



Editorial

No.35 June 2001

SUCCESS MERGER FOR THE SURVIVAL OF FIRMS

The survival of firms today, goes through the success of fusion. It is advisable that internal communication is used henceforth to explain the importance of this stake. Avas, your association, has the duty of informing you of the reality of this situation.

- Why is the survival of Firms at stake today?

The consolidation phase of the energy sector, most particularly in Europe is not achieved. Eni and Respol, must find partners in order to reach the critical height. Norsk-Hydro and Statoil will merged to constitute the 5th world petroleum beside Chevron Texaco and followed by TotalFinaelf. The Finland Neste group, The present Germand, and the average size British groups in several energy sectors should have fastened the alliance to enter with force into gas and electric industries presently opened to investors following the deregulation. Finally, Shell, which is an European group, must make a major early acquisition sooner or later to preserve the confidence of her institutional share holders, who are however the same that control the capital of Totalfinaelf. It must not remain at the exit of this consolidation process: that 4 groups, the first three being Shell BP,

Noisk-Hydro, and Statoil. Which one will be the 4th? The competition has started and it will be rough.

- **The confidence of the share holders is determinant**

It is the institutional share-holders that will have the final say, because they have the decision of bringing their shares to each group by the same criteria as that of Totalfina OPA on Elf. They chose to have confidence on thierry Dermarest, the industrialist who just affronted the Amato LAW by signing the contract of Siru at South Pars in Iran. In fact, the confidence of the share-holders is reposed on:

- The strategic quality registered in a Clair and constant long-term vision.
- The management quality, its audacity, integrity, assumption of responsibilities, its crises managing capabilities.
- The motivation and salaries innovation capacity, team performance and principally the presence of strong actif and enthusiastic salaried shareholders.

During the year, in Washington, New York, London, Burxelles, Frankfort and in France, we met a lot of representatives of financial institutions, companies and influential bodies or financial actors. We carefully listened to heads of firms who are at the same time great industrialists, but equally to charismatic strategists such as serge Tchuruk, Jean Marie Messier, Batrand Colomb and clay Fred Jnr.

What an amazing vision of the future, what a clearness and a boldness! Their management is functioning and united, the salary earners are enthusiastic, motivated and have decided to win this challenge, despite the actual risk of financial market. All these competing firms put man in the heart of their strategies.

- **The implication of salaried shareholders in the merger success**

Today the confidence of salaries shareholders in the future of their firms is to contribute to upholding the confidence of institutional shareholders. The degree of confidence is measured at the level of the capital held by the salary earners (presently 30%: reaching 50% of TFE would be more significant and motivating). It is actually for the salaried to regularly buy the shares of their firms not the latter to re-buy them, destroy them or to constitute a self-control committee under the pretext of creating value for the shareholders.

The success of merging the 3 companies demands the integration of multicultural teams, membership of the personnel to this industrial challenge, the confidence of the management and the motivation of the salary earners. For this, it is necessary to launch a challenging multi-annual share acquisition programme with inciting conditions provided by the laws, frozen in PEG, to constitute a middle term saving precaution or a long term complementary pension fund. The TFE salary earners will be considered as co-proprietors of the group. They will therefore be more responsible and more motivated. The restitution of the voting right of shareholders, the personal access to financial information and to the different strategic aspects of the

group. The responsible individual voting right reflected during the AGM will ensure the actual implication of salaried shareholders in the merger success and the durable development of TFE.

The salaried shareholders know that there lies the survival of their company and consequently, of their future employment, their salary savings and their complementary pension fund. Members of Avas are fully conscious and are vigilant. Avas reminds once again, that for a merger to succeed, shareholders should not decide, salary earners must sell out the shares.

Jeam –Aymm Massie

A COP (EPI) THAT PRODUCES LESS CORN

In this beautiful month of March, with the help of the sunrays, nature reassumes her rights and marvels us with her multiple goodness where the blossoming and burgeons of plants charm us with thousands of shimmering colours. Unfortunately, it is the same COP which charms us, but leaves a bitter taste in the mouth. I want to talk about the Cop (EPI) of profit sharing. The signatories to this agreement, the inveterate poete named E as global envelop. Pas participation and I as interest sharing. With the definition of these letters, the following equations were set $E = P + I$. Intoxicated with spring like perfume and carried away with excitement by dissimulated treasurers behind such a formula, the modeste poete that I am, sensitive to the marvellous reports announced by our group, was moved while thinking about the redistribution of result that will be derived from it and which to a substantial part, must fall into the purse of salary earners. Failing to fish the muse, he got offended to tickling the calculator like in children's stories, the fairy, changed into a horrible witch. Reality, is caught up with <<affliction >> the <<treasure>> disappeared into thin air leaving to the eyes only few coins. Do all these make a sense?

LET'S TOAST

But for contempt of pastoral digressions, Cartesian materialism must resume these rights. In these conditions, like in every mathematical approach, let us set the hypothesis:

If 20,000 agents with average salary of 300,000 FF are concerned about this distribution, then the reference total wage would be close

to 6 billion FF (6×10^9) if the envelop E reaches its peak of 8% of the total reference wage the E would be approaching 480 million FF. If one considers the operational result as an excellent indicator of the recurrent activity, one realizes that of the Amont and Aval branches will rise to 80 billion FF (80×10^9) if the recently published results are considered.

In these cases, on condition that our hypothesis is closed to the reality, one can deduce that the capital paid to French collaborators by virtue of interest and participation will rise to 0.6% of the operational result of the petroleum branch.

The text talked of the participation of salary earners in the profit of expansion.... The poet thought of the fruits where as he meant to explain a hitch.

The shareholders will be delighted, the wage earners will be stupefied, the salaried shareholders, dubitative and worried.

In fact, by absurd reasoning, one can think that these readily simulated figures, are perfectly in line with the wish of the management. and some unionist signatories. In these conditions, it is appropriate to draw the conclusive results that could constitute a new deal of social policy of TotalFinaElf. (for perfect honesty, let's add that it is convenient to add to this amount, a wealthy distribution, that will be at maximum equality, following the deducted hypothesis for 20,000 agents x 22 500 FF (Legal maximum) or 450 MFF additional. The 0.6% will therefore approach 1% which doesn't change anything from the ridiculing figure

LET'S DRINK

The lowness of this figure leads to questioning on its meaning as it could not be the result of risk. Without going into a political economic analysis of result sharing between capital and work, one could avoid asking multiple questions. three domains are seemed to be concerned.

- The wage earners activity (the questionable vocable collaborator).

Is the work of agents at this point contemptible, however little the interest and the production plus-values that they are not rewarded? In other words, the result will simply be the profit optimisation of the technical capital and the capital maximal efficiency with the work of agent, having no contribution in the assessment of result. The work would only represent for the company an unproductive cost ... therefore earmarked to be stopped. If one relies on this underlying logic, the follow up of social plans have not finished.

- THE AGREEMENT SIGNATORIES

One could with difficulty talk of the agreement negotiators as long as the results are poor. The quality of the signatories can then be the cause who surely considered that the wage earners would be blissful to be fed on crumbs left over by the capital. Perhaps have they thought that it was to render service to the wage earners than obtaining for them a global premium of about 30,000 FF whereas a premium of 75000 FF would have rendered them miserable, crippled

and stunned than they would have found themselves with so much money.

- **THE REMUNERATION OF THE ELITES**

But it could perhaps simply be about sharing of surplus which the wage earners only collect, the visible part, like the iceberg, the immersed part being reserved for a group bestowed with all qualities of efficacy, excellence and assuming the paternity of result with eagerness and valour and who in all sincerity and modesty, treat themselves to greater piece of the cake ... the stock –option plans may yield us some indications.

It is quite difficult to know where the truth lies, but the facts and figures are there, tenacious and indistortable. Nevertheless the managing margins existed and only demanded to be set during serious, honest and free negotiations.

- **SHAME UNTO HE WHO THINKS EVIL**

Nevertheless, following the already consecrated expression << there was an axe to grind >> at the legal level, in its place, complementary constraints were added:

- **THE LEGAL SETTING**

The rare constraint that the law imposes on the profit domain concerns the collective maximal distribution that could be realised. The latter is 20% of the payroll. This figure is far from that which was conceded to wage earners (8% of total wage for the whole profit sharing interest). In addition, to collective constraint, the only limitation existing in this domain of profit distribution is an individual

limitation. The sum total of invested rights for each wage earner cannot be superior to 50% of the annual instalment (Annual basic deducted by the social security in the call for shares). For the year 2000 this amount is from 88000 FF). As one sees, a corn farm was in existence and demanded being harvested ...

- **COMPLEMENTARY CONSTRAINTS**

Unfortunately, curly grains were sown in the middle of this farm thereby reducing a part of the harvest to nothingness. In fact, if the profitability of the proper capitals of the group becomes inferior to 8%, the interest would totally disappear. Today, the score is presented thus:

Profitability of used capitals (ROCE or ROE) = 20%

Profitability of efficacy surplus deployed by agents = 1% (in the best of cases)

To all these good news, it is appropriate to profitably add that with regards to the actual social plans, the payroll must have notably dissolved (one of the advantages of pre-retirement from work). This brings about a fall in the automatic Envelop (The famous E) – a truly excellent agreement There would only be one redeeming clause for invested profit in the preceding years in the case of good, average or mediocre group results. It is most improbable that even for such a proposal, signatories would not be found wanting.

- **THE BURDEN OF NEGATIVE AGREEMENT**

Despite the important amount to be distributed in the payroll, it clearly has to do with a bad agreement, but paradoxically, contrary to what

could be thought, this bad agreement for wage earners was for the company.

Socially and infact, during the merger, difficult exercise essentially (with reference to our recent article in AVASCOPE No.34) all approach aimed at developing motivation and engagement is welcome. To this effect, the agreement could have constituted a missed opportunity. The account of durable notions of development and indigenous socially responsible company will wait a bit It is regrettable and dangerous because it is through this lack of humanist vision that one puts aside less costly opportunities, economically, one can equally be examined on the pertinence of signed agreements, because having more open and more generous agreements would have permitted a more risky redistribution; the management of the group is certainly aware of this important fracture between the results of the group and the redistribution policy because December witnessed in all places, the blossoming of exceptional premiums. The wage earners will not complain. But the choice between wages and profit show a relative failure to recognise the cost of wages with regards to a collective redistribution of profit pattern. Consequently, the economic choice appears equally doubtful.

Strategically at last, when one knows that the wage earners choose the group placement shares, from more than 95%, one could then talk of lost opportunity to consolidate the capital as long as it is true that the waged shareholders constitute a faithful and protective shareholding. The increase in cost of capital for the company is quite less as at the time of reserved capital increase. (It is worth noting

meanwhile that the concerned populations are not identical, our foreign branch colleagues being generally excluded from collective redistribution agreements). The strategic reflection equally appears to be found wanting.

Finally, wanting to make a complement of remuneration from profit which is contrary to the basic concept and the legal writing on the subject in order to bring it to a general 13th month of (8%), equally shows a short sighted vision. It is quite difficult for some to increase; change scale and be detached from the payroll and for others, to integrate the opportunity cost and a new strategic vision. Quite a bad agreement in fact.

30th March, 2001

Gilles Renault

AVAS VICE PRESIDENT

THE “NER” LAW - THE FIRST IMPRESSIONS OF SHARE - HOLDING

By Pierre – Aenri Legoy – PROXINVEST MANAGER

The law project on the New Economic regulations (NER) requires a series of favourable legislative modifications for the accountable shareholder. Unfortunately, by reason of the efficacy of the institutions which most actively defend the company managers than their shareholders, certain measures tend to sensibly increase the powers of the latter at the detriment of the former as long as it is true that the social interest notion which is distinct from the interest of all the shareholders remains a welcome idea. We have noted below in the second readings of the approved text by significant advanced assembly for financial information and the management of the company on one hand, but we must make on the other hand, serious reserves for what concerns the effective powers of the shareholders in the general assembly.

- FINANCIAL INFORMATION NET PROGRESS

Among the salient law projects which must be acclaimed, let's observe the transparency of the shareholders conventions: all convention, thoughtful of some preferential transfer conditions or shares acquisition which were acceptable in negotiation on the controlled market and put down on at least 0.5% of the capital or the voting rights of the company that issued these shares, must be transferred in a fixed time limit by decree to the controlling authority of financial markets, which warrants the publicity. In the absence of transmission, the effects of this clause during public tenders are

suspended and the parties are withdrawn from their liabilities. Lets for sure, note the venue of the particular publication of “Remuneration of all nature invested during the exercise for each registered trustees”.

Lets recall here that the emoluments of some listed company managers make the object for little control by the administrators or subsidiarily by the shareholders, Because the published information on their remuneration is globalised. It is not generally legible, the companies do not follow the recommendation of the COB in this domain.

The socialist majority that wished to extend the individualised publication at 10 times higher remuneration in addition to that of the registered trustees as well as to the sell out shares on the securities and option by the representatives, fall in line with the most restrictive position of the senators who limit this order to only the remunerations of the sole registered trustees. For the options, a special report of accountable stewards will be established. This will bring in more accuracy if not legibility in the information given to the shareholders.

This special report proposed by the senate and approved by the Assembly, certified by the accountable stewards will not only cover the options from which the registered trustees, the 10 biggest beneficiaries and the 10 biggest operated subscriptions, benefited but also the number of shares bought by registered trustees.

The senate proposed and the Assembly approved the principle of publication in the annual information report. “In the manner of which the company takes into account the social and environmental consequences of its activities”.

The text credits a new information rights to the committee of companies during tender for stock and shares to the companies. 15 days following the publication of the operation note “the committee of company meets to conduct its examination in case of need on the audition of the author of the tender”. A future powers to regulation authority is reinforced with a new authority published information, by a through issuing and the possibility of ordering the person seeking redress to comply with legal dispositions, to put an end to the irregularity or to stop the effect. Let’s finally note the order of presentation of accounts consolidated to shareholders, and a possibility of better transferring of documents to shareholders through compulsion.

One can regret that the initial project objectives of ensuring a better rotation of accountable stewards was not approved. Likewise, the information of the companies on the identity of the principal shareholders remain very low whereas the early declarations which the order tends to generalize are practically never communicated to other shareholders.

- **LESS NECESSARY REFORM IN COMPANY MANAGEMENT**

The text, proposes some progress in regards to management with a decrease in maximum number of administrators or supervisory council members from 24 to 18 (above the maximum suggested by the AFG – ASFFI or VIENOT II) and mostly the accumulation of mandate of administrators or MCS from 8 to 5. The anonymous companies administrative council president with head quarters in

France is limited to 2 and that of the director general with branches in French territories is limited to 1. This control was not demanded by the shareholders because they, in principle have at their disposal some powers which enable them to better balance the composition of the councils.

One could ask why have the narrowing of these plural limitations to French territory whereas the availability of administrators would have been reserved all the more reason by the law for the interest of the French.

We are not sure that the tightening-up of control device of regulated conventions “direct intervening or by intermediary” will be enough to bring back all the conflict of interest at the decision of the shareholders particularly during transactions carried out by controlled branches, but the explicit appointment of the shareholder having at his disposal a fraction of voting rights higher than 50% is a good thing. One realizes that the responsibility of the president in the control of these conventions is reinforced since he is charged with collecting acknowledgement and communicating them if he finds it useful, to council members and to accountable stewards.

It will also be regretted that the law does not restrain with the control of accounts integrity, an integrity control of public tenders: It would be advisable with regards the use of share transfer signatures or foreign agreement to engage the initiator on the exhaustive representation of the transaction in the notices given to the public. Like Vienot 1 committee and the MEDEF in their first analysis, we do not share the interest shown by certain people for the disassociation of council chairmanship from the general management. The director general,

not the president and at times not even the administrator will completely be a performer. However, with all lawful responsibilities, while the new PCA which has all the powers on the council will have practically no responsibility by reason of the ungraceful formulation of article 113: “the general management of the company assumes under the responsibility of either the president of the administrative council or the director general”.

The precious duality of powers in the directory and supervisory council structures however seems reduced by the project (“the directory members or only the director general could be dismissed by the general assembly just as if the statute is anticipated by the supervisory council”).

Lets note in passing that, the useful voting venue for shareholders by internet and council meetings, by Visio conferences is hence forth validated except for nomination decisions and certification of accounts.

A NET SET-BACK IN POWERS OF SHAREHOLDERS IN THE ASSEMBLY

Article 132 which makes provision for the mandate is assigned only to an assembly and signed by stock and share representative of corporate body, made the voting participation of great foreign institutions difficult while the use of place consisted in annulling more often than not, the powers considered to be doubtful in this regard. The permanent mandate was not allowed for the shareholder’s vote. In regards to the penal risks associated with irregular votes in France, the Anglo-saxon shareholders decided to withdraw themselves. An

attribution of foreign votes was thus shown up there last years and was translated by some unexpected reports of extraordinary assemblies in 2000 (la FARGE, Pechiney, Essilor International). According to the statistics of Proxinvest the average rate of participation in voting has thus fallen from 50% to 46% in 2000.

We have therefore supported and hailed the applicable reform of rules as regards the vote of the shareholder which announced the representation of the shareholder by a registered intermediary. But why in the first place, must this representation be reserved for only foreign shareholders?

In a greater deception, the text doesn't in any way make provisions for the so called intermediaries to be able to vote on the basic account in line with sound delegations for several assemblies. A signature of the final owner of stock and shares remains quite insisted on each voting form or on a special ad-hoc mandate... The interest representation by a bank is therefore no longer seen.

Most serious finally, is the text which maintains the identification device of the shareholders to the stockholder through the process of stock and shares to the identifiable stockholder. It organizes an unjustified and dangerous powers of the president of the Assembly by reason of the knowledge of the quality of the shareholders; if the latter is not satisfied with the identity of a shareholder he will dispose in accordance with this text of new powers to investigate on the stock and shares of the stockholder on the registered securities as well as on new rights of inquiring on the corporate body that has 2.5% of its capital: this new device is in addition, associated with sanctions. The issuing could suspend the voting right and the payment of dividend of

the poorly identified person, and ask the tribunal up to 5 years deprivation of voting and dividend rights.

The imbalance which this new text proposes in favour of the active managers is therefore regrettable. It is not a fact that only foreign shareholders, who became reticent on the fact of judicial risks associate with vote in France, accept to vote in a system that credits such powers to the president over and above the normal powers of the office of the general assembly.

PROXINVEST

31st January, 2001.

“We are grateful to Pierre-Henri leroy for having authorized us to reproduce the above text” Bad weather for salaried shareholding.

LIFE OF THE ASSOCIATION

- CHANGE OF ADDRESS

Do not forget to send your change of address to AVAS, for many AVASCOPEs return undelivered in every publication. Thanks in advance. We are also asking our members having an e-mail address to indicate for a possible sending of mail.

We are also reminding all those who are yet to pay their subscription to do so as soon as possible (100.00 F or 15 Euros).

AVAS heard with sorrow the death of Mr. Gilbert Rutman, former Vice President of Society National Elf Aquitaine, and offer the family its most sincere condolences.

The General Assembly of AVAS was held on May 10, 2001 at Tour Coupole and it approved the list of administrators in the Board of Director, the minute of which will be out in the next AVASCOPE, publication.

The association AVAS thanks all the members of ADIAS for giving their voting forms to be represented in the general assembly of Totalfinaelf that was held on the 17 May 2001, at Palais de Congres, and also in the General Assembly of Sanofi Synthelabo held on May 22 at Carrousel of Louvre.

- **PRESS REVIEW**

The financial community considers France to be behind as regards salaried shareholding. A qualitative study shows that French financial analysts, investors and financial journalists are favourable to the development of salaried shareholding, the advantages getting an upper hand of the inconveniences, not only for the wage-earner but also for the company. The distribution of salaried shareholding is uneven in France in as much as the phenomenon is confined to private companies, to quoted large scale companies as well as to management staff. The new legislation on salary savings will enable the extension of its advantages to majority of salary earners and to lengthen the duration of the plans. So salary savings is bound to be developed. People's opinions sampled on the matter prefer an increase of reserved capital and fee allocations rather than the allocation of stock-options. (Philippe Guillaume-The Echoes 21/02/2001)

- **Salaried shareholding, a feature of social Europe.**

The view of Chantal Comunel, Representative of the observatory of salaried shareholding in Europe, former member of College de la (COB) Salaried shareholding is located in the process of capital opening of a company quoted or not, proposed to the company of salary earners and the latter freely becomes member whereof.

Its development experiences, a sustained pace in France for some years, and the movement will probably be amplified. French companies are in fact convinced. The financial community is in favour

of the salaried shareholding. It is what emerges from the survey carried out in November, 2000 by the observatory of the salaried shareholding in Europe and Euronext, with the support of Sofres in five countries of Europe. They identify the salaried shareholding to be an especially management device which creates a double dynamics of motivation, customer loyalty, sharing out of created value and social cohesion.

The Europe Financial Community is in Favour of the Presence of Wage Earner in the Money Capital of Companies.

At the time when some countries like German or Belgium are enacting new legislations and others like Portugal or Italy have started to show a particular interest to in it. It seems that the salaried shareholding is likely to anchor durably in the European economic and social reality. Chantal cumunel-The Echoes 26.02/2001.

- **Salaried Shareholding: Future Hope or Illusion.**

The rise of salaried shareholding constitutes a major evolution for companies and capitalism. However, it does not go free of some problems. There have never been as many workers shareholders of their company in the world.

Four strong movements have recently developed the salaried shareholding. Salary savings especially when it is aimed at financing retirement; privatisation, multiplication of start-up globalisation of companies, shareholding fits into the terms. Shareholding compels employers to communicate by creating often a management / shareholders relationship. But the main question is to know whether

salariated shareholding has a future. Is it only an effect of fashion or are we really in presence of great evolution that is set to become gradually a norm? The spectacular increase of the stock exchange has shareholding. But what will remain when the exuberance of financial market would have calmed down.... (Pierre MARECHAL – Economic Problems, No 2704/2705, 14-21 March 2001).

- **Survey on the Stock-Options and Salaried Shareholding.**

The stock-option and salariated share holding have been developed these recent years but remains a statistically unknown phenomenon. The data we are publishing show that the holders of stock-option in companies quoted in CAC 40 could reach nearly forty thousand. They may hope to realise an average profit of 1.3 million Francs. On their own side, workers share-holders own a patrimony of nearly 100,000 Francs in title in their companies. Profits depend on the good behaviour of shares in the stock market, but it can only be cashed after five years. To compensate the fall in the price, many companies will now share stock-options by way of subscription to compensate the workers. (Adrien de Tricornot – le Monde 04 and 05/03/ 2001).

Merger – Acquisition: Knowing How to Manage The Link

(or Connection)

After the merger of two companies, it remains to ensure the success of the link-an important process that necessitates the quick taking of a lot of precautions to avoid a conflict with disastrous consequences. A merger on a takeover can be an opportunity for a company, but it is also a risk, badly negotiated, a merger is potentially a source of

conflicts. The conflict of culture can even be brutal enough. The human resources management becomes also an essential point. If we sometimes hear talking about mergers and results coming there from, seldom do we hear about badly managed connection news and dysfunction in the midst of newly merged companies. After a merger, there is always a period wherein the body of collaborators is destabilised. It is thus paramount that collaborators of both entities see the reality of the group being constructed and reduced to the minimum, the phase of uncertainty (says Jean Pierre Gaben of Mercer Management Consulting).

Company Governance. The president of the American Pension funds Calpers expresses his view on ethics.

Bill Crist, Chairman of Calpers, the biggest American Pension Funds which manages about 165 billions dollars (20 per cent of which are invested outside the United stated), is confident in the rebound of shares. He underlines the progress in transparency of European groups. The evolution of company Governance improves though slowly but surely. There are more independent administrators in the boards, and crossed participations are unbuckling progressively. There is also a great transparency on salaries and on stock- options for example. The Funds managers are asking above all for a standardisation of international accounting norms.

- **ETHIC INVESTMENT: PROFESSIONALS ORGANISE
THEMSELVES**

French people seem to be seduced by the concept of useful investment according to a survey organised by sofres in January, 77 percent of shareholders think that it is important to be able to invest in companies that behave themselves in a responsible manner. In the eyes of French managers, the extension of salary savings and the set up of retirement reserved funds constitute the two vectors of development of the socially responsible investment (Muriel MOTTE – Le Figaro 09/03/2001).

- **THE SIZE OF ETHIC FUNDS HAS MORE THAN DOUBLED
IN TWO YEARS.**

“The “Social responsible funds “ have reached an outstanding discounted bills of 772.2 millions euro in France year in 2000 ending. This development has been boosted by a distribution in the mass networks. The forum for responsible investment (FRI) has analysed the results of a survey carried out together with the Agency Terra Nova (on the development and the perspectives of socially responsible funds, well-known under the label of “ Ethic Funds”).

The forum for responsible investment notices a real emergence of this type of funds. A Strong tendency towards investment in shares directed towards euro zone and the international. There are five main profiles of investments: Ethics funds, respecting a system of values peculiar to their bearers, specific orientation funds, stock funds and funds for capital development.

Above all funds centred on long term development (47 percent of the expenses followed by stock funds that bear the growth of socially responsible investment. Managers reckon more with the extension of salary savings and the putting in place the reserve funds for retirement for developing the socially responsible investment. (Renaud MARIDET – LA TRIBUNE DES MARCHES 09/03/2001).

- **SIGNING OF THE AGREEMENT SETTING UP THE EUROPEAN COMMITTEE TOTALFINAELF.**

On the 20 March, was signed in Paris between the Management of TOTALFINAELF and the organisations representative of personnel, an agreement setting up the European Committee of the Group. This agreement signed with European Trade Union Organisations of Chemistry and energy (EMCEF, FECCIA, FECER) and the French organisations, CFDT, CGT, CFE, CGC, CGT/FO, specifies the missions, composition and the modalities of operation of the body.

The main purpose of the European Committee is to enable an information and exchange of views between the Management and the representatives of personnel on the following.

- The Group strategy and its competitive position.
- The social, economic and financial situation.
- The development of employment, transfer of activities, possible changes of structures.
- Environment protection, community policies in the area of security.

The European Committee meets once yearly and comprises fifty (50) representatives of personnel from countries of the European Union

and the European Economic space where the group is mainly established.

A liaison bureau made up of 12 members ensures the permanence of the committee. This agreement marks an important step in the construction of social grounding of the group which is a product of a merger between totalfina and Elf Aquitaine. The numbers of its European subsidiary companies represent almost 70% of the body of the group collaborators.

The first meeting of the European Council would take place before the end of the year 2001. (LACOM NEWS 21 MARCH 2001).

**- THE EMPLOYERS FAIR-PLAY (AND OTHERS)
SHAREHOLDERS ARE MORE AND MORE DEMANDING
TOWARDS COMPANY MANAGERS.**

The expansion publishes the result of Deminor work that screened 300 main companies for more than 200 indicators of corporate governance (the total ranking is available in our website: **www.expansion.com**).

“The wave of hostile OPA of 1999 has provoked instinctive fear on the part of company managers who started building new strongholds” submits Jean Aymon Massie Member of the International Corporate Governance Network (O.C.G.N.), (J.B JACQUIN, The Expansion No. 642,29-11/02/2001).

- SALARY SAVINGS: A METHOD THAT YIELDS.

The new legislation on salary savings has finally been adopted in February 2001, but a lot remain undone. Different methods are proposed to workers. Profit participation profit sharing but also

eventually on the PEE, wealth that is, an extra bonus paid by the employer in case of voluntary payment by the worker, these payments (except in the case of CSG) are exonerated from social taxes. The Profit sharing is taxed like a salary if it is received directly and not invested in a P.E.E .

In such situation one must make use of his P.E.E and invest therein his personal savings, (.J.F. filliatre; Salary savings file. The Tribune, 30 March 2001).

BAD WEATHER FOR SALARIED SHAREHOLDING

One cannot stop progress, it is often said yes indeed, but which progress are we talking about. It seems that on such a topic, like any other one, each person defines it to suit his own interests.

Pressure now exercised by financial analysts under the impetus of powerful associations of shareholders and other investment funds to raise the return on money invested goes always against the very interests of the company and especially of workers. How often have we not read these days that the accurate realisation of budgetary objectives planned, led to the fall of shares price because the analysts anticipated higher results.

It is therefore right to ask in these conditions, to what extent will the increase of the capital and the return get whereas the company is in difficulty, that its technical development as well as economic development give satisfaction that the social climate is reliable.

To what extent can a management go into the buying / destruction of shares to the retirement of basic investments

In this race of return, some do not stop at externalising ... activities considered to be secondary, one does not display only a reorientation of basic job. We arrive at giving out key activities under the pretext that their sale can provide great amount of money and get along in a short term. (Is that not the policy of a company like Bull?).

At this level, lost of jobs appear to be the key factor of a more financial than industrial regulation, which sacrifices the long-term to the advantage of immediate gain. Scarcities observed recently in the production of electricity in California and Gas in the United States are mainly doubt the first consequences of such policy.

In this rather explosive situation a third intervener raises gradually his voice, the consumer orchestrated by what is newly known as a serious dictatorship of hypermarket. This new requirement of the market is torn between an incessant demand to cut down the price, which is the basis of consumption growth and a growing concern for quality through the emergence precautionary principle.

This last tendency today is particularly visible in the farm- produce industry, but it also sweats profusely over the protection of the environment notably by a constant quest for more quality in petroleum products. And in all that what will shareholding become? Does it not stand the chance of being eroded by the two conflicting forces? How could it avoid to be, with its company as the victim of this bad weather (conditions). At this point in time that the government is putting in place, the structures concerning it, however without consulting it, can its voice be heard?

Is it not basically the pivot around which the indispensable equilibrium of objectives and purpose of the company can be restored, like it is been recognised today by the ethic funds that more often use salaried shareholding as one of the criteria for selecting their portfolio.

“The more workers are interested in capital, writes, J.M. Messier reporting the opinion of American funds, the more they (shareholders) have a guaranty of good Governance” because continues the master of Vivendi “Nowadays the new social treaty can only rest on an association of capital workers” and to talk of a capitalism of sharing.... Salaried shareholding can be an instrument of renewal of social contract, of equitable sharing of created wealth, of membership ad for motivation for the future...

To succeed, there will be increasing and better need to the listen to workers, the consumers and citizens”. “The holding of shares creates ties, gives a sense of belonging, Pierre Marechal notes.

*Conversely a low adherence of workers will be an expansion of discomfort. Salaried shareholding is thus a form of social barometer.

One could not be clearer than this. (the letter of Bernard Brunhes consultants Group No. 42, June 200. Economic problems No2704/2705, 14 - 21march 2001).

Alari Pervodon March 2001.

* J.M. Messier –16m .com -

Hachette

** Perre Marechal – original
article:

“Salaried shareholding: a way forward or illusion”.

SAVING PLAN OF ELF AQUITAINE GROUP

Common Funds		Cash Value at
Investment:	31/12/2000	25/05/2001
	In Euros	In Euros
ELF SHARE TOTAL FINA	158.44	176.17
SANOFI – SYNTHELABO	61.53	72.37
DIVERSIFIED VALUES	135.5	130.54
DEBENTURE	105	105.43

SHAREHOLDING PLAN

For Memory:		SHARE ACQUIRED BY WORKER PURCHASE PRICE	
		In French Francs	In Euros
Increase in capital	1992	336.43	51.29
Privatisation	1994	308.00	46.29
Increase in capital	1996	280.20	42.72
Increase in capital	1997	551.20	84.03
Increase in capital	1999	606.76	92.50

The last division of Elf share was in November 1990.

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- **SUMMARY NO 35.**

PG1: **Editorial:** Success the merger for the survival of Firms

2 - 3 A COP that gives less corn - membership form

4 - 5 The “NER” the first impressions of shareholding

6 Bad weather for the salaried shareholding

7 – 8 Life of the association - Press Review.