



Success story

Sanofi Pasteur, a global biopharmaceutical company division, secures win-win pension solution with DBplus

The situation

Sanofi Pasteur's Manufacturing and R&D office in Canada had nearly 1,000 employees participating in its single-employer pension plan. To eliminate pension liabilities, the company had sought a defined contribution plan option for nearly 10 years, leading to ongoing pension bargaining with its unionized employees – who were represented by Unifor Local 1701 and the International Union of Operating Engineers (IUOE) Local 772. Upon learning about CAAT's innovative DBplus, which provides a defined benefit (DB) pension plan with the fixed-cost advantage of a defined contribution (DC) plan, the new solution proved to be a win-win for both the employer and the members.

Key factors

- 1,000 employees of Sanofi Pasteur – scientists and skilled technicians, represented by Unifor Local 1701 and stationary engineers represented by the International Union of Operating Engineers (IUOE) Local 772.
- The employer, part of the Canadian operations of the global biopharmaceutical company Sanofi, provided these employees with DB pensions through a single-employer plan. This was the only remaining unionized DB plan open to new hires in any of Sanofi's factories worldwide.
- Employees contributed 1.5% up to YMPE, 4% above YMPE, while the company's contributions had risen to 14% and were under upward pressure with the aging workforce.
- Sanofi was interested in moving to a DC plan to alleviate the pressure of its high contribution rates and to remove pension liabilities from its balance sheet.

About Sanofi

Sanofi Pasteur is the vaccines division of Sanofi, a global biopharmaceutical company committed to healthcare solutions from prevention to treatment and is the largest company in the world devoted entirely to vaccines. The company is one of four global producers of the yellow fever vaccine. In 2004, Aventis merged with and into Sanofi. The new Sanofi-Aventis Group became the world's third largest pharmaceutical company. Aventis Pasteur, the vaccine division of Sanofi-Aventis Group, changed its name to Sanofi Pasteur.

Why DBplus for members?



Through DBplus, Sanofi could merge its existing single employer defined benefit plan over to the CAAT Pension Plan, eliminating fiduciary and balance sheet risks.



Joining DBplus ensures employees continue earning DB pensions that pay lifetime income in retirement. If Sanofi employees moved to a DC plan, they would need to bear the risk of managing their retirement savings to create income that would fluctuate with investment market conditions.



The CAAT Pension Plan offers secure, predictable lifetime pension income with early retirement features, conditional inflation protection and survivor benefits — all highly desirable to Sanofi's employees.

How CAAT is a win-win for members AND employers

- CAAT is a large jointly sponsored pension plan (JSPP) that delivers DB pensions far more cost-efficiently than a single-employer pension plan can.
- CAAT is a profit-for-members trust with scale and expertise in investment and other risk management, compliance, and pension administration.
- As members of CAAT's DBplus, Sanofi's unionized employees continue earning DB pension benefits under a DB plan, eliminating the potential need to transition to a DC plan where their retirement income would not be predictable or guaranteed.
- The DB benefits members had built in the prior plan will be replicated by CAAT.
- CAAT carries out all Plan administration, governance, and member communications, allowing Sanofi to focus on its core business.

The outcome

The CAAT team provided information during contract negotiations, including meetings and presentations with both union groups and Sanofi.

After both unions reached a tentative agreement with the employer, CAAT supported them to explain to their members how they would be individually affected by the pension deal by developing 1,000 personalized statements.

The outcome was the Unifor members voted strongly (96%) in favour of ratification.

Nearly 1,000 Sanofi employees joined DBplus – with lower contribution rates that will remain fixed.

Joining CAAT's DBplus allowed this part of Sanofi's Canadian operations to focus on its core business of producing vaccines by exiting the pension management business, including transferring its pension liabilities to CAAT.

Sanofi now enjoys the certainty of fixed contribution rates going forward while offering a valuable DB plan.

‘Merging Sanofi’s unionized employees’ pension assets into the CAAT DBplus plan represented a win-win outcome for both parties during negotiations. Our employees will benefit from moving to a large jointly sponsored pension plan that includes benefits not covered in their current plan, while we also achieved our objective to reduce liabilities and free up working capital for Research and Development and capital investments.’

**Gary Kidson, Head of Human Resources for
Sanofi Pasteur in Toronto**

‘We are pleased to support our Operating Engineers decision to join CAAT’s award-winning DBplus pension plan. The IUOE believes DBplus affords the members a secure and sustainable defined benefit pension plan that can be relied upon to deliver retirement security and peace of mind to them and their families.’

**Greg Hoath, Business Manager,
IUOE Local 772**

To discover how DBplus can meet the needs of an organization, get in touch with us. Visit our website at dbplus.ca or contact us at Pension-Solutions@caatpension.ca.

DBplus is open to workplaces of different sizes, sectors, and industries across Canada. There are exceptions that apply which may require individual regulatory approval from appropriate provincial authorities.



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