



Article published in *Les Échos* on 25 April 2019

Employee share ownership must help shape the future of modern capitalism

The PACTE law (Action Plan for Business Growth and Transformation) was adopted by the French parliament on 11 April, after a year and a half of preparation, consultation and public involvement. It "aims to give companies the means to innovate, transform, grow, and create jobs" and recognises the decisive contribution companies make to the public interest. It is, it seems to me, a much more important law for the modernisation of capitalism than first appears.

This new PACTE law and its fiscal component, together with the 2019 social security financing law, crown more than 50 years of "collaborative democracy" between employers and employees in the form of profit sharing, a concept introduced by General de Gaulle. It aims to extend voluntary and compulsory profit sharing to microbusinesses and SMEs (currently only 16% of companies with less than 50 employees benefit from this) and to get rid of the counter-productive "forfait social" (corporate social contribution) for this category of employer.

The law's fiscal component also aims to boost the number of employee shareholders by allowing the employer to make uniform contributions to all employees so that they may purchase company shares, without the obligation for employees to contribute themselves. Furthermore, the tax on the employer's contribution has been cut from 20% to 10% and certain operations will benefit from a discounted share price.

All these measures are steps in the right direction for they align the interests of all the stakeholders in a company rather than pointlessly opposing them in a zero-sum game. Employee share ownership is a win-win situation for companies and their employees and, better still, for society as a whole since it rehabilitates shareholding as a value, in the same way as has been done for entrepreneurship in recent years.

We can only applaud the government's action in this arena.

At Bouygues, employee share ownership forms part of our very unique labour relations; it's in our blood. The founder of the Group, Francis Bouygues, believed that a company is above all a human endeavour. He considered that, to motivate employees, it is primordial to share part of the value created with them. Our employee share ownership policy was set up in 1969, precisely 50 years ago, following the introduction of profit sharing in 1967. From the moment I was appointed Chairman 30 years ago, I have worked to ramp it up by raising the percentage of the share capital held by employees from 3% to 19% today. Fostering employee loyalty is, more than ever before, a priority at a time when we are faced with a growing shortage of skills in all sectors of activity.

From being a pioneer, Bouygues has now become a benchmark in employee share ownership. And we are delighted that many different companies seek us out every year to take inspiration from our model.

Our Group has become the CAC 40 company with the highest level of employee share ownership. Employees are the Group's second largest shareholder, with 19% of the share capital and 25.8% of voting rights, held via seven mechanisms (profit-sharing, company savings plans, leveraged employee share ownership plans, etc.).



The exemplary nature of Bouygues' employee share ownership policy, designed to strengthen its labour relations, does not affect the Group's liquidity on the CAC 40 index, since 42% of the shares held by employees can be sold immediately or within less than a year.

Given the substantial place employee share ownership is expected to occupy in the capital of companies as a direct consequence of the PACTE law, it will of course be necessary to design mechanisms for protecting investments, because, if there is one thing about the market economy of which I am certain, it is that the future never is... certain.

The Government has set an ambitious target: for 10% of the capital of French companies to be held by the employees of those companies by 2030. It is fair to think that a system like this will help reach that target, for employee share ownership must help shape the future of modern capitalism.

Martin Bouygues, Chairman and CEO of the Bouygues group