GLOBAL CONFERENCE ON CORPORATE GOVERNANCE

2nd panel discussion :

"Social issues in Corporate Governance – the role of the stakeholders"

"The 3 stages of the profit-sharing process in France, the creation of employee share ownership and association, like AVAS, to represent them…"

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Ladies and Gentlemen,

I am very happy to be received at the global center of the Southern Connecticut State University's School of Business.I wish to thank Dr Stephen Davis president of Davis Global Advisors and conference chairman for his invitation to participate at this panel.
I would like to present to this assembly the "3 stages of the profit sharing process in France and the creation of employee ownership & association to represent them like AVAS TotalFinaElf Group.
This process has enabled the employees of many French companies to become stakeholders alongside institutional shareholders, the state, and other investors, and be involved in important issues related to corporate governance. Elf, the company I've worked for during 34 years with employees detaining almost 5 % of the capital, was a good example of that involvement
For many employees, the employee profit-sharing and savings schemes represent an important "nest egg" and make up a considerable percentage of their income (between 3 to 5 time of their annual income).
The all-employee savings plan is considered as the "last tax paradise" in France.
The amount of all french company employee savings plan would be about USD 50 billion at the end of 1999
As far as TotalFinaElf Group is concerned, the amount would be USD 4 billion, owned by 70 % among the 130,000 employees.

I have provided to you a text of my speach in two parts :
*1. **THE FIRST PART** concerns the 3 stages of the profit-sharing process in France*
- This has enabled the constitution of considerable employee savings in the short term and will in the future enable long term savings towards additional retirement income.
- It has also led to the creation of Employee Share Ownership and Associations of Employee Shareholders to represent them.
*2. **THE SECOND PART** concerns the political and social aims of the EAES.*
- In the European context; this covers the evolution of profit-sharing in the EURO zone countries and economic changes in Europe and the goals and missions of the EAES.

FIRST PART

"THE 3 STAGES OF THE PROFIT-SHARING PROCESS *IN FRANCE"*

The concepts of "participation" and employee share ownership in France are closely linked. These 2 expressions which "anglophones" call Employee Share Ownership Plan (ESOP) have the same goal;

- · Participation under different aspects (participation in profits, participation in the management and strategy of the company) is an **aim**.

- · EMPLOYEE SHARE OWNERSHIP is a **decisive step** in reaching this aim.

Allow me to explain them briefly, as they are at the origin of the French initiative to set up a European Association of Employee Shareholders.

The French model of profit-sharing was adopted 40 years ago at the demand of General de Gaulle who introduced by an edict issued on January 7, 1959 "a contractual system of worker participation in company profits". An edict issued on August 17th, 1967 confirmed that "the participation in the profits of the company is a recognised right in all companies employing more than 100 workers".
This was the defined objective which was taken by other European countries and adapted according to the national culture and to economic and social realities.

I would like to remind you that the introduction of profit-sharing began in the United Kingdom after the world war II , under the impetus of the Californian economist Louis KELSO, author of the "Capitalist Manifesto"; published in 1958.
In the same period, the first edicts of General de Gaulle in France were issued.

The PEPPER REPORT I and II works towards this, slowly but surely, in the EURO zone countries. In his study, entitled "the framework of Employee Participation for a new social Europe" Professor ROGGEMANN analysed the transformation process currently in progress.
I would differentiate 3 stages in the development of profit-sharing and, consequently, in the resulting Employee Share Ownership:

- · **1st stage: 1960-1986, participation in results**
- · **2nd stage: 1986-1998 participation in capital**
- · **3rd stage: From 1998 onwards, participation in decision-making**

THE FIRST **STAGE**
« EMPLOYEE PROFIT SHARING »

In the first stage, between 1960 and 1986, profit sharing was developed further with a series of laws implemented by employers, employee working parties and trade unions.

- · ***The ordinance dated January 17, 1959*** setting up a contractual association or participation scheme for company workers.
- · ***The ordinance dated August 17, 1967*** stated that sharing the fruits of success of the company is a right vested in very employee and provided for the setting up a compulsory scheme for companies employing more that 100 individuals.
- · ***The law dated December 27, 1973*** supplemented these provisions.

This profit sharing structure took **3 forms (slide #1)** :

1. an annual employee profit sharing : it is a way to redistribute to the employees part of the company's profit

2. **2. An annual all employee incentive premium (the premium is calculated on the company's results and on the employees performances)**
3. **3. in addition, an annual employer matching contribution (matching shares) is allocated to the employee if he invests exclusively in his company's shares. It can also be described as a company saving schemed made up of investments funds collecting annual employee contributions blocked for a 5 years period but tax free.**

- · **The PEPPER REPORT** came out at this preliminary stage: a lot of European countries that had adopted the first solution, a share in the firm annual profits, didn't go beyond this stage.
- · **In France,** a great number of companies did not go beyond this first stage either because share capital was not offered to employees at each capital increase or free share issue, or simply because in the case of private or family run firms, company directors did not wish employees to have a stake in the capital of the company.

In France, by the end of 1994, 17,500 companies employing 4,7 million individuals had entered into a profit sharing agreement. 6 out of 10 of these companies had sufficient profits to be able to provide for the 1994 financial year payable in 1995 :

- · by way of annual profit sharing, 17,6 billion FRF were shared out amongst 3,2 million employees, that is to say an average of 5,500 FRF per employee.
- · Under the bonus and top up scheme, 9,4 billion FRF were paid out to 2,1 million employees, that is to say, an average amount of 4,500 FRF per employee.

At **ELF AQUITAINE,** annual profit sharing was implemented as early as 1968. President Guillaumat, founder of the company was a former minister of General de Gaulle. During this period, we saw the value of the Elf shares climb from 400 FRF to 1,500 FRF.

In today's terms, I reckon that the overall amount of this profit share, i.e. that is part of invested in shares (bearing in mind that a part remained invested in interest bearing blocked accounts in the company, and another part in bonds) did not exceed 1% of the share capital.

The Group was a state owned enterprise, with the State owning 70% of the capital, with negotiations taking place between employee representatives (the unions) and general management representatives (personnel and finance departments). Management took a keen interest in the framework which emerged as there were considerable financial benefits to be gained on the one hand and the proposals provided a strong incentive to staff and encouraged staff efficiency.
Such profit sharing was seen to be an instrument in the wages policy in most French companies.

THE SECOND STAGE

"THE HOLDING OF SHARES BY EMPLOYEES"

The privatisation program of major French companies set in motion in 1986, boosted employee share holding schemes (slide #2).

On this occasion, employees were able to subscribe to 10% of the privatised capital on very favourable terms:

- · 10% discount, interest free payments spread over 12 to 18 months,
- · capital gains exemption but subject to a five year share holding lock-in with respect to shares subscribed for pursuant to a specially designed enterprise share savings scheme.

As a result of employees holding shares in major privatised French companies as early as 1986, employee savings were immediately doubled or trebled. The percentage of shares held by employees and retired employees in their company leapt from 1% to 5% at Elf, and from 7% to 10% in banks or smaller industrial companies. At the same time, State withdrawal from such companies brought strong growth in their stock market capitalisation value, together with a strong increase in the value of employee savings.

During this second stage, a special legislation was voted :

- · ***Laws dated July 2nd and August 6t,h 1986 relating to the implementation of privatisation program.***
- · ***The ordinance dated 21st October 1986, relating to employee bonus, profit sharing and share holding schemes.*** Company saving schemes became the main vector for employee share holding with tax breaks for employees and companies being significantly enhanced. For the first time, the term ***"Employee Share Ownership"*** was used.
- · ***The privatisation law dated July 19, 1993*** relating to 21 major French companies (manufacturing, banks and insurance companies, including Elf, BNP, Rhone Poulenc, Usinor Sacilor, AGF, UAP) and the creation of a ***"Golden Share"*** for the State.
- · ***At the same time, a law dated 23rd December 1988*** set forth the framework for common investment funds, the purpose of which was to shelter shares subscribed for on privatisation and

managed by the supervisory board which itself either exercised the voting rights attached to the shares (article 20), or returned them to shareholders (article 21).

- · The supervisory Board is made up on an equal basis of trade union representatives elected by staff and representatives from general management. This is the situation at Elf and in other companies. The chairman of the supervisory boar, a trade unionist, can in this manner gain a seat on the Board of the company (after being elected by the shareholders general assembly).

Between 1989 and 1992, **AVAS actively promoted the return of the right to vote** to employed shareholders to enable them to vote at General Assemblies and to feel more like shareholders rather than employees.

At Elf Aquitaine privatisation was implemented in two stages: October 1986 and February 1994.

◆ **The first stage of the privatisation** – October 1986: 10% of the share capital was made available and employees were entitled to subscribe for 10% of the 10% i.e. 1% of the capital. 15,500 employees (out of 80,000) subscribed for 1,3 million shares at a price of 275 FRF (after benefiting from a 10% discount).

In October 1987, the Wall Street crash caused the share to plummet below this level. Employee shareholders maintained their confidence below this level. Employee shareholders maintained their confidence and the share value climbed quickly back up to more than 500 FRF (in 1989).
The nominal value of each share was split in 2 in November 1990.

Each saver has after a 5 years block period seen the value of his initial investment increase 4 hold. Our share of the total capital (of round 247 million shares) then exceed 2% representing around 5 million shares.
However, withdrawals from the company share scheme (the end of the 5 year block, early retirement as a result of restructuring) had a disturbing effect upon the percentage of the capital held.

To maintain a significant level of employee share ownership and make up for state withdrawal, AVAS has striven to promote a two yearly capital increases reserved for employees equal to 1%, on the same terms as the initial privatisation (discount, credit terms and five year block in a savings scheme).
We had to convince the Chairman, the personnel department, the minister of finance and the stock Exchange Commission of the benefits of such a scheme.
Lobbying such is a good example of the benefits which can derived from an employee shareholder association. At the time, 1% of Elf's capital had a value of 1 billion francs, which constitutes a very significant investment!

Accordingly, three successive capital increases reserved for employees (present and retired) set up:

- · **June 1992** : 1.5 million shares (discount 10%, 50% top up on the amount paid by the employee, capped at 3,000FRF, with payments spread over 12 months with interest free salary deductions).
- · **March 1996**: 2 million shares (20% but no top up).
- · **December 1997** : 1.5 million shares (20% discount) were subscribed for by 25,000 employees, present and past, with a wider international participation.

◆ **Meanwhile the second Elf privatisation** was implemented in February 1994 and the state which had held 70% of the capital, thereafter accounted for only 0,5% but it also held the Golden share. The impact of the stable group of French institutional investors was reduced significantly and **employee shareholders became the largest single shareholder in the company with 5% of the capital.**

The 1994 privatisation made 73,000 employees shareholders: 65,000 French and Foreign current employees and 8,000 retired employees. Out of a total of 12 million shares, employees accounted for 700 000 million shares (with a 20% discount on the public price, with payments spread over a period of 24 months and with an allocation of 20 free shares for 46 purchased and held for 3 years).

This was an excellent deal for the employee shareholders and significantly enhanced their shareholdings which when calculated as at 31 December 1998 was approximately 13 million shares (5% of the capital) and were held in the company's savings schemes.

Today, in the new group Elf TOTALFINA, the 130,000 employee shareholders should hold at least 23 million shares, that is to say 3% of the total capital of the new group (700 million shares) with a value of 20 billion FRF. **Accordingly, employee savings are currently worth 20 billion FRF.**

What stance did Elf's management and trade unions take during this period ?

1. THE TRADE UNION ORGANISATIONS were at first against privatisation (they considered that privatisation was tantamount to treason) and they remained silent and away from the negotiations. They were in a confused state about this change where employees became capitalists.
A NEW BODY WAS BOUGHT INTO EXISTENCE: THE PRESENT AND PAST EMPLOYEES SHAREHOLDER ASSOCIATION – being a new representative body, long awaited by management and the principal central service units (personnel and finance departments) and the Public Authorities.

AVAS was founded in the group Elf in 1986. It is a voluntary association as the decision to buy shares is a voluntary action. It has served as a model to 17 shareholder associations which were subsequently created in France on the privatisation of major French groups. We will come back to this later on.

2. **Senior Management** was mobilised and transformed into messengers for the benefits of privatisation throughout the group. This method worked well. Management was enthralled by the possibility to purchase a maximum number of shares and in securing an excellent deal.
After privatisation, Elf developed a policy attributing stock options to senior managers and the list of beneficiaries gradually grew. Criteria of individual performance were laid down for the attribution of stock options.
The management rallied to this new dimension of the company, to its new relationships in the Group which had grown considerably and taken on an international dimension.
The senior managers were conscious of the growing power of Employee Shareholders and began to join Employee Share ownership associations in France. This was particularly the case at Elf.

This is all very well but much remains to be done to ensure that Employee Share Ownership is fully taken into account and that our demands are satisfied both in respect of participation in the management of the company and participation in strategic decisions.

THIRD STAGE

"PARTICIPATION IN DECISIONS"

This is the natural consequence of employee participation in capital. It is a logical and ineluctable evolution. However, it is hard to have it accepted by the French Employer Association (MEDEF), by the managing elite of the state, and by traditionalist heads of companies.
This is the next stage which should be accomplished during the course of the next ten years.
But 30 years ago, in the spirit of the writers of the 1967 ordinance, participation was only the first level of the rocket; they thought that these financial advantages would lead to a second level, that was for employees a chance to purchase shares in the company, and only then reach the third and last step of the rocket : access to information, sitting on the board of directors and participate to the strategy and management of the company.

The employee shareholder does not become a "capitalist", but a co-owner of his company; it is a status that gives him rights but also obligations.

Professor ROGGEMANN has used the words “entrepreneurial codetermination”, an expression that has recently been used by the chairman of the company Bull who presented the employed shareholders as “co-entrepreneurs”.
But there is still lots to be done in companies as participation is still often considered as an ordinary instrument of pay policy.
Yet, it represents an amount of USD 50 billion in Dec. 1999.

A debate was started in 1999 at the French parliament on the evolution of profit sharing and the setting up of pension funds “à la française”. I will answer to your questions on this topic, but I would like to remind that we have to make the difference between 2 savings types.

The employees save in order to prepare an additional retirement income has a long term objective (10 years and more); this employee savings is invested in various values and not only in the company’s shares for security reasons(slide #3).

But the employee will still have to make an additional savings effort and the company will become tomorrow a huge centre where savings are collected in competition with the bankers and the insurers!

There are many privatisation programs in France (Thomson, Crédit Lyonnais, Aérospatiale…)….like in the rest of Europe, Italy, Portugal, and Germany. They happen in all the countries where the State needs to disengage themselves of the capital of state owned companies in order to reduce its and in order to satisfy the Maastricht criteria. It is the case for the countries of the EURO zone, but it also applies to the eastern European countries who will join the EC in the next few years.

There are in France 700,000 employees who are shareholders of their companies, 1 million in Germany, and about 1,500, 000 in United Kingdom.

In France, the associations are non profit and they are governed by a 1901 law. AVAS was founded 13 years ago and has driven the founding of associations in 17 companies. AVAS has 3,500 members and sympathisers. These 18 companies regroup more than 500,000 employed shareholders and the market capitalisation of their savings can be evaluated at an amount approaching USD 20 billion.

When the **Trade Unions** were forced to the conclusion that they were backward on this topic, they have started to press on and plead in favour of share ownership, and also pension funds, so that they could catch up.

They wanted to negotiate in the name of the employed shareholders, but the associations of employed shareholders have made sure that their area of competence has been preserved.

In Elf, the Trade unions are represented on the board of directors by 2 representatives who are elected (by all the staff) for a period of 6 years : 1 is a representative of the employees, and the other is a representative of the management. Since last year, a representative of the employed shareholders has sit in the director board (he is member of the board of AVAS) and was elected during the general assembly.

Today, we can establish a positive evaluation of the situation within the French companies.

The 3rd stage of participation : involvement in corporate decision-making; it is the corollary of capital participation. It is going to be the challenge of the next decade.

This passage onto the 3rd step is already well under way. It will be accelerated and made easier by (1)new law texts (the reform of corporate law), (2)by recommendations made by the European Commission (a project of a new European society is under way), and in a quite innovative way by the principles of corporate governance. All the listed companies will have to respect those principles in order to preserve their shareholders’ trust.

Under the influence of Anglo-Saxon pension funds (they were obliged to do so by the US laws which forced them to exercise their responsibilities as shareholders), principles of good practice have been drawn up. They have been adopted progressively by the French companies since 1997. These principles mainly require :

- · Transparent and truthful accounting
- · Independent and accountable directors
- · High-calibre and effective worker and employer representatives
- · All shareholders must receive respect and regular information
- · Clear, well-conceived strategies with a long term business vision focused on core skills
- · Motivated, innovative and productive employees. This implies that a strong, motivated and organised group of employed shareholders is an asset for the company.
- · Acknowledgement of the key role of the general meeting of shareholders

These shareholders are long term investors (they invest generally 25 years in a company).
In return, they demand to know if their money is being well managed, that the company is achieving sustainable growth, and how the share will behave on a long term period.
The employed shareholders are also long term investors. Both advocate a long term strategy geared to investment which will create jobs and secure competitiveness and sustainability.
The co-operation between these 2 categories of shareholders will led us to step over the 3rd stage.
The guardians of the principles of corporate governance are the members of the ICGN that was founded in 1995 by William B. CRIST, chairman of CALPERS.
The network assets value is worth today 6 trillion of US$.

Within Elf, the principles that were recommended by a French report written by Marc VIENOT have been applied since 1996.

But there is still a lot of progress to be made concerning the change of mentalities and behaviours. The passage from the public sector to the private sector is still recent thing for many companies, as well as for the men who are its main wealth (richness).

It is only at this stage that participation will begin to change the individuals working in a company : if they feel co-owners, responsible, bound, the employees will also be more motivated and feel and inclined to innovate, surpass themselves during a negotiation, the execution or the running of a project, respect the terms of a contract imposed by the client.

Individuals will be willing to ask themselves every morning : “what can I do to improve my company’s competitiveness and increase the value of my savings!!”.

Lastly, due to the vigilant presence of share ownership, which is a necessary counterweight to the other institutional shareholders, we can hope that within the companies the primacy of human factor will be restored upon the economic and financial factor.

SECOND PART

THE POLITICAL AND SOCIAL GOALS OF THE AEAS IN A EUROPEAN CONTEXT:

EVOLUTION OF THE PARTICIPATION IN THE COUNTRIES OF THE EURO ZONE AND THE ECONOMIC CHANGES IN EUROPE

Mergers and acquisitions between companies are a new challenge for Employee Share Ownership. Participation could be an answer to social Europe. The adoption of Participation in most EC countries was slow and has been balance.
Employee Share Ownership which is born (developed) in these countries has to answer to a new challenge : **how can it counterbalance the increasing power of the institutional shareholders?**
The institutional shareholders control today between 75% and 80% of the capital of the listed companies (notably those who make up the national share index DAX, FOOTSE, CAC 40, EURO 50)
The EURO Zone which has become the domestic market, will lead to a necessary recombining of the 3 following fabrics : industrial, banking, and service.
The selection has become severe : in Italy for instance, out of the 8 or 10 banks that are in competition, one can assume that there will be only 2 or 3 big banks at the end of this change. These banks will become later on cross-border by reaching into partnership agreements with the Spanish groups HBS or BBV.

Germany gave the example of concentration in the European sector of telecommunication.
The merger between ELF and TOTALFINA is the beginning of concentrations in the energy sector.
Also, the sector of aeronautic and military industry is going through turmoil; it is concentrating, merging in order to take up the challenge of globalisation and conquer planetary market shares.

This wave of mergers of European companies is likely to cause job losses, especially unqualified or jobs or where there are superfluous staff.
It is the "economic horror" announced by Viviane FORRESTER in her presageful book.
In this context, social Europe becomes a reality. If politicians, "social partners", company heads, those in charge of Employee Shareholder Associations, universities, do not anticipate events in order to bring a concrete reply, social Europe will blow up in our faces like a time bomb or a landmine.

2. GOALS AND MISSIONS OF EAES

The idea of creating a European Association came to me during a symposium at the Elf Tower in May 1977 with Senator Philippe Marini and Philippe Jaffré, the Chairman of Elf. The subject was the modernisation of company law. I launched this idea in the financial press, in particular in an article entitled "towards a European Association or Federation of Employee Shareholders" published in the AGEFI on May 23rd, 1997.
On May 6th, 1999, after a period of observation, contacts and unfruitful attempts, we succeeded in setting up EAES whose statutes were registered and published in Belgium.
There are 12 founder members and the Executive Office consists of 13 members.
At the last meeting of the Board of Directors (18 members) which took place in Paris at the beginning of October, the aims of EAES were confirmed and 2 priority lines of action were proposed for the year 2000.

EAES HAS 3 MAIN GOALS

- **1rst Goal :**

TO INFLUENCE THE EUROPEAN AUTHORITIES: ON THE ONE HAND, THE EUROPEAN COMMISSION AND, ON THE OTHER HAND, THE EUROPEAN PARLIAMENT with the aim of making official in the texts the status, the role and the means of action of national associations, sometimes grouped into national federations, clubs or institutes which co-ordinate their activities.

The imminent adoption of the statutes of the European limited company is a good time to integrate the status of minority shareholders and, by this means, that of Employee Shareholder Associations.

- **We recommend that the European Commission set up a European Profit-sharing Research Institute.** It would in particular be responsible for measuring the progress made, for ensuring the fair enforcement of the PEPPER II proposals, making recommendations to the Commission, and enabling the different players, economic and social "partners" to meet with a positive attitude.

This institute would be a meeting place for the four parties involved: trade union representatives, employers' organisations, the European Commission and the Employee Shareholder Associations and organisations grouped within EAES.

From now on, dialogue, reflection, and decision must take this reality into account: Employee and Pensioner Shareholder Associations are now on the same footing as the Employers and the trade unions.

- **we have proposed to the European Commission, in particular the DG V that the EAES experts should take part in the working groups** created by the different directors-general of the European Commission. This will enable us to participate in a decisive manner in drawing up the proposals which will be made in a green or white paper resulting in recommendations or directives.

Let us cite as an example the DAVIGNON commission, working groups for the "fostering of effective dialogue at community level", working groups for the convention of organised non-trading companies, committees for sector-based dialogue, consultative committees...

- - social dialogue on a European level has already made notable progress and the social chapter integrated in the body of Treaty of AMSTERDAM gives considerable powers and responsibilities to the "social partners". EAES wishes to be part of it.

◆ **2nd Goal** :

TO EXPAND in all the countries of the European Union, and **PROVIDE THEM WITHTHE KNOW-HOW** of the long-standing associations.

- **TO EXCHANGE EXPERIENCE IN ORDER TO TAKE INTO ACCOUNT THE RESOURCES OF EACH COUNTRY,** and also local characteristics, institutional constraints, mentalities and individual needs.
- - **TO SET UP A CENTRE FOR EXCHANGING INFORMATION ON LEGISLATION AND MODES FOR ENFORCEMENT OF FINANCIAL PARTICIPATION AND PARTICIPATION IN DECISIONS.**

FOR US, PROFIT-SHARING IS THE ANSWER TO "SOCIAL" EUROPE.

EAES has the support of the European Commission (to be precise, the support of the DG V) and of the European Parliament (Mme Hermange, reporter of the PEPPER II report and vice-president of the Social Affairs Commission).

◆ **3rd Goal :**

TO DEVELOP EMPLOYEE SHARE OWNERSHIP IN EUROPEAN COMPANIES, in particular, when companies are privatised and to create Employee Shareholder Associations, first of all in the 15 countries of the European Union and secondly in the countries of Eastern Europe who are likely to joint the European Union within the next 4 to 5 years.

Special attention should be given to the development of profit-sharing schemes and Employee Share Ownership in small and medium-sized cross-border companies whose development will be facilitated by the future statutes of Private European Companies.

As President of EAES, I am convinced that in working to achieve these 3 goals, EAES will actively contribute to the construction of a social Europe, to changing mentalities, to harmonising skills, to integrating multi-cultural teams in companies, to creating jobs, to restoring the pre-eminence of the human factor over the economic and financial factors in the minds of company heads, Governments and shareholders.

EAES HAS SET ITSELF 2 PRIORITY MISSIONS FOR THE YEAR 2000

1. to select in each country of the European Union experts in Employee Share Ownership, in financial and institutional profit-sharing at company level (multinational but also small and medium-sized companies).

- **and propose that these expert-members of EAES** join the working groups organised by the European Commission with a view to fostering effective dialogue at community level and community legislation in order to encourage the development of Employee Share Ownership and Profit-sharing.

2. to conceive and carry out a training programme with the financial aid of companies, organisation, local communities which support EAES. This programme will be aimed at Human Resources Managers of companies, those responsible for Employee Shareholder Associations or of ESOPs or associations based on other legal formats, those responsible for supervisory boards of company savings schemes, employee representatives on company Boards of Directors.

Company Directors are in favour of the EAES goals, they are ready to help it fulfil its mission as they consider EAES to be :

- an additional means of communication with the European Authorities,
- a means of federating European personnel in different subsidiaries of large companies whose social foundation will in the future no longer be national but European,
- a means of strengthening Share Ownership within companies as well as a factor of motivation, and a means of self-defence for employees,

Company Directors will support us on condition that we do not deviate from these goals, or fall into the trap of corporatism or set up an inter-union association, or give in to mercenary temptation.

This is because our organisation aims to foster new relationships within companies based on economic and financial considerations, giving priority to the human factor, and not on the class struggle as in the past.

In conclusion, I am convinced that the development of Employee Share Ownership and Profit-sharing will have a great impact on the economies of all the countries of Europe, on the success of the Euro and that it will serve to mitigate the adverse effects of the wave of mergers which are currently destabilising European companies. It will also contribute to setting the social chapter of Europe on a firm basis.

Thank you for your attention.

Jean-Aymon Massie