



## Corporate Social Responsibility: an IBA viewpoint

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Good evening,

Replacing Philippe de Woot is a great honor, but it is also a very dangerous undertaking: many of you know him, have listened to his presentations, and there is no hope that I could be tonight, even remotely at the same level of intelligence, of culture, of insight and experience as Philippe.

So I hope that you will forgive me for being a poor substitute...

At IBA we were privileged to have Philippe de Woot as chairman of the board, from the first day of IBA and for the first 18 years. It is clear that Philippe views on what an enterprise should be had a huge influence in shaping up IBA as you know it today.

So my goal tonight is to share with you my personal experience about the creation and the development of an innovative company, IBA, where the corporate social responsibility was always a central consideration in the decision making process.

## California or Wallonia

IBA was founded as a company in 1986, just 30 years ago. But I had my first thoughts about a company building medical accelerators a couple of years earlier, when I was doing a sabbatical at the Lawrence Berkeley National Laboratory in California in 1983-1984.

One question was: where should I create this company: in California, or in Belgium? California has an entrepreneurial culture very favorable for the creation of a high tech startup, and venture capital is easier to find there. But at the same time, I was acutely aware that everything I was, everything I had learned, all the experience I had had been paid by the community in Belgium. Unlike USA, I did not pay large tuition at the UCL where I graduated in engineering and physics. My job at the Research Center for cyclotrons of UCL was also paid by the state. In addition, my region, Wallonia was in deep industrial crisis.

So, when my time had come to become productive, to start to create high tech jobs, I felt it would have been unfair to do it anywhere else than in the region which had given me everything I was. There was not a long debate in my mind: if I was to create a company, it would be in Wallonia. And this is a decision I never regretted after.

Even if the culture in Wallonia, especially in 1985, was less favorable for the creation of high tech companies, we found that IBA could always benefit from well-designed public loans for its technology development. And later, when we became better known, we could always find attentive ears at the level of the regional government.

So, from the very inception, CSR was very central in IBA project.



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## Transparent management

Interestingly, getting rich was never part of the original plan of IBA. We were well aware that starting a high-tech spin-off was a risky project, and that our probability of failure was objectively well above 50%. We knew that profitability was an indispensable condition of survival. But being profitable was a key condition for survival, but not a goal by itself.

For the founders of IBA, the project was significantly more than the creation of a high technology company. It had a social dimension: we wanted to create a place where everyone would be happy to come working in the morning, and where everyone, from the janitor to the CEO would feel part of the team. I wanted IBA to be a social demonstrator.

A key ingredient to reach this goal was to share, very openly, and very regularly all significant information related to the company with all members of the team. We were organizing all company information meetings every week in the beginning, then every month. Even sensitive information, like how much cash is left in the company bank accounts, and what is the status of negotiations on the last contract were shared openly. I do not remember one case where the information shared this way was disclosed inappropriately. After all, we were hiring smart people (or at least trying to do that), and giving them all available information was allowing them to make smart decisions in their work.

The underlying principle: "If you don't have anything to hide, don't hide it!"

I must however add that our transparency in management took a big step backward when we became a company listed on the stock market. Continuing to share confidential company information as we had always done would encourage insider trading, and is illegal. We comply, but in my opinion this is a major step backward, and I regret it. But I have to admit that the present development of IBA would not have been possible if we had not been a listed company.

## Encouraging the employees participation in the management

It is not unusual in Belgium to meet entrepreneurs that will restrain the growth of their company to avoid reaching the magical number of 50 employees. In Belgian social laws, this is the threshold where you must organize social elections where the workers elect representatives to participate in different part of the company management.

At IBA, I held opposite views: having employees having a voice in the company management is an asset, not a curse. Again, the underlying hypothesis is that you have hired smart people in your company, and in reality it is only valid up to a point. In 1989, as a result of multiple orders, IBA grows from 11 to 69 employees, and we are 139 in 1991. We are clearly above the threshold for social elections, but social elections are held every 4 years, so in principle we have still a few years before having to do it.



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However, in 1989, we propose to the employees to organize informal elections to send two representatives to the company weekly management team meeting. This was done, and my view is that the contribution of these freely elected representatives of the personnel to the weekly MTM was very positive.

## A test of the IBA social model: the 1993 restructuring

IBA grew rapidly in the first years, took large market shares, generally lived happy, but was not profitable. The years 89, 91 and 92 finished in the red. The company needed to restructure to restore profitability and survive. Early 1993, the management met and defined a restructuring plan that included a collective layoff of 26 of the company 144 employees.

The next day, we called a “Conseil d’entreprise”, a formal meeting between the management and the now regularly elected representatives of the employees. The meeting started at 2 pm. I had prepared a presentation to explain why a restructuring was needed. But the head of the workers delegation cut me short “Yves, save your speech. We know the situation, we know that IBA needs to restructure to survive, and we know that jobs need to be cut. Tell me how many layoffs are needed? “. I answered “no less than 26”. He said then: "OK, we had made our own calculation, and came with 28. So we realize the need of 26 layoffs, and we accept it. What we would like to discuss now are the criteria to define who will be laid off. We want to include social criteria, like single parents with children having priority over employees in a couple with two salaries..”.

The discussion continued for hours to define who would be laid off, and who would be retained. At 2 am, the meeting concluded on an agreement.

The next morning, I met personally the unfortunate employees I had to terminate. I felt that delivering the bad news myself and explaining it was the least I could do.

I think that it is exceedingly rare in Belgium to reach an agreement with the representatives of personnel over a collective layoff in just one meeting, without conflict.

I think it was the result of our policy of complete transparency: the personnel knew, just as we did, how much a restructuring was needed to keep the company afloat.

## Evolution over 30 years

IBA is now 30 years old, and over the years, as the company grew, we became probably less different that we used to be. The biggest limitation is certainly the fact that, as a listed company, you are not allowed to disclose to your employees facts that the average shareholder ignores. Doing otherwise would encourage insider trading, and is illegal. The present size of IBA (1200 employees in beginning 2016) and the fact that we are multinational also puts constraints on people management.



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However, the average age of employees remains very young, and we have many indications that the level of enthusiasm is extremely high. We hire a lot of young professionals just out of school or university, and we offer a dynamic environment where they can progress very fast.

This is confirmed by a very low rate of turnout in Belgium, and that by the fact that, over 30 years of existence, IBA has never encountered a social conflict or a day of strike.

### Independence of management and shareholder structure

If the managers of a company want to develop a corporate social vision, they need the freedom to do so. If your company has just been acquired by a multinational group based very far, the company vision is developed at the headquarters level, and as CEO of the Belgian entity, you have just to implement the vision formulated by your foreign headquarter. More often than not, this headquarter vision will be purely financial, and will not include an ambitious CSR dimension.

At one time in its history, around 1996, IBA was considered as an acquisition target by a Canadian company. As IBA managers, we were very concerned that this Canadian company wanted to acquire IBA to close major divisions that we considered central to our strategy such as proton therapy.

We asked our shareholders not to sell to this Canadian company, and they told us that if we came with another buyer at the same price, they would be happy to respond positively to our request.

We then decided to form a cooperative holding company with the managers and employees of IBA. Everyone broke his piggybank to exercise options and buy shares. With these shares and a substantial bank loan from BBL (now ING), the employees holding company, subsequently named Belgian Anchorage, took a majority of the shares of IBA. We also modified the bylaws of IBA to make it a very difficult target for a hostile takeover.

One year later, IBA made its IPO and began being traded on Brussels stock market (today Euronext).

Today, Belgian Anchorage remains the largest shareholder of IBA, with around 21% of the votes. The other institutions that founded IBA, the UCL and the IRE hold 7.5%, and the SRIW holds 2.7%.

The rest of the float is in the hand of a large number of small shareholders, none of which exceeds 2%. We do not know who these shareholders are. There must be certainly some foreign pension funds, and the expectations of most of these funds are purely financials. But we think that IBA has also a very large number of small Belgian shareholders, some of which are sensitive not only to the financial results of IBA but also to IBA role in cancer therapy and, more generally, in IBA social project.



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## Protect, Enhance and Save Lives

I think that every company should periodically review who they are, what their mission is and how we go to achieve our mission.

At IBA, we certainly do that, and it has been clear for many years that IBA mission was much more than developing innovative accelerators in the field of medicine. Today, we see ourselves as a company whose mission is to protect, enhance and save lives, and especially so in the field of the detection and cure of cancer. The isotopes produced by IBA cyclotrons have been used to diagnose and stage cancer in millions of patients today, and more than 40,000 patients have been treated on IBA proton therapy systems. But we are still very far from an optimal situation in proton therapy. Several international studies show that, in about 20% of the cancer patients treated in radiotherapy, proton therapy would lead to a better treatment, with less damaging side effects.

But the situation today is that less than one % of the patients treated in radiotherapy benefit from proton therapy. We see our mission to bring this number to 20%. To do this, we need to make proton therapy more accessible, less expensive and better known in the medical community. This is an essential part of IBA strategy in proton therapy.

## IBA five stakeholders

From the first day, making the shareholders richer was not the only goal, or even the first goal of IBA. Improving the treatment of cancer for many patients is clearly our first objective. Creating high quality jobs first in Wallonia and then wherever we are operating, and creating a work place where our employees feel happy to go work every morning is a second, almost as important objective. Bringing profits to our shareholders comes third, but we are very conscious of the fact that if we do not bring a fair remuneration to our shareholders, we will have no more shareholders tomorrow.

In the first years after the IPO, we felt that we should avoid to say publicly that enriching our shareholders was not our first and only priority. But since a few years, we have been more candid with the financial markets, and we have said clearly that IBA strategy was design to meet the needs and desires of five major categories of stakeholders:

1. The cancer patients that we help diagnose and treat better
2. Our employees, to which we commit to offer an enjoyable, passionate, safe and challenging professional life
3. Our shareholder that we want to remunerate at fair market levels
4. The civil society in which we live, and for which we want to behave as good citizens, creating high quality jobs and behaving ethically in every circumstance.
5. The environment in which we live and that we will transmit to our children, making sure that IBA activities do not contribute to degrade it further