappresentare le necessità dei Soci.
4.2 Distribuzione del valore aggiunto

Nel sottostante schema di distribuzione, il Valore Aggiunto viene considerato quale somma delle remunerazioni percepite dagli interlocutori interni ed esterni dell'impresa. In questo modo, si evidenziano le specifiche ricadute, in termini economici, a favore dei diversi stakeholder.

<table>
<thead>
<tr>
<th></th>
<th>Valore Aggiunto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dipendenti</td>
<td>13.530</td>
</tr>
<tr>
<td>Agenti ed altri canali distributivi</td>
<td>25.073</td>
</tr>
<tr>
<td>Collaboratori esterni / Fornitori</td>
<td>6.632</td>
</tr>
<tr>
<td>Soci svedesi</td>
<td>768</td>
</tr>
<tr>
<td>Amministratori - Sindaci - Delegati dei Soci Assicurati</td>
<td>215</td>
</tr>
<tr>
<td>Stato / Enti locali</td>
<td>1.039</td>
</tr>
<tr>
<td>Comunità</td>
<td>63.253</td>
</tr>
</tbody>
</table>

Distribuzione del Valore Aggiunto
6.5 **Guide to the results of the CSR and GOV questionnaires**

Although every attempt has been made to ensure the accuracy of this survey, inaccuracies may occur particularly due to difficulties of interpretation of the different national practices and their translation into English and/or French.

<table>
<thead>
<tr>
<th>Country code</th>
<th>Company code</th>
<th>Type of company</th>
<th>Size of company</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>a</td>
<td>Non Life; Single class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>A</td>
<td>b</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>B</td>
<td>a</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>C</td>
<td>a</td>
<td>Non Life</td>
<td>Association of small mutual insurance companies</td>
</tr>
<tr>
<td>D</td>
<td>a</td>
<td>Non Life; Multi-class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td>Non Life; Single class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td>Non Life; Multi-class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td>Life</td>
<td>small mutual player</td>
</tr>
<tr>
<td>E</td>
<td>b</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>E</td>
<td>c</td>
<td>Single class, prevention</td>
<td>mutual specialist</td>
</tr>
<tr>
<td>E</td>
<td>d</td>
<td>Non Life; Multi-class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>F</td>
<td>a</td>
<td>Life</td>
<td>small mutual player</td>
</tr>
<tr>
<td>F</td>
<td>b</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>G</td>
<td>a</td>
<td>Life</td>
<td>large mutual player</td>
</tr>
<tr>
<td>G</td>
<td>b</td>
<td>Non Life; Multi-class</td>
<td>middle mutual player</td>
</tr>
<tr>
<td>G</td>
<td>c</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>G</td>
<td>d</td>
<td>Non Life; Multi-class</td>
<td>small mutual player</td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>H</td>
<td>b</td>
<td>Non Life; Multi-class</td>
<td>Small mutual player</td>
</tr>
<tr>
<td>I</td>
<td>a</td>
<td>Composite</td>
<td>Large insurance company with mutual signature</td>
</tr>
<tr>
<td>J</td>
<td>a</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>Composite</td>
<td>large mutual player</td>
</tr>
</tbody>
</table>

**Legend**

- Small mutual company: < €500 million gross premiums
- Middle mutual company: = €500 million = €1000 million gross premiums
- Large mutual company: > €1000 million gross premiums
- Single class: specialised in one class in non life
- Multi-class: active in different classes in non life
- Composite: life and non life
### 6.6 Results of the CSR questionnaire - question 1A

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Q.1A - What measures is your mutual taking to promote social responsibility?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Within the framework of internal management</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Relations with member-policyholders</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality of services to member-policyholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employment policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equal opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In-house communication</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Introduction of a rebate-distribution policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
</tr>
</tbody>
</table>

**A a**
- Advisory committee composed of clients who receive all of the mutual’s internal information
  - ISO approval for commitment to clients
  - Worker’s compensation insurance is subject to close State control, which in turn requires a high quality system of management
  - Social assistance to the victims of serious accidents
  - Creation of a non-profit organisation active in the field of the prevention of accidents at work
  - Social policy based on active aid (medical check up, anti-smoking campaigns, stress surveys, etc.)
  - Communication policy regarding insurance brokers through seminars and a newsletter
  - 25% of rebates are distributed on a pro rata basis according to the contributions paid, whereas the remaining 75% is paid pro rata according to the final results

**A b**
- The whole of the company (management, employees, trade unions) have committed themselves to an approach based on social responsibility throughout all of the company’s various activities (banking and insurance)
  - The company’s fire insurance product has received the first label that is awarded by the
  - No discrimination during recruitment or throughout a person’s entire career (gender, age, nationality, religious and philosophical convictions, etc.)
  - Staff mobility within the company
  - Language training programme
  - IT training programme
  - Behavioural training programme (e.g. stress management for the staff working in the regional offices)
  - No discrimination during recruitment or throughout a person’s career (set out as a value within the code of ethics)
  - Intranet is accessible to all members of staff
  - Publication and distribution of a periodical information bulletin to all staff
  - Communication of the minutes of the meetings of the works’ council to all members in difficulty
  - Redistritution to the member-policyholders of annual surplus
  - Existence of a social body which provides administrative, moral and psychological help and guidance to staff members in difficulty
  - Infirmary available to all staff
  - Staff experiencing health problems are
<table>
<thead>
<tr>
<th>B</th>
<th>a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each member-policyholder personally receives a summary of the annual report and may request the whole report. Distribution of the annual surplus to the member-policyholders is provided for in the statutes.</td>
<td>ISO standard 9001/2000</td>
</tr>
<tr>
<td>Car, home and health assistance provided free of charge.</td>
<td>Equal opportunities. Vacant positions advertised on the intranet, staff involved in the search for people to fill vacant positions via a bonus scheme for the proposal of good candidates, flexible hours.</td>
</tr>
<tr>
<td>Call centre 24/7</td>
<td>Insurance training centre</td>
</tr>
<tr>
<td></td>
<td>External training funded by the employer if the training is related to the staff's work</td>
</tr>
<tr>
<td></td>
<td>Equal treatment for men and women in terms of pay schemes and promotion</td>
</tr>
<tr>
<td>Information provided via the intranet regarding discounts made available to staff members by companies which have a business relationship with the company.</td>
<td>The member-policyholders benefit from a share in the surplus</td>
</tr>
<tr>
<td>Annual interview with direct boss to evaluate performance.</td>
<td>Attention to the principle that information to staff comes before</td>
</tr>
<tr>
<td>The government in recognition of a socially responsible product. General prevention department and participation in prevention campaigns (accidents at home, car jacking, …) In the case of damages and losses caused by fire, the members are offered &quot;compensation in kind&quot;, rather than the more traditional form of financial compensation. Only insurance company in the country to offer an insurance policy called &quot;insurance against life's accidents&quot; Development of a new assistance product, called &quot;Home Emergency&quot; product. Call-centre open 24/7</td>
<td>Publication on the Intranet of vacancies</td>
</tr>
<tr>
<td>The company is currently undergoing a benchmarking exercise of the remuneration system for all of its staff. Staff evaluation programme Reservation of places in child-care facilities outside of the company for the staff's children.</td>
<td>Management courses</td>
</tr>
<tr>
<td>Educational materials are made available at home for the inspectors (who are active in the field)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>staff members</td>
</tr>
<tr>
<td>Distribution of complete overview of the organisational structure of the company to each staff member.</td>
<td>Periodical meeting of the managerial staff</td>
</tr>
<tr>
<td>Creation of an &quot;affinity group&quot; for all staff with regard to insurance contracts. Participation in the reimbursement of certain health costs. Extensive range of sports activities are available to the staff.</td>
<td>accompanied home or to the hospital</td>
</tr>
</tbody>
</table>

**Annual plan that includes several projects based on the social economy (social label, ethical code, ethics committee, code of good practice, social balance sheet, ethical and solidarity-based financial products, support for organisations active in the social economy, etc)**

**Publication on the Intranet of vacancies**

**Management courses**

**Call-centre open 24/7**

**Call centre 24/7**

**ISO standard 9001/2000**

**Equal opportunities. Vacant positions advertised on the intranet, staff involved in the search for people to fill vacant positions via a bonus scheme for the proposal of good candidates, flexible hours.**

**Insurance training centre**

**External training funded by the employer if the training is related to the staff's work**

**Equal treatment for men and women in terms of pay schemes and promotion**

**Information provided via the intranet regarding discounts made available to staff members by companies which have a business relationship with the company.**

**Annual interview with direct boss to evaluate performance.**

**Attention to the principle that information to staff comes before**

**The member-policyholders benefit from a share in the surplus.**
<table>
<thead>
<tr>
<th>C</th>
<th>a</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td>The company is a mutual insurer set up for the purpose of providing assistance to its members in the event of illness and accidents, and funeral cover. In this county, where the public sector is responsible for social responsibility covered by high taxes, there is no plan to offer more in the area of CSR.</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td>Guidelines for claims handling, information to the board about complaints, court cases etc., education 24 hour - claims service, claims handling via telephone Social responsibility towards employees with certain problems (disease, family etc) All employees are subject to substantial training in all major aspects of the companies activities</td>
<td>Direct, electronic communication to all employees regarding all major aspects of the company, updated several times every day</td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td>The investment committee guarantees transparency and the application of various criteria to be used in the allocation of financial resources The solidarity committee manages the budgets to be distributed as if they were social allowances (grants, subsidies, assistance for</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b</td>
<td>E</td>
<td>c</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| **the lesser-able, etc.)**  
These 2 committees are composed of member-policyholders from the Board of Directors | | 90% of employment contracts are unlimited  
Supports programmes designed to reconcile family and professional life  
Social commitment to the staff, offering them range of benefits | The Code of Good Governance is designed to promote equal opportunities and the fight against discrimination at the workplace | Yes  Yes  Yes  Yes  Yes  Yes |

| E | b |  
The company's policy aims to teach its members good practice so as to reduce the accident rate at the workplace | Promote a programme for the present and for the future so as to improve members' health  
Establish preventive measures at the work level which may assist workers in their adaptation to their physical environment, thus improving their working conditions  
Prepare programmes to promote the recruitment of workers who have suffered injuries at their previous place of work | Continuous training programmes | On-going communication with the members through satisfaction surveys | Yes  Yes  Yes  Yes  Yes  Yes |
<table>
<thead>
<tr>
<th>F</th>
<th>a</th>
<th>All benefits are firstly distributed to policyholders and related to the length of the relation with the company, to the conduct of policyholder, and to the family. Same benefits for all, independent from how many insurances are held. 20 regional delegations formed by influential customers advise the management on regional questions and act as the company’s “ambassadors”.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b</td>
<td>Self-funded group insurance only for owner-customers. Centralized research for products and operations development based on surveys.</td>
<td></td>
</tr>
<tr>
<td>Incentive system which aims at spurring teams and individuals to perform excellently. Programme to promote the well-being of the staff. Corresponding services offered to customers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation with educational establishments (apprenticeship contract). In cooperation with a marketing college, has built a company’s exam “for the staff. Comprehensive up-skill programmes for the lower and middle management.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes. The company’s equality programme aims at equal chances to advance. The equality work group consists of representatives for the management, personnel administrations and personnel.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intranet including continuously updated news, press monitoring, recreational services. It is also linked to the Internet sites of the company’s cooperation partners and services sites.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The surplus from the company’s business is used for improving the services, customer bonuses, rebates and strengthening of the solvency.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Fund and reward system by which good result is distributed to employees.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>b</td>
<td>In cooperation with an educational college, has built a company’s exam “for the staff. Comprehensive up-skill programmes for the lower and middle management.</td>
</tr>
<tr>
<td>G</td>
<td>a</td>
<td>An instrument to measure the degree of satisfaction is established on the basis of surveys carried out amongst the member-policyholders.</td>
</tr>
<tr>
<td>Organisation of meetings of the member-policyholders at a regional level to inform them of the development of new products and to discuss issues which are of interest to the member-policyholders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisation of an information meeting at the General Meeting of the members-policyholders’ representatives.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member-policyholder panels are established to test new product ideas and to check that they are in the interest of the member-policyholders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacant positions and recruitments are posted on the intranet. Recruitment forum. A social barometer for the staff.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 months training for all new commercial advisers and certification for all of those who have been with the company for some time. Continuous training for managers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>b</td>
<td>Strong, innovative products (mechanical guarantee) and products which have been neglected by other companies (medical civil liability). ISO 9002 certification for the majority of services; psychological support</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>G</td>
<td>c</td>
<td>Training for member-policyholders' representatives once or twice a year</td>
</tr>
<tr>
<td>G</td>
<td>d</td>
<td>Once a year a general meeting is held to elect the representatives delegated to attend the General Meeting. Half-yearly general information letters sent out to member-policyholders. Letter sent to member-policyholders when the Board of Directors decides to grant rebates. Has developed a range of services which are supplementary to its insurance products. Access to these services does not require any additional payment. Recruitment assisted by handwriting analysis. Positions advertised by small ads and by intranet. Absenteeism is rare. Compulsory technical training for new recruits, given by members of the company management. Continuous training for agents and staff. Yes, according to skills. Communication with the managers: a two hour meeting once per month. Communication between the general management and the general agents and staff takes place twice a month. Consistent rebate policy applied when it becomes clear that the level of contributions called for in a given financial year is excessive. A general meeting is held once a year to elect representatives delegated to attend the General Meeting. Six-monthly general information letters sent out to the member-policyholders. Letter sent out to member-policyholders when the Board of Directors decides to grant rebates.</td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>Policyholders' guarantee committee which checks, free of charge, claims submitted by the member-policyholders. Toll free telephone number for member-policyholders.</td>
</tr>
<tr>
<td>H</td>
<td>b</td>
<td>Incentives to attend local meetings and provision. Insures against risks considered to be &quot;uninsurable&quot;. Staff are not made redundant if there is a (Almost) continuous training programmes. Efforts are made to ensure that the In-house communication at all. Loyalty rebates in some insurance. Incentives to attend local meetings and</td>
</tr>
<tr>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td></td>
</tr>
</tbody>
</table>
| a | of information
|  
| J |  
| a | To give as full information as possible about products and giving the policyholder good and fair service both in insurance and in claims
|  
| K |  
| a | Services and products of high quality, at affordable prices and made accessible to policy members
| Helpline offering a range of free medical, legal and other advice
| “Hardship fund” giving cash awards to members in need

| of information

In cases in which the risk has worsened or in which the description is inaccurate, application of moral, rather than legal judgement; contract may be revoked at the request of the member-policyholder, irrespective of its duration.

| The dispute rate is lower than the national average in all branches of activity
| Coverage is always adequate, even in the case of under insurance
| surplus of staff, nor in the case of prolonged periods of absence due to ill health
| Better social benefits (retirement fund, supplementary cover, loans, working hours)
| Staff mobility is encouraged
| annual merit awards are equally shared between men and women
| levels (management, annual results provided to all staff, in-house newsletter and information bulletin)
| classes
| provision of information

In cases in which the risk has worsened or in which the description is inaccurate, application of moral, rather than legal judgement; contract may be revoked at the request of the member-policyholder, irrespective of its duration.

| Regular independent measurements of policy holder satisfaction, to compare with competitors
| Programme for employees: training, healthcare, represented on the Board
| Give all employees adequate training, e.g. licensing of sales force and financial advisors
| Equal opportunities regulated by law but also comparison of salary levels, special training of female managers etc
| Intranet available to all employees in addition to internal magazines
| Profits distribution and rebate policy
Decided by General Meeting of members

| Services and products of high quality, at affordable prices and made accessible to policy members
| Helpline offering a range of free medical, legal and other advice
| “Hardship fund” giving cash awards to members in need
| Compliance with national and EC regulations

Source: AISAM/Answers to the survey, 2003
### 6.7 Results of the CSR questionnaire - question 1B

**Q.1B - What measures is your mutual taking to promote social responsibility?**

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Within the framework of external management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Cooperation with local authorities and associations</strong></td>
</tr>
<tr>
<td>A</td>
<td>a</td>
<td>Missions to renovate certain districts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for companies which provide work for the less able-bodied and for a rehabilitation centre for the less able-bodied</td>
</tr>
<tr>
<td>A</td>
<td>b</td>
<td>Participation in international mutual insurance associations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for various local authorities through equity investment (hospitals, internet portal in health-related issues, housing associations, new energy companies, …), sponsoring, patronage, etc…</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for non-profit making organisations: sports activities for young people, educating young people about road safety and the way in which the State functions, etc</td>
</tr>
<tr>
<td>B</td>
<td>a</td>
<td>Funding of training of guide dogs for the blind</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sponsorship of the decoration of children’s hospital rooms by artists</td>
</tr>
</tbody>
</table>

**Encouragement of humanitarian, social, cultural and environmental actions** |

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Encouragement of humanitarian, social, cultural and environmental actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>b</td>
<td>Support for the Foundation for Solidarity (a European-level non-profit making organisation whose aim is to promote all forms of solidarity)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for CIRIEC (International Research and Information Centre on the Public, Social and Cooperative Economy)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for Responsible Young Drivers, Restos du Coeur (soup kitchens), a website on road safety, etc…</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Support for national Administrators’ Foundation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use of fair trade and organic products in the staff restaurant, etc</td>
</tr>
</tbody>
</table>

**Choice of ethical investments (SRI)** |

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Choice of ethical investments (SRI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>b</td>
<td>Ethical funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solidarity products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Micro credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fire insurance which carries a label that denotes its social responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choice of suppliers who respect the basic principles of the International Labour Organisation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social screening (ethical code)</td>
</tr>
</tbody>
</table>

**Dissemination of ethical insurance products among the general public** |

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Dissemination of ethical insurance products among the general public</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>b</td>
<td>Launch of a newsletter to inform clients about products and services, and also to provide them with prevention advice</td>
</tr>
</tbody>
</table>

**Others** |

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>a</td>
<td>Free consultation and financial support for risk management support programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“Active damage handling” for severe personal injuries: medical and employment rehabilitation support</td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td>Cooperation with local authorities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employees take part in voluntary activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Economic support for social and cultural arrangements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>b</td>
<td>Establishment of several private Foundations which are designed to help society as a whole benefit from part of the profits through activities of a general interest, on a non-profit making basis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct participation in projects designed to overcome the consequences of natural disasters throughout the world, grant for research into pollution and related risks</td>
</tr>
<tr>
<td>E</td>
<td>c</td>
<td>Participates actively in the activities of national sectoral associations and with the social partners with the aim of proposing and promoting programmes to prevent accidents at the work place</td>
</tr>
<tr>
<td>E</td>
<td>d</td>
<td>Helped design an insurance policy that covers liability and personal injury from accidents and covers decline of resources, in collaboration with local government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Groupings for the Defence of local Forests in collaboration with the local Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>F</td>
<td>a</td>
<td>Cooperation with local, national and international partners in health and security programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sponsors sports</td>
</tr>
<tr>
<td>F</td>
<td>b</td>
<td>Consumer policy programme</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Has signed the UNEP statement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selection of investments is based on security and productivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A report on environmental issues is requested from new Own environ-mental funds</td>
</tr>
<tr>
<td></td>
<td>Cooperation with agricultural producers’ organization in developing and marketing products and services</td>
<td>Versatile cooperation with entrepreneur’s organization, e.g. small-scale seminars for entrepreneurs organised in different parts of the country. Supporting female entrepreneurs by awards every second year</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>G</td>
<td>Participates in the funding of events such as the European Capital of Culture</td>
<td>Supports AIME (the World Association of Mutual Aid)</td>
</tr>
<tr>
<td>G</td>
<td>Participates in the development of city in which the headquarters is based</td>
<td>Sale of the company’s museum collection: miniature fire engines for the children of firemen</td>
</tr>
<tr>
<td>G</td>
<td>Partnerships with building companies/craftsmen and automobile professionals</td>
<td></td>
</tr>
</tbody>
</table>

Partners, sponsorship and donations are also selected on basis of shared values
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Commitments at a local level: « Consulta » for cultural heritage; sponsorship of cultural events</th>
<th>Commitments at national level: cultural heritage; and international level: WWF ; child-line; sponsorship of sports</th>
<th>Investment in ethical real estate funds which invest in hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>H</td>
<td>a</td>
<td>Regional complementary pension scheme, in agreement with the local administration, aimed in particular at the self-employed</td>
<td>Sponsorship of cultural and sports events</td>
<td>The company avoids all forms of non-ethical investment, but has never set down rules of good practice</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>The company does not black-list companies which use child labour, since it believes that, unfortunately, this is still a necessary practice for the poorest countries</td>
</tr>
<tr>
<td>I</td>
<td>a</td>
<td>Participates in a university-related research institute on risk analysis and development</td>
<td>Initialises and supports micro insurance in developing countries</td>
<td>Has a Social Responsibility Fund for national and international activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assists projects in emerging markets and developing countries</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Has signed the UNEP statement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Certifications on environmental issues for all local mutuals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>a</td>
<td>The local mutuals of the group have a widespread cooperation with local authorities and associations (sport, culture, sponsoring equipment for Fire Brigade, activities to fight crime, young entrepreneurs support …)</td>
<td>Foundation to finance research projects (see also previous question)</td>
<td>Development of a unique Recycling Insurance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Programmes to select investments in stock companies on ethical matters especially in the areas of equal opportunities, management bonus schemes and accounting standards</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Management of some funds which contribute to benevolent organisations or would have an ethical scope</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a</td>
<td>Founding partner of a child safety centre in close collaboration with police, local authorities and the national association for the prevention of accidents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: AISAM/ Answers to the survey 2003
## 6.8 Results of the CSR questionnaire - question 2

### Q.2 - What tools does your mutual use to highlight its actions in the field of social responsibility, above and beyond its legal obligations?

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Code of Conduct</th>
<th>Ethical Charter</th>
<th>Social assessment / Social balance sheet</th>
<th>Societal assessment</th>
<th>other mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>a</td>
<td>Yes</td>
<td>Respect for AISAM’s Ethical Charter</td>
<td>Compulsory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>b</td>
<td>Currently being studied</td>
<td>Code of social ethics (3 pages which set out the company's fundamental values, its commitments and the establishment of an Ethics Committee)</td>
<td>Yes, it is a legal requirement</td>
<td>Currently being studied</td>
<td>Award of the first national label for a socially responsible product (fire insurance policy)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ethics Committee: creation of ethical tools and of social responsibility, follow-up, evaluation and monitoring of company practices so as to ensure that they conform with the requirements attached to the social label</td>
<td></td>
<td></td>
<td>Support for foundations and organisations in the social economy sector</td>
</tr>
<tr>
<td>B</td>
<td>a</td>
<td>The staff charter</td>
<td>Signature of the UNEP environmental Charter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>b</td>
<td>Code of Good Governance approved by the company's</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E c</strong></td>
<td>Board and ratified by the Board, Administrators and general managers of all of the companies within the Group. This is a collection of standards for the attention of the management and of principles which govern the Group's decision-making bodies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E d</strong></td>
<td>Application of the ISO-9001/2000 standard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F a</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>F b</strong></td>
<td>Has signed the code of conduct of the national insurers' organization. An abstract of the company’s basic values and corporate culture. The line of activities are divided into values and strategy and carefully communicated to the personnel.</td>
<td>Since 1977 the company publishes an analysis of its impact on society which shows the sources of income as well as the distribution. Assessment of economic, social, ecological responsibility. Was awarded the national quality award for service providers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G a</strong></td>
<td>Social balance sheet is compulsory</td>
<td>Member-policyholders' Guide</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G b</strong></td>
<td>Social balance sheet is compulsory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>G c</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>d</td>
<td>Compulsory and drawn up by the personnel department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>Ethical Code</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>b</td>
<td>Voluntary Societal report first presented in April 2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>a</td>
<td>Has signed the code of conduct of the national insurers organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>a</td>
<td>Ethical Charter for all employees To a limited extent included in regular Annual Report</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>a</td>
<td>Public relations message: “actions should speak louder than words”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: AISAM/ Answers to the survey 2003
### 6.9 Results of the CSR questionnaire - question 3

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Q.3 - In your opinion, what are the most specific criteria of social responsibility for mutual insurers?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>a</td>
<td></td>
</tr>
</tbody>
</table>
| A       | b       | Long-term efficiency criteria in the interests of its members  
There is a need to be innovative in order to meet with the members’ requirements  
To ally the principles of solidarity and responsibility to the benefit of the company's staff |
| B       | a       | Initiatives and actions in the area of social responsibility must be coherent, in all aspects, with the strategy and management of the company  
However, satisfying all of the requirements related to CSR represents a considerable cost and not all companies are able to bear these costs.  
That is why it is appropriate to establish a hierarchy of the various aspects of CSR. From this point of view, mutuals should give priority to their employment and training strategy |
| C       | a       |                                                                                                      |
| D       | a       |                                                                                                      |
| D       | b       |                                                                                                      |
| D       | c       |                                                                                                      |
| E       | a       |                                                                                                      |
| E       | b       | The activities carried out by mutuals should be based on a notion of providing a service to society as a whole |
| E       | c       |                                                                                                      |
| E       | d       |                                                                                                      |
| F       | a       |                                                                                                      |
| F       | b       | To observe the human factor in all activities of the mutual  
To promote the philosophy of mutuality |
| G       | a       | The satisfaction of member-policyholders  
The staff's contribution to the promotion of social issues |
More generally, the sharing of values of solidarity and equity

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G</strong></td>
<td><strong>b</strong></td>
</tr>
<tr>
<td></td>
<td>Respect for the member-policyholders in two main areas:</td>
</tr>
<tr>
<td></td>
<td>- Ethics which is essential in insurance being a product quite unlike any other</td>
</tr>
<tr>
<td></td>
<td>- To provide security for the member-policyholder, who is not a mere client</td>
</tr>
</tbody>
</table>

| **G** | **c** |
|       |   |
|       | Social responsibility works best when it is personalised, and this can only be done in a small or medium-sized company. It seeks to ensure customer loyalty amongst the member-policyholders, offering them quality services provided by motivated and responsible staff |

| **H** | **a** |
|       | Development and enhancement of human resources in the context of an equal opportunities project |

| **H** | **b** |
|       | All mutuals must focus their attention, first and foremost, on their member-policyholders, with a view to providing them with a service, rather than being driven by profit |

| **I** | **a** |
|       | To describe clearly the risks the company do not want to insure because of their asocial or un-ethical character |

| **J** | **a** |
|       | The form of governance: finding means of direct influence from the policyholder/owner |
|       | Openness to both policyholders and society |
|       | The long term view |
|       | Pricing according to risks and costs and not to what the market allows |
|       | Active loss prevention |
|       | Readiness to insure also technically difficult classes, still keeping the interest of all policyholders in mind |
|       | Being the natural speaking partner for the local, national and European institutions in insurance and financial matters |

| **K** | **a** |
|       | Should refer to the behaviour of the mutual towards its members, its staff and its communication policy |

Source: AISAM/ Answers to the survey 2003
### 6.10 Results of the CG questionnaire - question 1

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Q.1. - What measures is your mutual taking to promote good corporate governance?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>At the level of the structure of the administrative bodies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Existence of a CG code</td>
</tr>
<tr>
<td>A</td>
<td>a</td>
<td>The annual and statutory GM open to all customers and convened through the press. Several annual meetings with individual member-policyholders to discuss practical matters.</td>
</tr>
<tr>
<td>A</td>
<td>b</td>
<td>Notice of the annual GM given through the press. Publication of an annual report, together with an abridged version. These reports are made available to the public.</td>
</tr>
</tbody>
</table>
| B | a | All member-policyholders receive a summary of the annual report and may request the full report. All member-policyholders are invited to attend the GA in order to: - approve the annual accounts and management report - elect the Board members - elect the auditors - decide on the allocation of the financial year's profits | The Board of Directors meets each month. All members of the Board of Directors must be comprised of a minimum of 7 member-policyholders who are elected by the GA for a 3 year period and may be re-elected. Maximum age: 70 | An audit committee comprised of 3 non-executive members of the Board of Directors. A strategic working group comprised of 3 non-executive members of the Board of Directors and of the general management. | The business report is commented in detail during the general meeting. | The bulk of the annual report deals with the group’s consolidated accounts that are drawn up in accordance with national standards. The company's annual report is included in the report, as is other information such as a chapter on corporate governance. The annual report is posted on the internet site and is also sent out to each and every member-policyholder. | Member-policyholders' share in the financial year's surplus must be provided for in the statutes. The same applies to the member-policyholders' share in the liquidation surplus. |}

<p>| C | a | An annual general meeting. A close contact is maintained with all members and the management bodies because of the small structure of the members of the association. | Yes. | Yes. | The business report is commented in detail during the general meeting. | Association Internationale des Sociétés d’Assurance Mutuelle |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Discussions with the Board in 2002 to develop a corporate governance plan within the company; have resulted in a 5 year development plan to be communicated to the member-policyholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>a</td>
<td>An even closer collaboration between the Board of Directors and the CEO based on more professional information, financial risk analysis and dialogues over seminars</td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td>All members of the representative bodies are appointed by the policyholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annually,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 25 member’s meetings all over the country.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 12 Board of representatives’ meetings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 2 Delegate’s Body meetings during which 1 representative of each of the 12 local branches is appointed</td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td>Direct access to management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct elections; access to annual meetings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td>The Board of Directors is an intermediary body between the Management Committee and the GM</td>
</tr>
</tbody>
</table>

A supervisory board composed of 12 members: |
- 8 appointed by the delegate’s Body |
- 4 appointed by the employees |

A quarterly members’ magazine |
A website |

Annual, |
- 25 member’s meetings all over the country. |
- 12 Board of representatives’ meetings |
- 2 Delegate’s Body meetings during which 1 representative of each of the 12 local branches is appointed |

Direct access to management |
Direct elections; access to annual meetings |
None |
None |

The policyholder is entitled to vote in his hometown; advertisements are placed in the local newspaper |
Full transparency
A Board of Directors exists for each company within the group. It has a supervisory mission. It has 26 members, 16 of whom are independent and 8 senior managers from the various units and companies within the group; daily management is in the hands of the Management Committee of each company.

The control and general coordination of the group as a whole is left to the Board of Directors of the mutual company and two delegated committees: the Institutional Control Committee and the Management or Executive Committee.

The Boards normally have 5 ordinary meetings a year. The Management Committees generally meet once a month.

A GM of the member-policies which approves the balance sheets, the results, the budgets and the activity plan. For example twice a year a magazine is published.

A GM of the member-policies which approves the balance sheets, the results, the budgets and the activity plan.

A board made up of representatives of the member-policies and which meets every month.

A standing Monitoring Committee which has the duty to inform both management representatives and the staff about the economic, financial and social situation of the company.

All the members of the Board of Directors must be external (in bylaws) in order to preserve the interests of the policyholders.

Remuneration of the independent and executive board members, as well as the total amounts of the remuneration received are presented in an annual publication.

The application of the code is evaluated by the Compliance Committees; Reports are submitted to the respective Boards and to the Group's Institutional Control Committee which, in turn, transmits an annual report on the application of the code throughout the group to the Board of Directors of the mutual company.

For example twice a year a magazine is published.

Within the parent company, as well as within its main subsidiaries which are listed: Remuneration and Nominations Committee; Audit Committee and Compliance Committees (also within the main subsidiaries);

The Compliance Committee ensures the application of the Code of Good Governance.

The Institutional Control Committee monitors compliance with ethical codes, the use of the company’s brand name, and the rights and duties of the CA of the different companies of the group.

The Committee for the defence of the interests of the policyholders was set up in 1984: it deals with the policyholders' complaints (1,817 in 2002) free of charge and with complete freedom of action;

This Committee makes recommendations designed to improve the conditions of the policyholders; it proposes the application of the most favourable criteria in cases in which there is a conflict of interpretation.

The application of the code is evaluated by the Compliance Committees; Reports are submitted to the respective Boards and to the Group's Institutional Control Committee which, in turn, transmits an annual report on the application of the code throughout the group to the Board of Directors of the mutual company.
<table>
<thead>
<tr>
<th>F</th>
<th>a</th>
<th>An annual GM of the policyholders’ representative Assembly, comprising 75 members elected from among the member-policyholders</th>
<th>A supervisory board: 21 members elected for 3 years by the GM. It sanctions the Board of Directors’ resolutions, and elects the Chairman and Deputy Chairman. Board of Directors: 5 members elected for 2 years; half of the members resign annually. It comprises the Chairman, the deputy Chairman, and other members of the Board of directors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>b</td>
<td>Customers are represented through an advisory committee system: the company has (1) 20 regional advisory committees, each of which consists of 9-15 members; (2) an advisory committee for the SME sector with 12 members; (3) an advisory committee for agriculture and forestry with 12 members. These committees act as an additional channel of interaction between the company and its customers. The annual GM of each company selects the members of the supervisory board and the auditors; composition should correspond to the customer base of each company (regional and per type of customer). At least half of the members serving on the company’s Pension’s supervisory board must be elected from among the persons proposed by the central organisations representing employers &amp; employees; they must be equal in number (i.e. 7 and 7). The supervisory boards elect the Board of directors for their respective companies.</td>
<td>None for the three companies although 4 members are responsible for the Group's services for different customer segments. The fourth company of the group for Pensions, with 12 members and 4 deputy members must have minimum half of the members elected from among the persons proposed by the central organisations representing employers and employees; they must be equal in number (i.e. 3 and 3); in addition the Board of Directors includes representatives of the member-policyholders.</td>
</tr>
</tbody>
</table>

At annual GM: every policyholder has at least one vote, with additional votes being conferred on the basis of insurance premiums or life insurance savings; in addition the voting right of those insured under each policy issued by the Pension company is exercised by a single representative chosen by the employees of the policyholder.
### G a
- The 350,000 member-policyholders elect 107 delegates to the GM.
- The candidates' names are put forward on a spontaneous basis.
- The attendance rate at the GM is more than 90%.
- The Chairman is also the Director General.
- An Advisory Committee exists within the Board of Directors since 1995. It meets once a month and is made up of 3 Board members. It prepares the decisions to be taken by the Board of Directors with the Chairman.
- The Board meets every 2 months.
- All of the Board members are independent.
- A Financial committee.
- An Accounts and Audit committee which has the widest possible powers of investigation. It meets without the chairman being present, with the internal auditors and the appointed auditors.
- A Nominations committee to renew the Board members.
- A Remuneration committee.
- The delegates are elected by the member-policyholders and are mandated to represent them.
- GM held in April in order to give an account of the management of company as early as possible.
- Accounts are made available on the company's internet site.
- The report drawn up by the credit rating agencies is distributed to the delegates.

### G b
- Thematic Board meeting twice a year.
- Extraordinary meetings held if necessary to discuss important decisions to be taken by the mutual.
- Creation of a committee which specialises in medical risks.
- Transparency of contracts and respect for the solvency ratio.
- The accounts are widely commented upon at board level.

### G c
- Introduction of a Deontological Code.
- Participation of the partners.
- Participation of personalities from the local community.
- Yes, since 1999 there has been a Nominations Committee and a Strategy and Finance committee.
- One vote per person at the GM.
- Yes, four mutuals in the group.

### G d
- The GM is made up of representatives elected by the member-policyholders in six groups which reflect the membership: (1) Physical injury (2) Damage to private property (3) Damage to agricultural and professional property (4) Police-related risks.
- In accordance with the statutes, the Board of Directors is made up of 12 members, including one chairman and 2 vice-chairmen. It meets once a month, enabling the management to present the monthly activities to the board, so that the way in which the company is being managed can be.
- The board members are co-opted to represent each social grouping of the member-policyholders: companies, liberal professions, civil servants, farmers and individuals.
- All board members are independent.
- The delegates are elected by the member-policyholders.
- 1/6 of the total number of board members are renewed each year by votes cast by the member-policyholders at a "general meeting".
- The accounts (balance sheets and results) are published in a report. 1,000 copies of this report are printed and are made available upon request.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th>(5) Motor vehicles</th>
<th>(6) Liability and others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The board members sit on various committees: Legal committee; Investments committee; Remuneration committee</td>
<td>checked for the member-policyholders they represent</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>The chairman, the members of the Board of Directors and the chairman of the Management Committee are chosen from amongst the member-policyholders</td>
<td>A special committee appointed from amongst the members of the Board of Director, approves the decisions in favour of the member-policyholders. A special committee appointed from amongst the members of the Board of Directors, monitors and approves investments. An &quot;internal auditing&quot; service, which acts independently of the director general, presents its reports to the trade union representative bodies and to the Board of Directors.</td>
</tr>
<tr>
<td>H</td>
<td>b</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partial assemblies at which the member-policyholders elect their delegates to the GM for a five year period. A delegates' GM every three years. There are extraordinary meetings of the delegates convened by the Chairman to discuss specific issues.</td>
<td>At the GM, the delegates elect 13 members to sit on the Board of Directors. 2 supplementary members are appointed by the &quot;subventionist member-policyholders&quot;. The Board of Directors reflects the geographical distribution of the company's activities. The director general is not a member of the Board. No, in the sense that all of the board members must be member-policyholders. However they are fundamentally independent. An executive committee elected by the Board of Directors amongst the board members. At the delegates' GM, only the delegates present may vote. 1 vote per delegate. Vote by proxy is only allowed at the partial assemblies. Maximum of 5 proxies per person.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>The annual accounts are sent out, well before the GM, to the home address of all of the delegates, along with the Board's report on annual accounts. A societal report was presented for the first time in 2003.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Two equity member-policyholders, known as &quot;subventionist member-policyholders&quot;, are entitled to attend the GM and have a maximum of 5 votes each.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Neither the director general, nor the staff, nor the agents, may be elected as delegates of the member-policyholders</td>
</tr>
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</tr>
<tr>
<td>I</td>
<td>a</td>
<td>Legal rules exist, but not an ethical code</td>
<td>Policyholders choose representatives in open meetings. These form the GM that elects the board members, that in turn employs the Managing Director. All the members of the board are elected by and among the customers. The Managing Director is the only employee on the board.</td>
</tr>
<tr>
<td>J</td>
<td>a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>a</td>
<td>The principal controlling body is the Main Board of the company, the holding company of a number of subsidiaries; the Group Executive is comprised of the CEO, the other Main Board executive directors and other senior executives who collectively plan and manage the business</td>
<td>Subsidiary committees of the Main Board are: Audit and Compliance Committee (internal audit, risk management, compliance audit) Remuneration Committee (remuneration of directors and senior executives) Nomination Committee (appointment of directors) Subsidiary committees of the Group Executive are: the company’s Risk Committee; Bank Risk Committee; General Insurance Risk Committee; IFA Risk Committee; Life and Retail Investment Risk Committee; all are via their chairman member of the Group Risk Committee</td>
</tr>
</tbody>
</table>

GM = General Meeting

Source: AISAM/ Answers to the survey, 2003
### 6.11 Results of the CG questionnaire - question 2

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Q.2. - Does your mutual use tools to improve corporate governance in the framework of its legal or statutory obligations?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>a</td>
<td>Many have undertaken initiatives without there being an internal or legal requirement to do so; for example: the advisory committee, the executive committee, information to brokers, and information to staff. Finally, the composition of the Board of Directors which includes customers is not something that the mutual is legally required to do.</td>
</tr>
<tr>
<td>A</td>
<td>b</td>
<td>Statutes have been revised so as to incorporate elements of Corporate Governance (independent board members) The Board of Directors meets every month and the presence of the Management Committee is compulsory Regular communication of the company's strategy and of its financial results and its balance sheets (Intranet, publication of information bulletins)</td>
</tr>
<tr>
<td>B</td>
<td>a</td>
<td>In terms of the functioning of the Board of Directors and its relationship with the general management: the Board may meet 10 times a year (the average number of meetings is 4-5); written invitation and information is issued to the board members 5 days before the meeting; the members of the general management attend all of the meetings of the Board of Directors. Furthermore, there is a joint meeting of the Board of Directors and the Management Committee once a year In-house communication takes place through the internet, information sessions on the financial year's results, periodical meetings on strategic choices and the aims to be achieved in order to develop the company, individual activity plan and appraisal for each employee</td>
</tr>
<tr>
<td>C</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>a</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>c</td>
<td>No</td>
</tr>
<tr>
<td>E</td>
<td>a</td>
<td>A new, completely computerised management system is currently being prepared.</td>
</tr>
</tbody>
</table>
Standards Application Committee: exist within the group's major companies since 2000. They are composed exclusively of independent board members and ensure that the Code of Good Governance is applied.

Furthermore, the Department for the Application of Standards was created in 2002; this also provides members with all of the information necessary to evaluate the application of the Code.

Apart from the Board of Directors, an advisory committee with representatives of the member-policyholders has been set up without voting rights to help understand the needs 'in a dynamic way'.

The co-operation committee of four supervisory boards supervises the activities of the whole Group.

22 Regional and special advisory committees have the right to take initiatives vis-à-vis the boards in order to improve customer service. These committees have one annual joint meeting with companies' directors besides their own meetings. They will also be informed regularly about company news.

Particular attention is attached to information for the delegates and the member-policyholders:
- a quarterly information letter from the general management
- an information meeting prior to the GM
- member-policyholders' meetings arranged throughout the country

We have not implemented any specific tool to improve corporate governance.

Several bodies were set up in 1999: Nominations Committee, Finance and strategy committee

Introduction of a Deontological Code

Societal report is currently under discussion

It is not conceivable that a "mix" of functions could operate between the Board and the management.
Societal report currently being prepared

An initiative has been undertaken with a view to increasing the participation rate of the member-policyholders, by placing notices in the local press, posters in branch offices, etc. However, the results have been disappointing. The rate of participation of member-policyholders in relation to the delegates at the GM is very low. This leads us to make the following observation, indirect or second degree democracy is perhaps the only worthwhile structure for mutuals above a certain size.

Information meetings with the representatives forming the GM.

Education of the Board about legal and economical framework.

One of the tools used is Risk Mapping which senior managers within the group are required to undertake; this is an analysis of the operational risks

Risk mapping helps to identify major risks with inadequate controls and also examples where significant cost savings can be made without incurring unacceptable risks

GM = General Meeting

Source: AISAM/ Answers to the survey 2003
### 6.12 Results of the CG questionnaire - question 3

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>q.3 - Which principles of corporate governance are the most specific to mutuals? Please describe them.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>a</td>
<td>The representation of member-policyholders within the decision-making bodies is certainly the most fundamental principle to be respected for mutual companies. However, we attach a great deal of importance to ensuring that there is a good flow of information to all of the people we work with.</td>
</tr>
</tbody>
</table>
| A       | b       | A maximum amount of transparency in the management of funds and rebates granted to clients, local authorities and member-policyholders.  
More than any other type of company, mutuals must go beyond the legal framework and accord particular importance to the establishment of complete information and quality services.  
They also have to respect the principle of solidarity and the leading role they should play in social and ethical matters |
| B       | a       | Respect for the notion of solidarity, which means that this solidarity must be present in relations with all stakeholders.  
Information, which must be as complete as possible, clear and beyond reproach from an ethical point of view, with regard to the member-policyholders, the Board of Directors, the management and the staff of the company.  
In-house communication  
Participation through focus groups or multidisciplinary working groups |
| C       | a       | Self-government, self-financing and independence  
The well being of the member-policyholders |
<p>| D       | a       | The contact with members-policyholders, who must feel that the relationship they have with the insurer involves more than just the insurance arrangement |
| D       | b       | The contact with members-policyholders, who must feel that the relationship they have with the insurer involves more than just the insurance arrangement |</p>
<table>
<thead>
<tr>
<th>D</th>
<th>c</th>
<th>Direct communication via meetings, direct access to management, election rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>a</td>
<td>The representation of the members-policyholders on the decision-making bodies. It is important to maintain a sufficiently professional approach so as to adapt the social interests of the members-policyholders to the legal framework</td>
</tr>
<tr>
<td>E</td>
<td>b</td>
<td>In its Code of Good Governance, the company sets out a series of institutional principles which constitute the key to the good functioning of the company and which could be extended to be applied to other mutuals. Two of these principles are worthy of greater attention: (1) independence and (2) growth of the company and of its assets...</td>
</tr>
<tr>
<td>E</td>
<td>c</td>
<td>Active participation of the member-policyholders on the decision-making bodies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Effective communication of the model of company management to the member-policyholders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Creation of discussion forums which can give rise to new company and management initiatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Proactive attitude in the development of R&amp;D programmes related to the prevention of accidents at the workplace</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Orientation of the way in which the company is managed with a view to satisfying the needs of member-policyholders</td>
</tr>
<tr>
<td>E</td>
<td>d</td>
<td>General Meeting of member-policyholders, which takes important decisions and elects the Board of Directors, who are all external and unconnected to executive matters; one member-policyholder=one vote, with a max of 5 proxies (no one can have more than 5 votes - in particular not the Board members)</td>
</tr>
<tr>
<td>F</td>
<td>a</td>
<td>The main principle is that the customers are the owners of the company (= member-policyholders) and there is no third party demanding a share of the company’s profit. The management can concentrate on developing strategic and competitive benefits for the customers.</td>
</tr>
<tr>
<td>F</td>
<td>b</td>
<td>Customers have legal right to elect the Board of Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customers have many ways and means to influence the company’s actions.</td>
</tr>
<tr>
<td>G</td>
<td>a</td>
<td>The effective control and orientation of the mutual by its member-policyholders through the application of the principle of one man, one vote. The aim is to encourage the member-policyholders to better appreciate their role as owners of the mutual.</td>
</tr>
<tr>
<td>G</td>
<td>b</td>
<td>For a mutual, the board members cannot all be professionals in the field of company management, and that is why we consider training for the Board members to be particularly necessary.</td>
</tr>
<tr>
<td>G</td>
<td>c</td>
<td>Providing the member-policyholders’ representatives with the training and the type of information which will enable them to understand the challenges faced by mutuals will give them a clearer idea of the decisions to be taken at the General Assembly. Method: establishment of corporate governance</td>
</tr>
<tr>
<td>G</td>
<td>d</td>
<td>Given the size of our company, it is important to make a clear distinction between the functions of a member of the Board of Directors and the functions of a director. The members of the Board of Directors elected by the GA represent the interests of the member-policyholders. The director general, nominated by the Board and dismissible ad nutum, carries out his role in the interests of the good functioning of the company; his management is monitored by the Board of Directors. The director general is never a Board member or chairman. Each category of member-policyholder is represented on the Board of Directors.</td>
</tr>
<tr>
<td>H</td>
<td>a</td>
<td>The societal report is an important instrument for corporate governance and must be promoted.</td>
</tr>
<tr>
<td>H</td>
<td>b</td>
<td>The societal report is a very significant instrument for corporate governance.</td>
</tr>
<tr>
<td>I</td>
<td>a</td>
<td></td>
</tr>
</tbody>
</table>
The corporate governance is basically the same for a mutual and a limited company. Limited companies’ GAs are always open to their owners. We do like, however, to think that

- the fact that we have policyholder benefit as our principal goal
- that we have a long term view “being driven by an idea – not by a share price”

makes us more open and able to listen better to policyholders/owners from our specific customer segment.

We also think that this is enhanced by the local structure of the group.

One has to consider why they should be different to those of limited companies. In our country, a series of reports have been published on corporate governance.

This last report focused on the role and effectiveness of non-executive directors; the intention from the start was to provide a logical extension to the existing corporate governance frameworks that had been introduced in our country through previous actions and more recently manifested in a combined code

The company has addressed the recommendations of these reports and where appropriate has adopted them even though strictly they do not apply to a mutual.

In short, the owners of a mutual - the member-policyholders - are entitled to the same level of corporate governance as a limited company; if there is one principle that should apply, it is 'do the right thing'. In a mutual this concept can be fearlessly carried through without considering the needs of shareholders.

GM = General Meeting

Source: AISAM/ Answers to the survey 2003