



**DIX ANS DE POLITIQUES PUBLIQUES
POUR L'ACTIONNARIAT SALARIE EN EUROPE**

BRUXELLES, 26 NOVEMBRE 2010

**Employee owners participation
in Saint-Gobain**

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AGENDA

- 1. Short presentation of Saint-Gobain**
- 2. The Group Saving Plan**
 - History
 - The model used in France
 - The challenges of internationalization
- 3. Conclusions**

Saint-Gobain, among the top 100 industrial groups worldwide

- Headquarters in Paris
- Present in 64 countries
- 191 500 employees
- Leader* of 'Habitat'

4 sectors of activity

- Construction Products
- Innovative Materials
- Building Distribution
- Packaging



2009

Bil €

Net sales

37,8

Recurring net income

0,6

Cash flow from operations

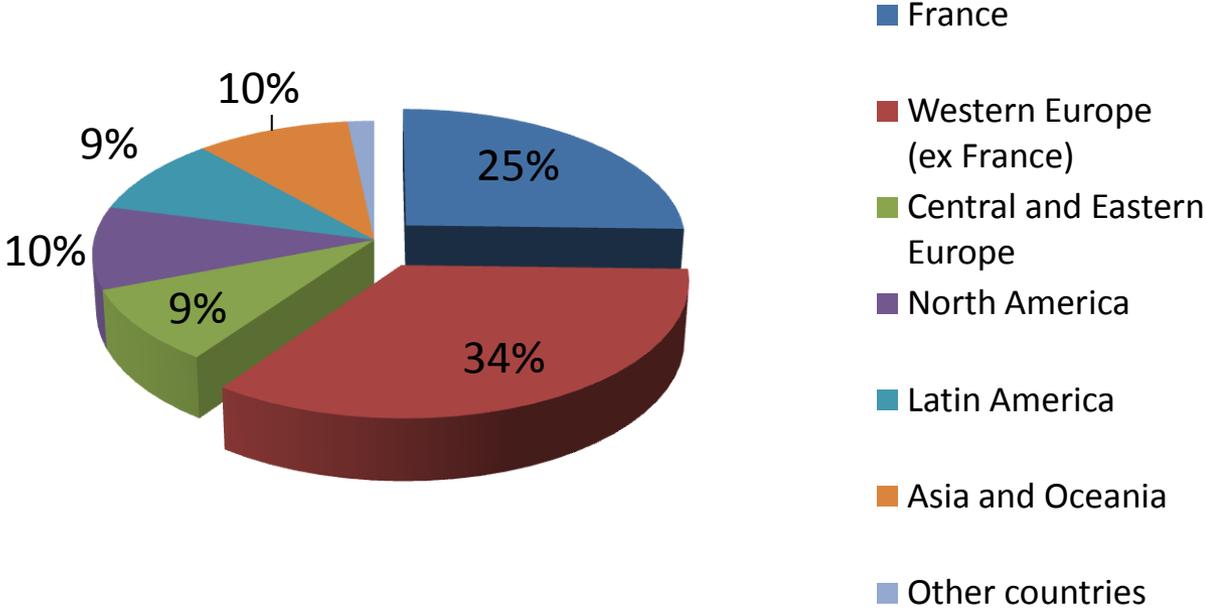
2,2

Capital expenditure

1,2

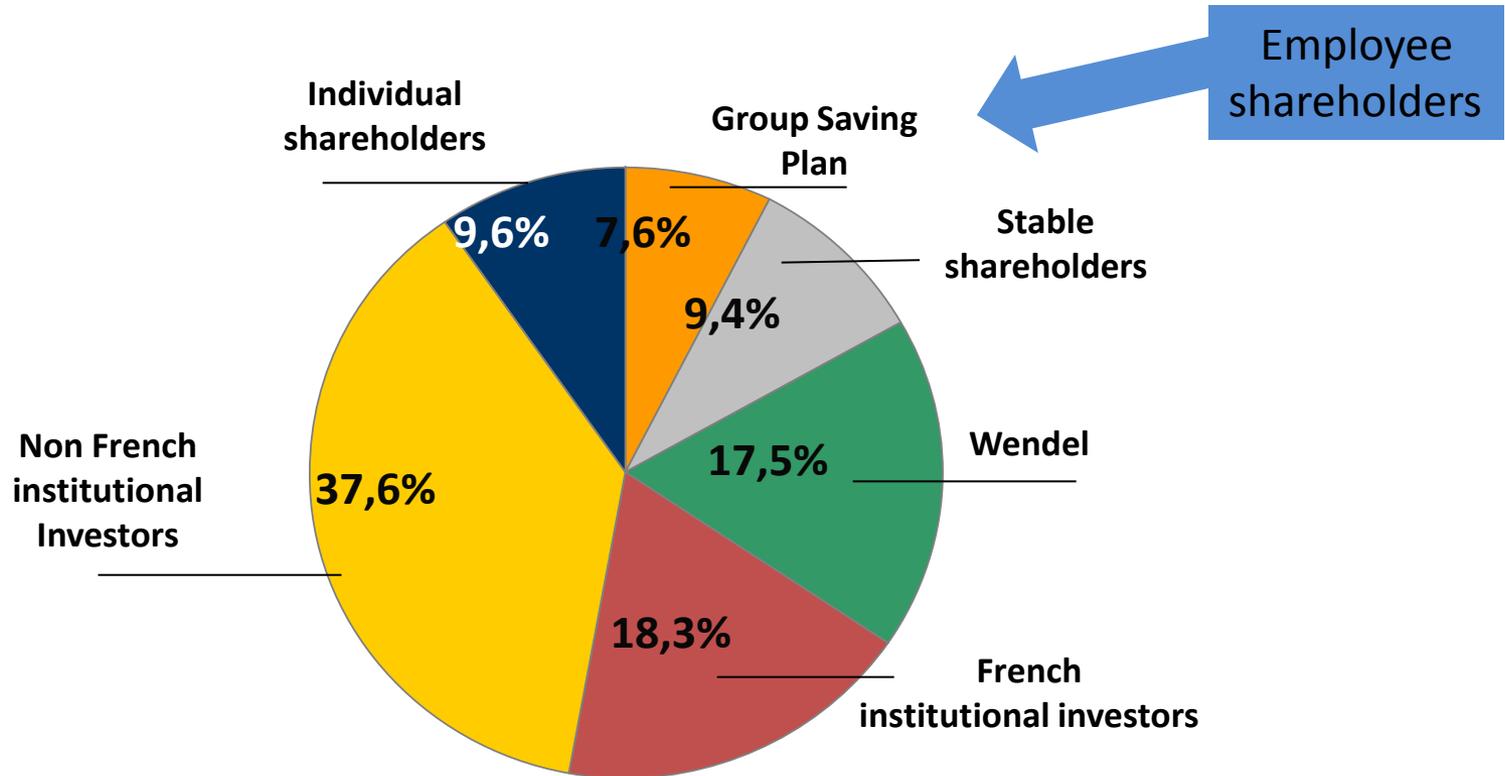
A strong French and European basis

191,500 employees as of mid-2010



Saint-Gobain shareholders

(% of shares as of 31/12/2009)



- 19th capitalization in CAC40
- 44th capitalization in EURO STOxx50 index

Why a Group Saving Plan ?

- 📌 A long term saving opportunity offered to employees
- 📌 Shareholders interested in both financial return and long term growth of their employer
- 📌 A powerful cement of the employees community across countries and activities

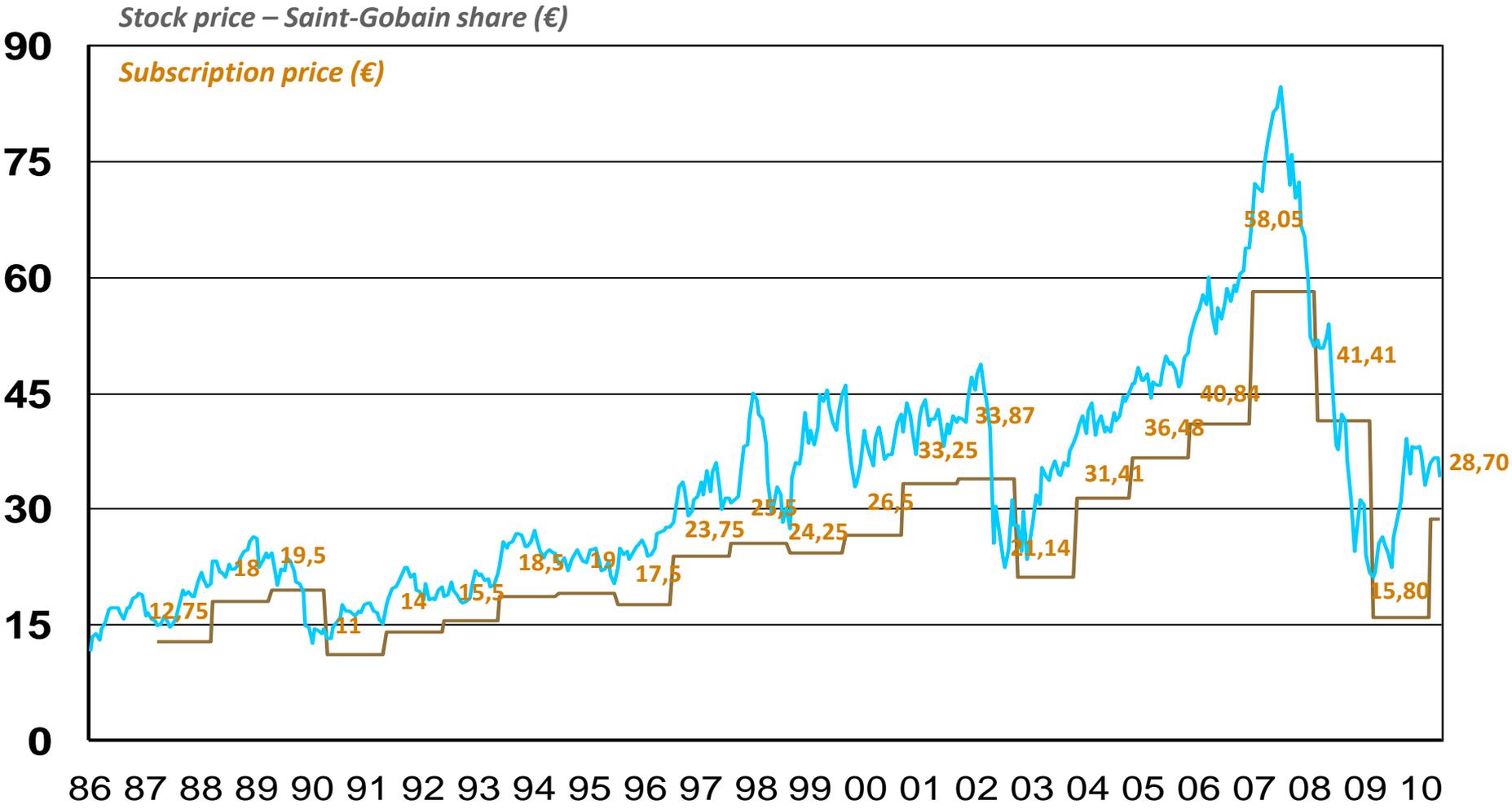
- 📌 The Group Saving Plan was introduced in France in 1988, and progressively rolled-out internationally
- 📌 The offer **covers today 42 countries and 160,000 employees worldwide** *(25 countries and 130,000 employees in Europe)*

Group Saving Plan

- 📌 **An ANNUAL CAPITAL INCREASE** for Saint-Gobain employees only
- 📌 The offering is structured **on basis of French tax legislation and regulations**
 - Significant discount vs market price
 - Generous matching by company
 - Investment blocked 5 or 10 years
 - Held in French 'Fonds Commun de Placement' (*FCPE – employee shareholding fund*)
- 📌 The FCPE is represented at the Board of Saint-Gobain
- 📌 Complemented in 2009 with an allocation of free shares to all employees

Saint-Gobain received in 2009 the Honor of the best employee shareholder practices in France

A reduction of 20% vs Saint-Gobain stock price

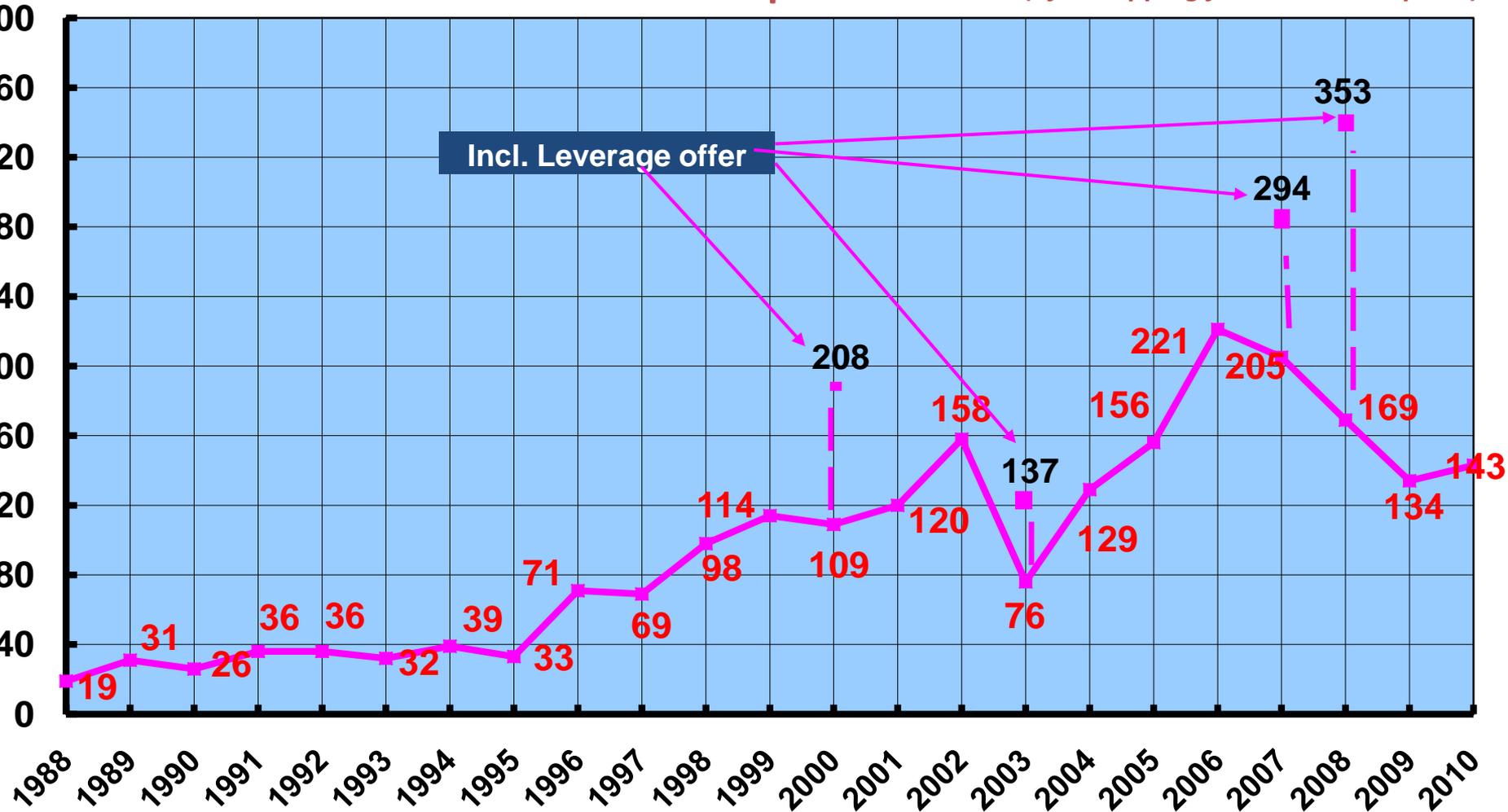


A regular offering to Saint-Gobain employees

Every year since 23 years

M €

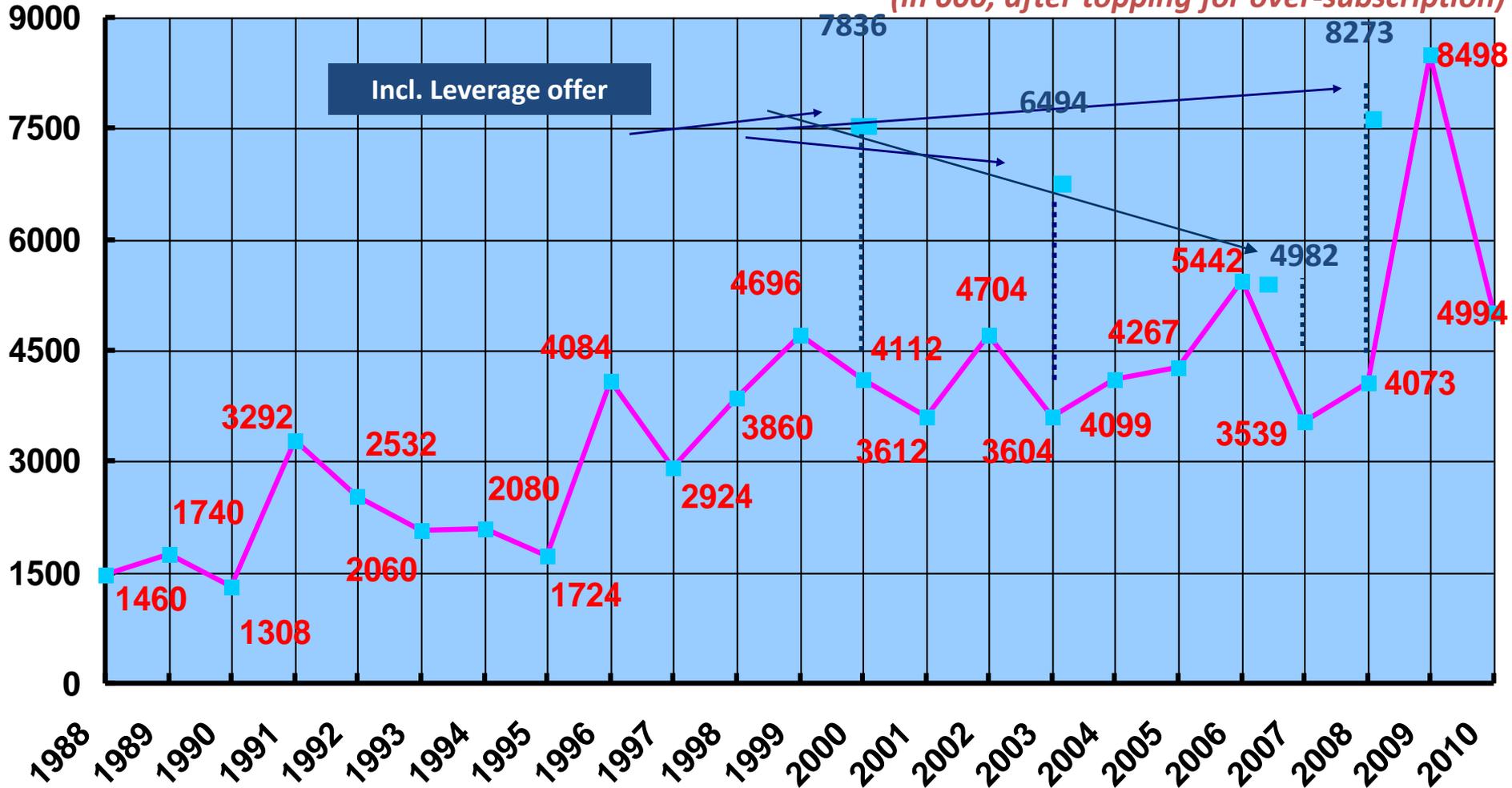
Subscription amount (after topping for over-subscription)



PEG 1988-2010

Number of subscribed shares

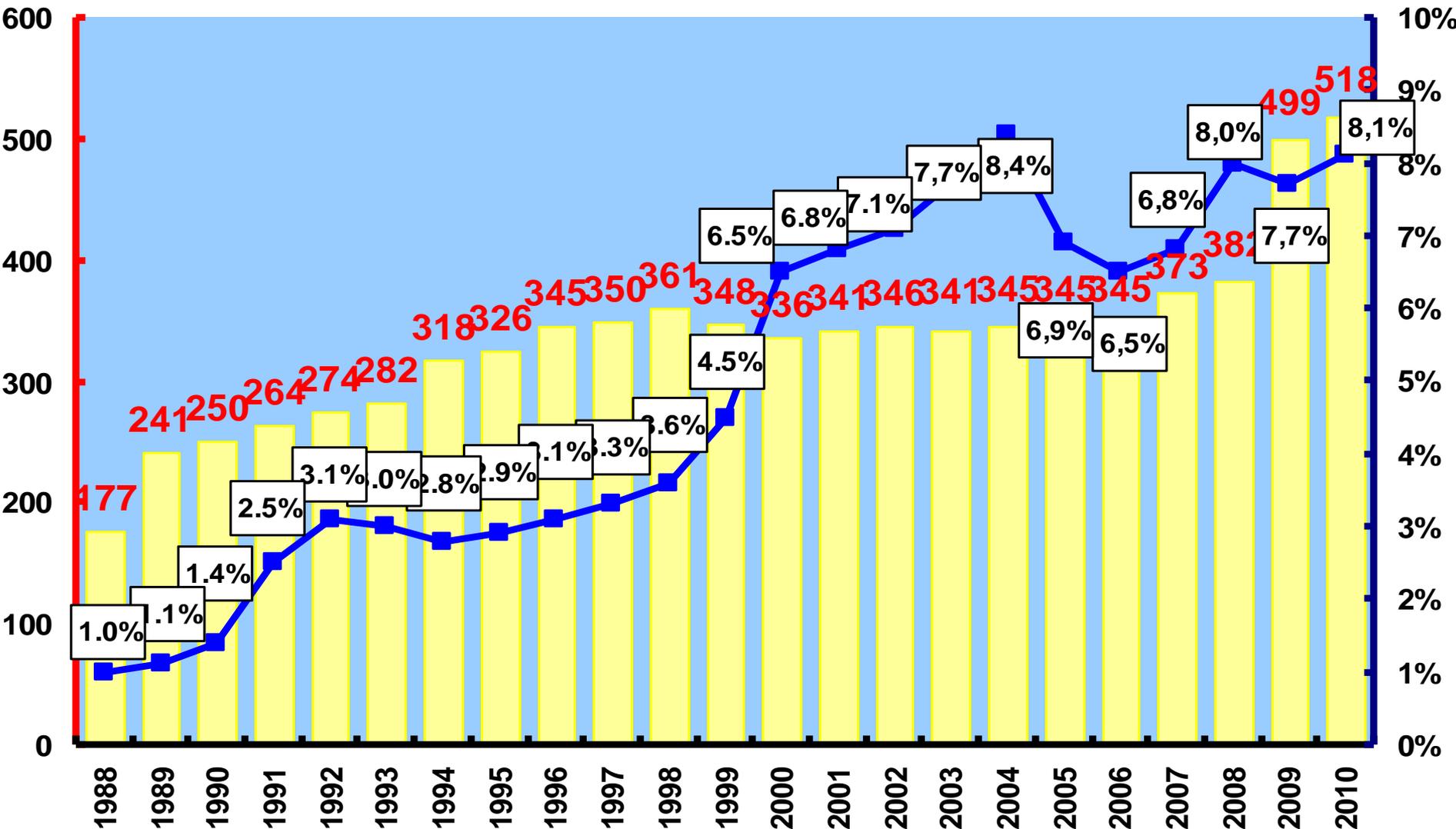
(in 000, after topping for over-subscription)



Saint-Gobain employees own collectively 8.1% of the Group's capital and above 10% % of voting rights as a result of the Group Saving Plan

Number of shares (Mil)

% of stock owned through the Group Saving Plan



Two similar employee shareholding funds (FCPE) have been created in France, for French and for 'international' subscribers

Each Fund comprises several compartments

*Each Fund has a Board, which exercises the voting rights
50% of the Board members are elected by the subscribers*



The challenges of internationalization (1/2)

- 📌 The Plan is currently offered in 42 countries, covering 80% of the population
- 📌 The principle is to **adapt the French model** to national laws and regulations while strictly keeping **within the limits of the offering in France**
 - 📌 Taylor-made, downwards adaptation per country
 - 📌 Systematic tax ruling is required, sometimes to be repeated annually
 - 📌 The participation rate is about 15 % internationally, while it exceeds 50 % in France
 - 📌 Leverage formulae are only offered in 19 countries
 - 📌 The FCPE 'Monde' weighs 1/3 of the FCPE 'France'
- 📌 **Main factors which limit attractiveness of the offer compared to France**
 - 📌 Tax attractiveness (*intéressement, discount, company matching, dividends, capital gains*)
 - 📌 Tax-free investment of profit-sharing revenues is not applicable
 - 📌 Company matching is generally considered as salary and therefore limited or inexistant
 - 📌 5 and 10 years in France, 5 years only outside of France
 - 📌 Early redemption criteria are only a subset of those applicable in France
 - 📌 The employee bears an exchange risk outside of Euro zone

The challenges of internationalization (2/2)

The financial vehicle

-  The FCPE structure and related collective voting mechanism is not authorized or unfavourable in several countries
 -  Denmark, Germany, Italy, Spain
 -  Japan, South Korea
-  The offer in these countries is under the form of shares, centralized in a local depository bank
-  Subscription tools have to be adapted
-  Voting rights are exercised individually (if exercised at all) and their administration is quite costly

Effectiveness of FCPE Supervisory Board

-  Quality of electoral debate for Supervisory Board elections : one representative per subcontinent
-  Accessibility of members by employees in other countries
-  More remote contacts with Headquarters

Relation between employee and the French Account management bank

-  Language
-  Understanding of terminology
-  Interactive access to bank account services

To conclude

- **The French legislation has allowed Saint-Gobain to offer a very effective Group Saving Plan**
 - A long term saving opportunity offered to her employees
 - A significant representativity of employees in the Group's governance
 - A powerful cement of the employees community across countries and activities
- **Significant differences exist in the attractiveness of the offering to employees depending on countries**
- **International roll-out of the Plan is generally burdensome and costly**

**A basic European norm applicable to all countries
would be a major step forward
in developing employees shareholder ownership**



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Thank you !

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