

# **Efficient Employee share ownership plans**

## **Social partners involvement by TOTAL (France)**

### **Summary**

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- ◆ **Dialogue with employees**
- ◆ **Employee profit-sharing and saving plans**
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## Total : a global multi-energy provider

- ◆ World's fourth-largest integrated listed oil and gas company
- ◆ Largest market capitalization on the Paris Bourse and the eurozone: €130.5 billion at December 31, 2005
- ◆ 95,000 employees (*since Arkema's spin off*)
- ◆ Operations in more than 130 countries
- ◆ Exploration and production operations in 41 countries
- ◆ Producer in 29 countries
- ◆ More than 500,000 shareholders
- ◆ 2005 sales: €143.2 billion

## Total: Shareholder base (31/12/2005)

- ◆ Predominantly European (75%), held in particular by investors from France (33%), the United Kingdom, Germany, Switzerland and Belgium.  
Strong shareholder base in North America.
- ◆ Institutional shareholders (87%), employees (4%) and other individual shareholders (9%).
- ◆ Total S.A. is a French société anonyme (limited company) created in March 1924.
- ◆ Total is listed on the CAC 40, Dow Jones Stoxx 50, Dow Jones Euro Stoxx 50 and Dow Jones Global Titans 50 indices and the FTSE4Good, DJSI World, DJ STOXX SI, FTSE ISS CGI and ASPI Sustainable Development and Governance indices.

## Employee dialogue

- ◆ At Total, dialogue with employees and their representatives is a cornerstone of a human resources strategy based on progress, diversity and accountability.
- ◆ In 2005, 88.7% of the 101 subsidiaries surveyed in the Worldwide Human Resources Survey had some type of formal employee representation. A total of 191 collective agreements were signed, 140 in Europe, 23 in Africa, eight in North America, four in South America and 16 in Asia.
- ◆ In Europe, home to nearly 70% of our workforce, the European employee relations forum created in 2004 with the main unions in the region allowed us to negotiate and sign Europe-wide agreements

## performance-based incentives

- ◆ **Increasingly, the base salary is supplemented by performance-based incentives** such as bonuses, variable compensation and stock options that reflect individual performance.
- ◆ In 2005, stock without consideration and stock options were granted to 7,300 employees worldwide.

## employee profit-sharing

- ◆ In addition, where local legislation permits, Total is expanding **employee profit-sharing** based on the earnings and performance of the host units.
- ◆ In 2004, 74% of the employees at the 104 Total companies covered by the Worldwide Human Resources Report were eligible for a company performance incentive, such as profit sharing or a company bonus, while 81% had a bonus system.

## employee savings plans

- ◆ Several years ago, Total introduced employee stock ownership plans in which a large majority of employees have invested.
- ◆ In 2004, 78% of the 83,000 employees covered by the Worldwide Human Resources Report were eligible to participate in employee savings plans in 18 countries. The breakdown was 9.7% in European countries excluding France, 66.9% in France, 13.6% in North America, 4.6% in Asia, 4.4% in Africa and 0.8% in South America.

## Example : TOTAL S.A.

- ◆ Employees (31/12/2005): 5,564
  - Included managerial staff : 3,939
- ◆ Average annual remuneration : 78,511 euros
- ◆ Average profit-sharing/employee (2004): 5,178 euros
- ◆ Amount completed by Total (2004): 3,832,442 euros
  - This sum is proportionally to the amount put by the employee in a mutual fund, with a formula and a maximum. The collective agreement is negotiated with the unions every three years.

## Mutual funds

- ◆ In France, Total completes the amount that employees put in the mutual fund or for their retirement.
- ◆ The tax on added value is low
- ◆ Governance structures : the officers of the supervisory boards of the Total Actionnariat France and Total Actionnariat International mutual funds were renewed first in April 2003 and now in November 2006 by election of employee representatives.

## employee representatives voting rights

- ◆ On November 2006, 70,000 investors in the French fund elected 14 employee representatives for three-year terms, giving them a majority on the supervisory board.
- ◆ In a similar process, 30,000 investors in the international fund in the 89 countries, where the fund has employee shareholders, elected 14 employee representatives on the supervisory board of the fund.
- ◆ At the May 2005 and 2006 Annual Shareholders' Meeting, the supervisory boards of the Total Actionnariat France and Total Actionnariat International mutual funds exercised the voting rights attached to Total shares held through the employee savings plans.

## Capital increase reserved for employees

- ◆ A capital increase programme reserved for employees in spring 2004 was open to all employees of Total S.A. and of French and foreign subsidiaries owned at least 50% by Total, provided that they were members of an Employee Stock Ownership Plan (ESOP).
- ◆ The shares were issued simultaneously in all host countries whose legal and administrative requirements allowed this type of transaction.
- ◆ A total of 453 companies in 93 countries took part with 46,751 employees (39.5% of the workforce) and 5,281 retirees.

# Growing Employee Stock Ownership

## 2006 employee share issue

- ◆ It was carried out in February 2006,
  - 60,500 employees (44%) included
  - 25,000 (38%) out of France (50% in France),
  - 100 countries,
  - 500 companies
  - €464 millions collected,
  - 2.8 millions of shares (0.44%)
- ◆ At March 31, 2006, employees held 3.75% of the TOTAL share capital.

# Corporate Governance

- ◆ Total actively examines corporate governance matters. In particular, the Group maintains a policy of transparency regarding the compensation of and the allocation of stock options and restricted stock grants to its corporate officers.
- ◆ Furthermore, the Shareholders' Meeting held on May 14, 2004, appointed a Director representing employee shareholders.
- ◆ This Director is the President of the mutual fund « Total Actionnariat France » and CFE-CGC member.

# Employee Satisfaction Survey

- ◆ Input from more than 43,000 Employees in 38 Countries
- ◆ Introduced in 2000, the employee satisfaction survey became an annual event in 2003. In November 2005, 43,219 employees were surveyed at 136 facilities in 38 countries. The response rate was stable at 50%.
- ◆ The survey findings indicate that 75% of the respondents are very satisfied or fairly satisfied with their job. They especially like its content (80%), their working conditions (79%), benefits (70%) and their work/life balance (68%).
- ◆ Participants also expressed their wish to enhance their skills and to benefit from career management resources tailored to their individual circumstances.

(Source: Ipsos)