

The logo for 'ags' is displayed in a white, lowercase, sans-serif font against a solid green background. A thin white arc is positioned above the letters 'a' and 'g'.

LA GARANTIE  
DES SALAIRES



**Committed  
partner**

to businesses  
& employees

The logo for 'Délégation Unédic Ags' features a large, stylized blue letter 'A' with a unique shape. Below the 'A', the text 'Délégation Unédic Ags' is written in a smaller, blue, sans-serif font.

The Association for the Management of Employee claims (French acronym AGS), an employer organization founded in 1973 is tasked with guaranteeing, in the event of a protection, receivership or liquidation procedure for businesses, the payment of wage claims resulting from the performance of employment contracts.

Pursuant to a management agreement between AGS and Unédic, the technical and financial management of AGS is handled by an exclusively dedicated institution: the Délégation Unédic AGS. Together with the AGS authorities, the Délégation Unédic AGS carries out three fundamental missions at the service of the employee wage claim scheme:

- Advancing the funds required to settle employee claims,
- Recovering the sums advanced on the basis of monitoring protection proceedings, receivership proceedings and disposal proceedings and the liquidation of the company's assets through judicial liquidation,
- Defending the legal interests of the guarantee scheme.

The wage guarantee scheme is financed by employer contributions. The AGS Board of Directors sets the amount of contribution to be paid by employers and is responsible for ensuring the balance of the scheme. The Board maintains a balanced fund by ensuring that the level of advances, recoveries and contributions are always on an even keel.

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# In this Business Report

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# Protecting the rights of employees while staying true to initial vocation of AGS

*A balance is required between the compensation level of the AGS guarantee scheme, the most generous in Europe, and the charges borne by the businesses that finance the scheme in the name of employer solidarity.*

**JEAN-CHARLES SAVIGNAC**  
Chairman of AGS



The record level reached in 2013 by AGS advances (€2.186 billion) reveals the depth of the damage caused by the economic crisis which has been raging on for several years now.

It also confirms the visionary nature of the inspired choices made by the 1973 reformers which led to the creation of the AGS in February 1974, 40 years ago. Employer's solidarity is the cornerstone of the operation of the employee wage guarantee scheme, and 40 years later, we can safely claim that this scheme which shares the burden of hedging the default risk of companies has never faltered all these years.

Contributing companies accept to bear, during periods of intensive demand for AGS's services, a higher financial burden (higher contribution rate) so that the guarantee scheme can cope with the influx of files and the corresponding fund outflows. AGS has always fulfilled its social mission of providing assistance to companies in difficulty and their employees. It is important for employees to continue benefitting from the safety net offered by the scheme, which helps them to stay afloat during stormy economic circumstances.

The values of solidarity and commitment are still relevant, after 40 years and it's in this spirit that AGS organized on 7 March 2014,

a symposium attended by nearly 500 people in Paris. On this occasion, the high-profile participants, present or represented – Mr. Gattaz for the MEDEF, Mr. Sapin, Minister for Labour, Employment, Vocational Training and Social Dialogue, Mrs. Roy for the CGPME... – insisted on their attachment to this unrivalled scheme which is exclusively financed by private-sector employers.

Emphasis has also been placed on the high level of the AGS guarantee, compared with other compensation Funds in the European Union, in terms of both guaranteed claims and applicable ceilings.

This situation is not completely free of threats. They include the fact that the AGS has to deal with corporate legal precedence, for which certain interpretations tend to lean towards the continuous extension of the scope of guaranteed claims, thereby placing an extremely heavy financial burden on the scheme, and diverting it from its initial missions. We refer for example to the considerable financial challenge represented by certain litigations, like the asbestos case, with the AGS having to bear the cost of repairing the prejudice of anxiety. Today, the total amount of motions recorded on this basis, represents for AGS a considerable financial risk of more than €300 million, and this figure keeps on increasing as new legal actions are taken, often on behalf of employees who were not directly exposed and for companies that have long since disappeared.

In light of such motions, we look forward to the enactment of an overriding social law in insolvency procedures. This position is not intended to penalize employees confronted with the failure of their employer but it will help to respond to an exceptional situation where it is a matter of preserving the rights of employees without distorting the initial vocation of AGS. We should not drift away from the letter of the founding texts which set the AGS guarantee « ...only claims resulting from the performance of an employment contract ».

The entry into force of the Law for Securing Employment (Loi de Sécurisation de l'Emploi (LSE)) brings an intelligent conception of the role of AGS in certain circumstances. Providing cover, under certain conditions, for assistance

“  
*The pragmatic vision of the Responsibility Pact, at the service of competitiveness and employment, must prevail for the fixing of missions incumbent on the AGS*  
”

and re-grading measures set out by the protection plans highlights the notion of active spending in favour of safeguarding jobs, while contributing to the professional rebound of employees laid off under redundancy plans. This orientation is no doubt more relevant than the one aimed at compensating through all means, in cases far from the initial scope of the texts, the prejudice linked to the loss of employment.

There should be a balance between the compensation level offered to employees under insolvency procedures and the expenses borne by companies, through the AGS, in the name of employer solidarity. This solidarity comes at a price and should have limits.

We can all be happy that France has devised such a high-level social protection system, but it must also ensure that it preserves the competitiveness of companies which have to face very fierce competition on the global market.

With the Responsibility Pact, emphasis has officially been placed on alleviating the burden on companies, to allow them to recreate their margins and develop while hiring employees. This pragmatic and realistic vision must prevail for setting the missions incumbent on the AGS.

As the AGS celebrates its fortieth anniversary, we wish it every success in continuing its social mission founded on the values of solidarity and commitment ■

# A difficult period, which highlights the social role of AGS

**THIERRY MÉTEYÉ**

National Director of the AGS Unédic Delegation

## What is your view of the economic situation in 2013?

France is still coping with serious difficulties. In the absence of a genuine pickup of business, the environment is still deteriorated, and there were over 60,000 new insolvency procedures during the year. We are actually quite close to the exception level reached in 2009, at the height of the serious economic downturn that swept across the developed world.

## What does this situation mean for AGS?

Advances paid out reached a record €2.186 billion, up by 5.4% over 2012. 287,719 employees benefitted in 2013 from the AGS guarantee scheme, which represents a +3% increase. This data illustrates the major social role of AGS in helping ailing companies and their employees. It shows that the solidarity mechanism of employers constitute a powerful redistribution factor in a difficult period.

## Can you extract specific trends from these raw figures?

Company failures were most rampant in the sector of VSE and SME, structurally more fragile, with an average employee workforce lower than 10. These are companies in the catering, hospitality, commerce, transport, construction and services sectors, which were the hardest hit due to the decline in household consumption.

However, the number of failures affecting companies with 100+ employees was down compared to 2012. Meanwhile, the number of new protection procedures continued to grow and peaked at 1,672.

“  
The annual amount  
of advances paid  
by AGS has reached  
a disturbing level  
for several years now

”

## Do you expect an economic turnaround?

There is no sign of a slowdown in advances for the first months of 2014, but these partly involved insolvency procedures started in 2013 or earlier.

It is still too early to talk about a genuine inversion of trends in the pace of new insolvency procedures in 2014. Emblematic cases in 2013 whose effect in terms of financial burden for AGS will be felt in 2014 include Mory Ducros, which had an initial workforce of 5,000 employees with the perspective of 3,000 economic redundancies, in the context of the partial recovery plan.

## What do you expect from the business protection law?

I think it is essential to strengthen the prevention aspect when dealing with corporate difficulties. We can only bring in the solutions at the early stages if we implement pre-emptive measures. For AGS, two significant amendments are introduced in the ordinance reforming the prevention of company difficulties and insolvency procedures, published in the *Journal Officiel* of 14 March 2014. The AGS will be able to give its opinion on the appointment of receivers depending on a threshold fixed by decree and it will automatically be appointed as supervisor if it submitted a prior request.

## What is your first assessment of the introduction of the Law for Securing Employment?

The impact mainly stems from the new procedure applicable to protection plans (PSE) in insolvency procedures. Deadlines set by the law for their validation by the Regional directorates for businesses, competition, consumption, employment and jobs (French acronym Direccte) are short and compatible with the guarantee periods. The AGS is now likely, under certain conditions to guarantee assistance measures for re-grading as planned in the protection plans. It is a positive change in the direction of active spending to promote employment. Ultimately, there should be fewer litigations before labour courts and more in administrative courts. I am glad that the new LSE law has restored social dialogue including in case of insolvency procedure, and the legal securing introduced by the law of 14 June 2013.

“  
The L.S.E marks  
a positive  
development  
towards active  
spending to promote  
employment  
”

## The DUA was extensively restructured at the end of Ambition 2013, the three-year plan. What are the key points worth remembering?

This new business plan meets our determination to optimize the quality of service rendered to ailing companies and their employees, while facilitating the performance of our mission. The goal is to permanently adapt and anticipate the ongoing changes of our professional environment. We are constantly concerned about having an efficient organization, capable of offering genuine perspectives to its employees, by improving our jobs to incorporate technological progress in the management of work stations.

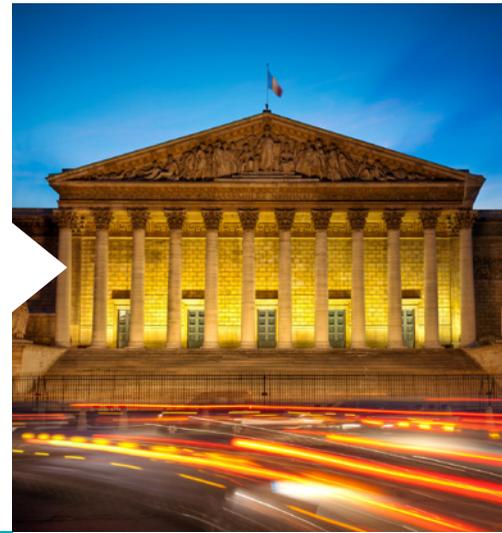
The autonomy of operational centres has been strengthened, which gives them greater responsibilities in their regular relations with court-appointed receivers and lawyers. The Network Management has been created to coordinate the activity of CGEAs, and ensure unity of management and treatment. I know I can count on the staunch support of everyone to ensure that this organization and our business plan will help us accomplish our mission based on the values of solidarity and commitment ■





### A new legal framework to anticipate difficulties

The Law for Secure Employment (LSE) came into force on 1 July 2013. The result of an agreement between the social partners signers of the National Inter-Professional Agreement of 11 January 2013. This text draws up a new economic and social model which seeks to boost the competitiveness of companies, secure employment and the professional careers of employees. In anticipation of its entry into force, the AGS has informed its partners about the conditions of its intervention.



### A new Network momentum for AGS

The Délégation Unédic AGS has created a new organization to boost its expertise with the momentum of a network. Operational since 2013, the organization revolves around the creation of a Network Management and the reinforcement of Support Functions.



### The revision of European regulation

Invited by the Ministry of Justice to join in the revision of EC Regulation 1346/2000, the AGS ensured the strict definition of the key centres of interests, an essential criterion for choosing the competent guarantee fund in case of a cross-border insolvency procedure. The heterogeneity of national legislations in insolvency issues results in, for companies with cross-border activities, competitive advantages or disadvantages and difficulties that can hinder the proper restructuring of companies in difficulty.

# 2013 E I M A G E S

### Exclusive statistics

Stat'ags, AGS's new quarterly statistics newsletter presents exclusive statistics on wage guarantee and the activities of the delegation in the context of insolvency proceedings. Intended for the partners of AGS and certain public professionals, Stat'ags contains precious information: highlights and key figures for the quarter, changes in new AGS cases, changes in the number of employee beneficiaries and the number of redundancies, zoom on the analysis of specific subject matter...



### Cases that made the Front Page

In 2013, AGS in high-profile cases such as DOUX, SURCOUF, PETROPLUS, VIRGIN, SEAFRANCE or again MORY DUCROS...

### 8<sup>e</sup> National Lawyers' Day, devoted to reforms...

The 8th edition of the National Lawyers' Day, organized in Paris, brought together lawyers of the DUA, experts as well as qualified high-profile persons to review the ongoing reforms.



Published in the JO of 30 December 1973, law no. 73-1194, introduce to deal with inadequate employee protection during company failures, marked the birth of the employee guarantee scheme. To celebrate this anniversary, the Délégation Unédic AGS produced in 2013, the first book retracing the 40 years of AGS.

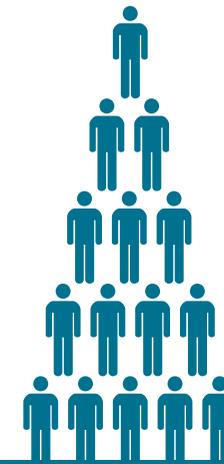


### Franco-Dutch exchanges

The Délégation Unédic AGS met in Amsterdam, the officers of the UWV, the Dutch Insolvency Fund. It was the opportunity for the two delegations to discuss the differences in the application of the European Directive of 22 October 2008, relative to the protection of salaried workers in case the employer becomes insolvent.



# 2013 IN FIGURES



**285,700**  
beneficiaries  
of the guarantee

The key figures for 2013 business activity, at 31 December 2013, show a reliable trend and an overall vision of the various parameters linked to the missions of the AGS.

**+3.0%**  
compared to 2012

The number of beneficiaries of the guarantee continued to grow to settle at a level significantly equivalent to that of 2009 (289,780 beneficiaries).



## COMPANIES AND INSOLVENCY PROCEDURES

**27,972** new AGS cases  
**+3.6%** compared to 2012

The number of new AGS cases \* has been rising again since 2012 after falling for two years.

	Number of new AGS cases	Trend compared to 2012
Companies with less than 10 employees	23,955	+5.5%
Companies with 50+ employees	465	-2.7%
Companies with 100+ employees	166	-4.6%

\* The number of new cases during the period corresponds to the number of cases with an initial advance claim for the period (independently of the opening judgment date which must predate the period under review).



## ADVANCES PAID

**€2,186** million advanced

**+5.4%** compared to 2012

The amount of advances paid increased for the 2<sup>nd</sup> consecutive year. It reached a record high, exceeding that of 2009 (€2,114 million).



## RECOVERED AMOUNT

**€718** million recovered  
**-0.8%** compared to 2012

Nearly stable amount compared to 2012, year in which the recovered amount reached its record high.

## CONTRIBUTION RATE

Since 1 April 2011

**0.30%**

## 2014 GUARANTEE CEILINGS



The ceiling changes according to the age of the employment contract on the day of commencement of the insolvency procedure.

## LITIGATION

**51,600**

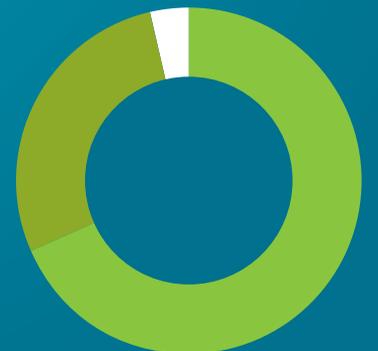
labour court summons (in nb. of employees)

**+12.7%** compared to 2012

The number of labour court disputes which fell in 2012, in line with the reduction in the number of beneficiaries the previous two years, increased again and has reached a high level.

## BREAKDOWN BY TYPE OF SUMMONS

- L.625-1 : 68.5%
- L.625-3 : 28.1%
- L.625-4 : 3.4%



## Continued increase in company failures and AGS actions

2013 will be remembered as a dark year in the annals of company failures. Consequence of the harsh economic downturn which has been raging for several years now, their number increased for the second consecutive year, up to a historically high level, close to the level recorded at the peak of the 2009 crisis. The same applies to the number of new cases under the AGS guarantee, which also increased, without however reaching the level observed four years ago.

**24,744**

NEW AGS CASES  
IN 2013  
at 31 March 2014

**+3.9%**

OF AGS CASES  
FOR 100+ EMPLOYEES  
at 31 March 2014

## Company failure rate: +2.3%

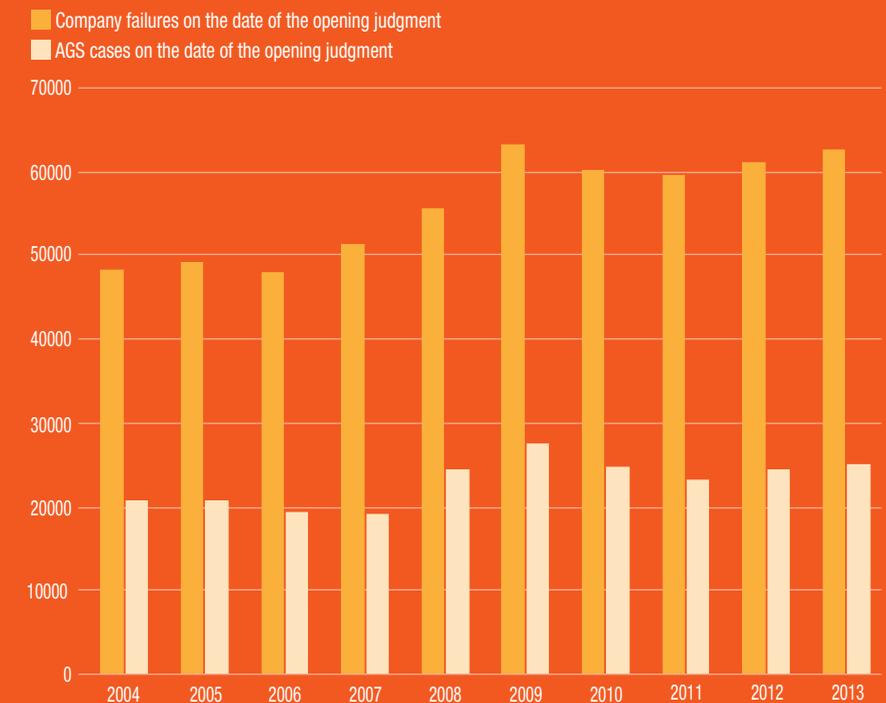
Based on the detailed results published by INSEE on 31 March 2014, France's Gross Domestic Product (GDP) was up by +0.3% in 2013: an insufficient increase to drive the genuine recovery of the national economy. At the same time and although up in the fourth quarter 2013, after falling for seven quarters, corporate investments contracted by -2.3%.

Against this background, the number of failed companies - excluding those under protection procedures - jumped again by +2.3%. After the +2.9% already observed in 2012, it reached a level close to its

2009 record. This higher number of corporate failures affected almost all business sectors. Accommodation and catering reported the highest increase (+5.5%), and the hardest hit sector in absolute value was the construction sector with 15,770 failures.

Note that Altarès, in its 2013 report of company failures, stressed that nearly 180 companies reporting 15+ million euros in revenues had been placed in insolvency proceedings during the year, which constitutes a record level and that the number of threatened jobs exceeded that of 2009 ■

### Trend of the number of company failures (excluding protection) and the number of AGS cases from 2004 to 2013



Sources: Banque de France (company failures); Délégation Unédic AGS  
(AGS cases - figures at 31 March of the following year).

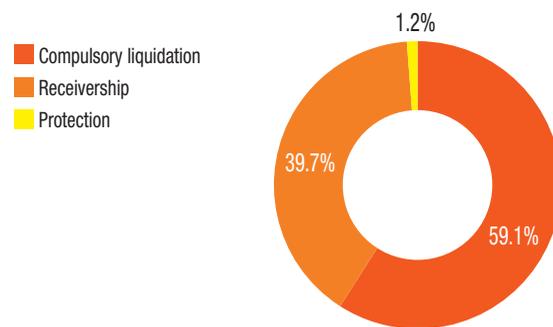
## More than 24,700 new AGS cases opened

Initiated in 2012, the increase in the number of company failures which required action from AGS was confirmed in 2013. At 31 March 2014, 24,744 cases were already opened on the basis of the AGS guarantee for 2013, being a +2.0% increase for the year, although lower than the 2009 figure (27,113 cases in 31 March 2010), this number is significantly higher than the average pre-crisis level. We stress that 53.6% of these insolvency procedures were pronounced during the first half of 2013.

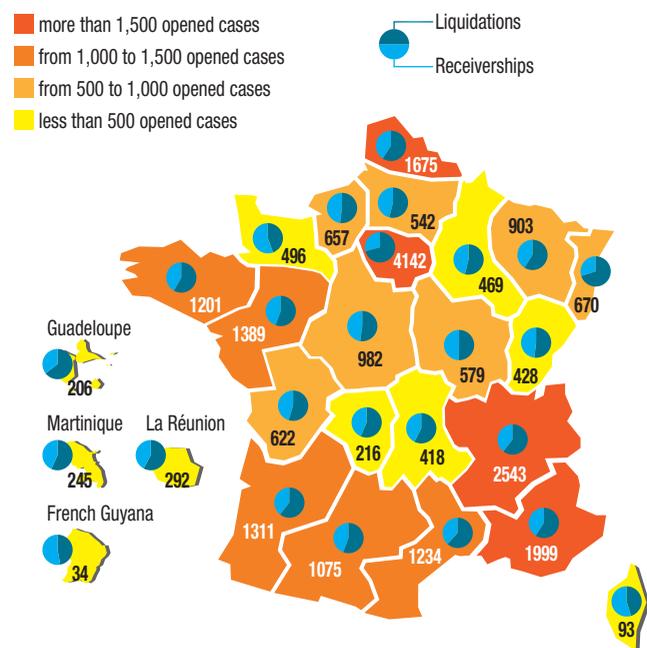
### 59.1% of compulsory liquidation actions

The cases processed by AGS with a first opening judgment in 2013 are for 59.1% of them liquidations, 39.7% of receiverships and 1.2% of insolvency procedures, relatively stable numbers for several years now. Ile-de-France and Alsace still have the highest liquidation rates with respectively 70% and 69%, followed this year by Guadeloupe with 64.3% ■

New cases in 2013 by opening stage



Number of AGS cases opened by region in 2013 (excluding protection)



### 35.5% of cases in the three major business centres

The number of AGS cases opened is up, compared to 2012, in most regions. In metropolitan France, the increase is proportionally higher in the Pays de la Loire (+16.3%), in Corsica (+16.0%) and in Midi-Pyrénées (+9.5%). On the contrary, the most significant drops were in Picardy (-16.6%) and in Limousin (-13.8%). The three regions constituting the main areas of French activity is always the recipient of than one third of actions (35.5%): Île-de-France (16.9%), Rhône-Alpes (10.4%) and Provence-Alpes-Côte d'Azur (8.2%). The metropolitan regions accounting for 2% or less of cases are like the previous years, Champagne-Ardenne, Franche-Comté, Auvergne, Limousin and Corsica.

## Protection procedures: an all-time record

Since the entry into application of the company protection law in 2006, the Délégation Unédic AGS has been recording the statistical trend linked to the implementation of protection procedures and the related AGS interventions. After the sharp rise in 2009, the number of protection procedures has kept on growing year after year. It surged again in 2013, and at a faster pace than compulsory

liquidations and receiverships (+8.9%). The number of AGS interventions in cases opened for protection changes significantly from one year to the next in line with the trend of the total number of these procedures. Accordingly, the 2013 figure corresponds to an interim figure and can only be definitively analyzed from a perspective of several months. ■

### SCOPE

The statistics on cases opened under the AGS guarantee concern failed companies for which the opening judgment for insolvency procedures was delivered during the reference year and for which AGS intervened at 31 March of the following year.

Assessment of the first 8 years of implementation (position at 31 March 2014)

Year	Number of open procedures	Including number of AGS* cases
2006	508	256
2007	518	264
2008	708	364
2009	1 420	663
2010	1 316	543
2011	1 416	540
2012	1 540	490
2013	1 677	296 (interim)
<b>Total (8 years)</b>	<b>9 103</b>	<b>3 416</b>

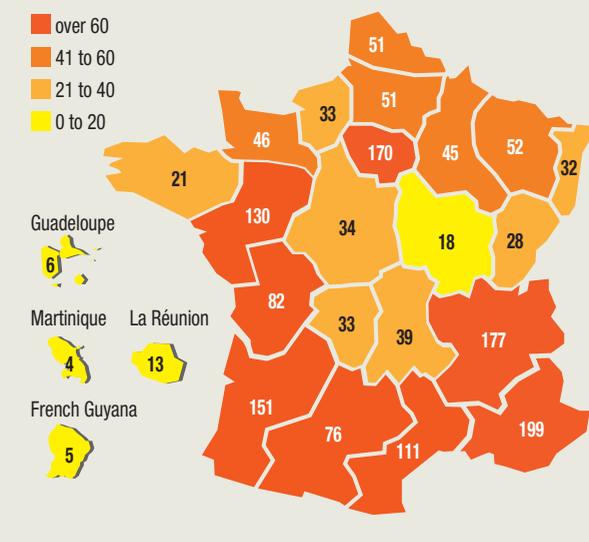
\* including after conversion into liquidation or in receivership

### TRANSNATIONAL CASES

In 2013, AGS was solicited in 12 new transnational cases, corresponding to 4 times less than in 2012. It intervened in 11 of these cases at 31 March 2014 for a total advanced amount of €379,883, quite similar to the figure recorded for 31 March 2013 for 2012 cases (€369,683). These actions break down as follows: 6 in Germany, 3 in the Netherlands and 1 in Spain and Luxembourg.

Pursuant to the provisions of Directive 2002/74/EC of 23 September 2002 regarding the protection of salaried workers in case of the employer's insolvency, AGS intervenes each time that a claim for advance is presented by a union in the context of an insolvency procedure started in another European Union State.

Number of protection procedures opened by region in 2013 (position at 31 March 2014)



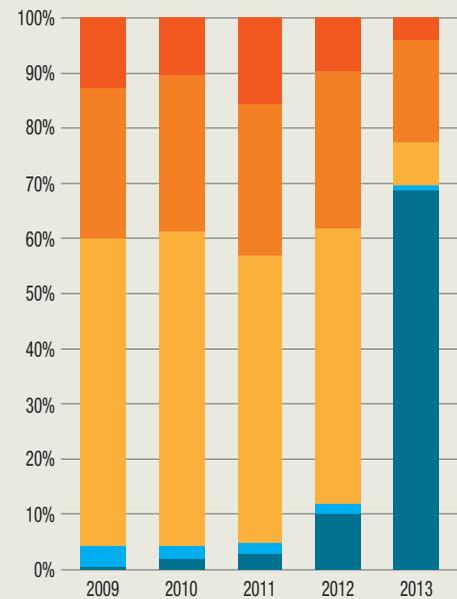
As in 2012, the region hardest hit by new protection procedures in 2013 was Provence-Alpes-Côte d'Azur (199) followed by Rhône-Alpes (177), Ile-de-France (170), Aquitaine (151) et Pays de la Loire (130). The most represented sector in 2013, with practically the quarter of procedures (23.8%) was commerce. Then came construction (11.2%) and accommodation and catering (10.5%).

## Protection procedures: an all-time record (continued)

As in previous years, the AGS interventions related to new protection plans occurred after those plans were converted into liquidation and rarely after the protection plan.

### Change in protection procedures since 2009 (at 31 March 2014)

- protection procedure during observation period
- directly closed protection procedure
- protection plan procedure
- procedure converted into receivership or liquidation
- procedure converted into receivership then into liquidation



**PROTECTIONS STARTED IN 2009, 2010 AND 2011.** At 31 March 2014 more than half of these procedures were the subject of a protection plan: 55.6% for protections in 2009, 56.9% for those of 2010 and 51.9% for those of 2011. around 40% of them were converted into receivership or liquidation. The average deadline for preparing these plans is 13 months after the commencement of the procedure. It is shorter for direct conversions: 7 months on average for receivership, 8 months for liquidation.

**PROTECTIONS STARTED IN 2012.** 49.9% of these procedures have already been covered by a protection plan at 31 March 2014, 38.1% have been converted into receivership or liquidation and 10.2% are still in observation period considering the periods for preparing plans and conversions into receivership or liquidation.

**PROTECTIONS STARTED IN 2013.** While 68.8% of these procedures were still under observation at 31 March 2014, 8.5% have already obtained a protection plan and 22.5% have been converted into receivership or liquidation. Compared to the rates observed at 31 March 2013 for procedures started in 2012 (respectively 11.3% and 24.7%), these results seem to indicate a longer observation period.

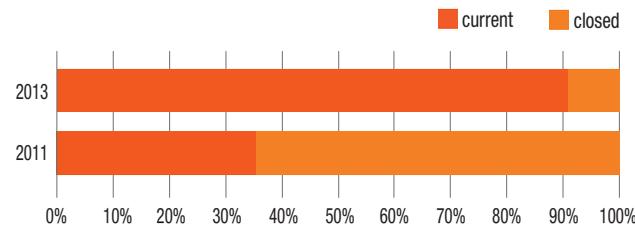
## Outlook for AGS cases opened in 2011 and 2013

The change in cases opened in 2011 and 2013, and in which AGS has been solicited, is described through their situation at 31 March 2014.

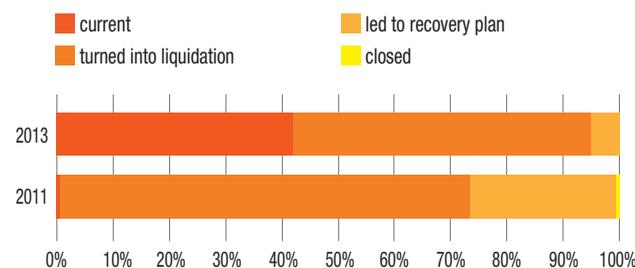
### Out of the 10 receiverships started in 2011, 8 failed

73.1% of receiverships started in 2011 were directly turned into liquidation. out of the 26.1% which resulted in a recovery plan, 26.4% failed. With respect to receiverships opened in 2013, more than half of them (52.7%) have already been converted into judicial liquidation. 64.6% of cases converted into liquidation in 2013 had been closed at 31 March 2014. This 9.2% rate for liquidations started in 2013 ■

### Compulsory liquidations started in 2011 and 2013 (at 31 March 2014)



### Receiverships started in 2011 and 2013 (at 31 March 2014)

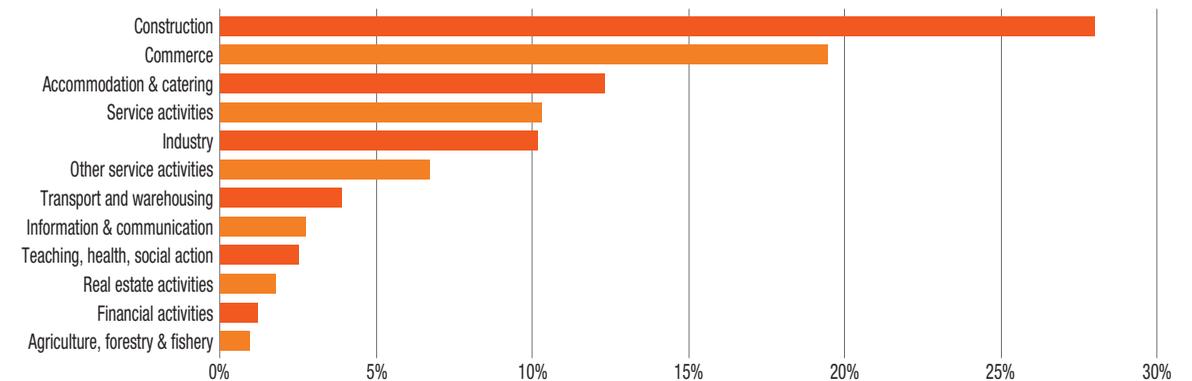


## Increase in AGS actions in most sectors

At 31 March 2014, and in line with the total number of failures, the most represented sector in AGS cases opened in 2013 is that of construction (28.0% of actions versus 28.4% at 31 March 2013 for cases in 2012). Next are sectors like commerce (19.4% versus 19.0% in 2012) and accommodation-catering (12.3% versus 11.7% in 2012). These three sectors take up nearly 60.0% of actions. The share of industry is stable (10.2%), and very largely lower than that of service activities

(10.3%). Compared to 2012, the number of AGS cases opened in 2013 has increased in most sectors. The most significant increases concern the other service activities (+9.5%), information and communication (+7.2%), accommodation and catering (+7.0%). These are service activities (-5.3%), transportation and warehousing (-4.6%) which record the most significant drops ■

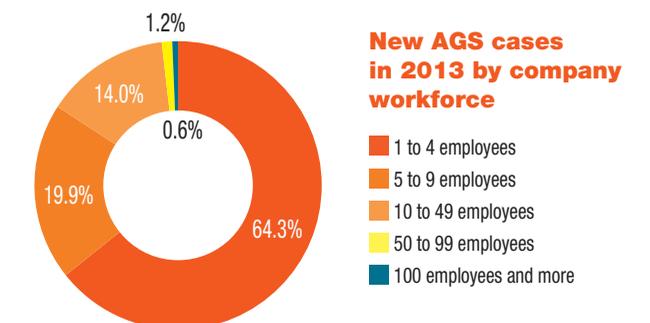
### AGS cases started in 2013 by business sector (according to the NAF rév. 2, 2008 nomenclature)



## Analysis of actions according to the company's criteria

### Less than 10 employees in more than 80 cases

The analysis of AGS actions by the company size is relatively stable from one year to another. The great majority of AGS cases opened in 2013 concern companies with less than 10 employees (84.2%). Concerning companies with 100 employees or more, they represent less than 1% of started AGS cases ■

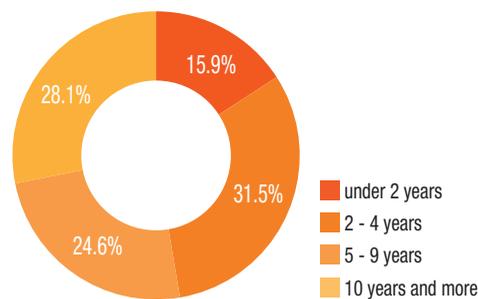


### 5 and more: nearly 53.0% of cases

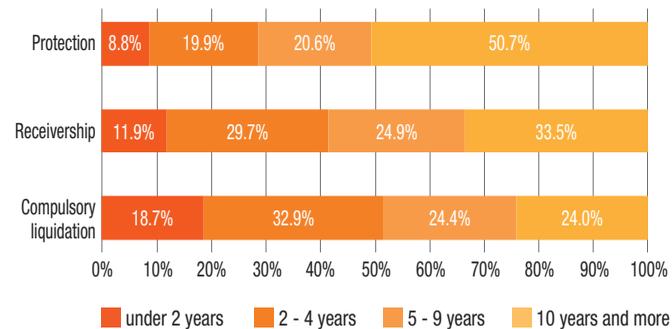
The proportion of companies with less than 5 years of existence in new AGS cases has been falling steadily since 2006. They were already less than one out of two in 2012 (48.7%). They now account for only 47.3% of new cases in 2013. These young companies represent the bulk of AGS cases concerning compulsory liquidation, but in a smaller proportion (51.0% versus 53.3%

in 2012). Inversely, receiverships and protection procedures mostly concern companies aged 5 years and more. For all protection procedures started in 2013 and in which AGS was involved, more than 70% concern companies that have been in existence for at least 5 years and half of them are companies in existence for 10 years and more ■

**New AGS cases in 2013 by company age**



**Company age by stage in new 2013 procedure**

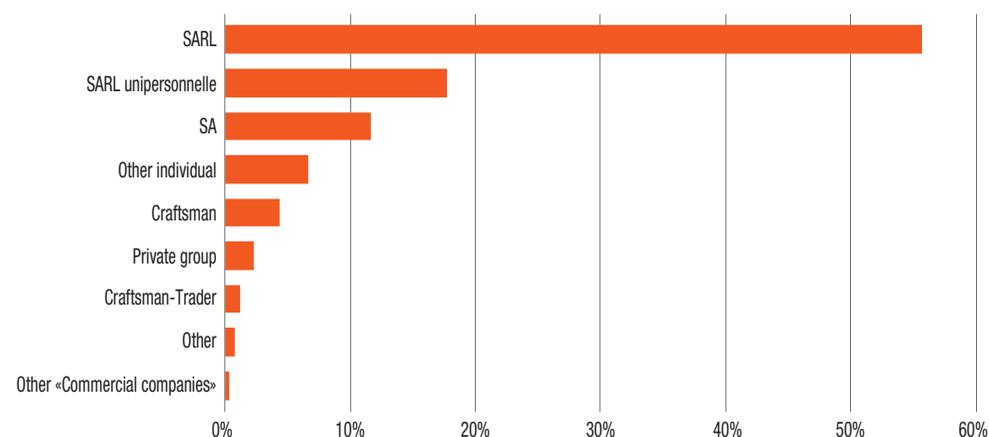


### Over 70% of all cases involve SARL companies

The breakdown of new AGS cases in 2013 by company legal status (INSEE nomenclature) shows that 84.9% of actions involved commercial companies (versus 83.5% in 2012). 73.0% of actions specifically concerned SARLs [private limited companies] (including SARL unipersonnelles

- limited sole traders). This result is close to the figure observed at 31 March 2013 for new cases in 2012. New cases involving craftsmen and craftsmen/traders fell again and settled at 5.5% (versus 6.3% in 2012 and 8.2% in 2011) ■

**New AGS cases in 2013 by company legal status**

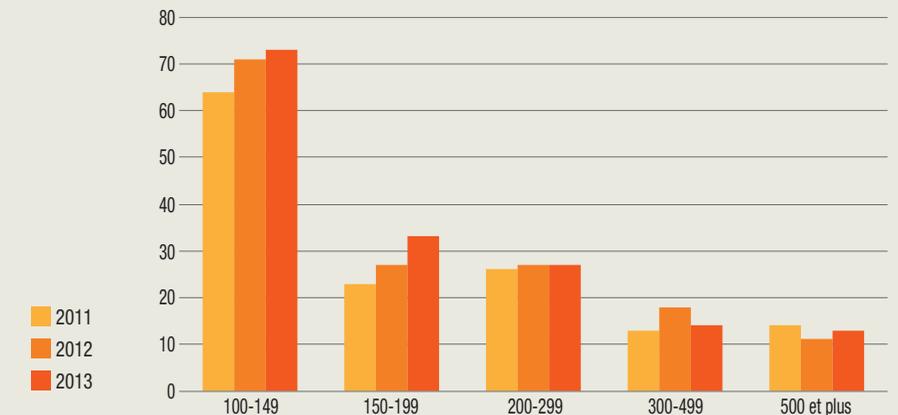


### Cases involving 100+ employees: +3.9%

Cases involving companies with 100 employees or more account each year for less than 1% of new AGS cases while it represents a significant financial challenge for the wage guarantee scheme. At 31 March 2014, 160 new AGS guarantee cases had been started for 2013 compared to 154 at 31 March 2013 for 2012, representing an increase of +3.9%. Most of these cases were started in the 1st half of 2013.

As in previous years, and with a level close to the figure recorded for 2012, majority of the cases concern companies with between 100 to 149 employees (73). The number of cases concerning companies with 150 to 499 employees increased from 72 in 2012 to 74 in 2013 and the figure for companies with 500 or more employees from 11 in 2012 to 13 in 2013 ■

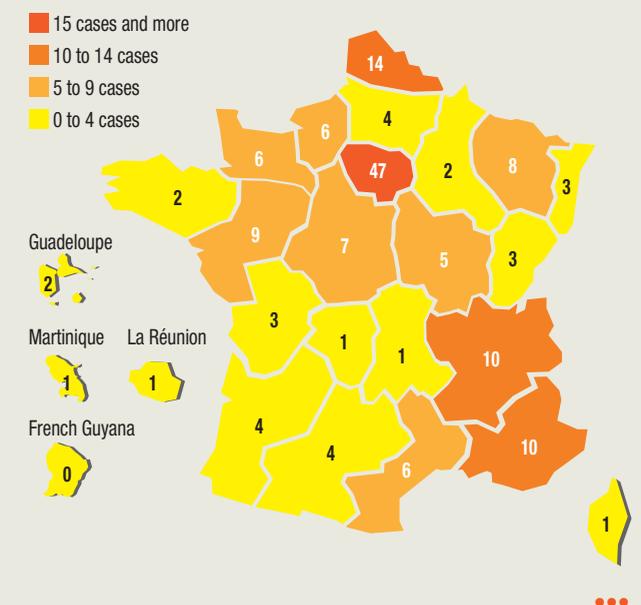
**Cases involving 100+ employees by company workforce**



### Nearly 30% of major cases in Ile-de-France

As in previous years, the predominance of Ile-de-France in cases involving companies with 100 employees continues to grow. 47 new cases started in 2013 (versus 52 in 2012), which accounts for 29.4% of these cases. The reason for this predominance can be explained by the concentration of business in the region and by the presence of numerous registered offices of companies concerned by insolvency procedures. Ile-de-France is followed by Nord-Pas-de-Calais with 14 cases (versus 8 in 2012), Rhône-Alpes and Provence-Alpes-Côte d'Azur (10 cases each, compared to 15 and 10 respectively in 2012) ■

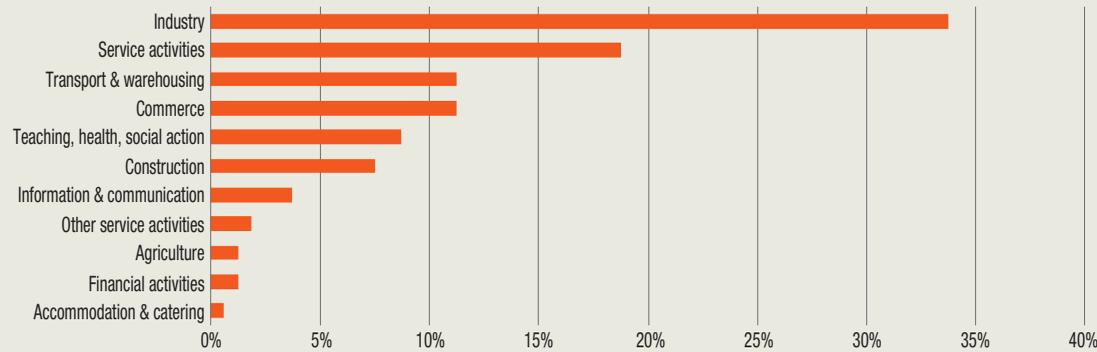
**AGS cases involving 100+ employees in 2013 by region**



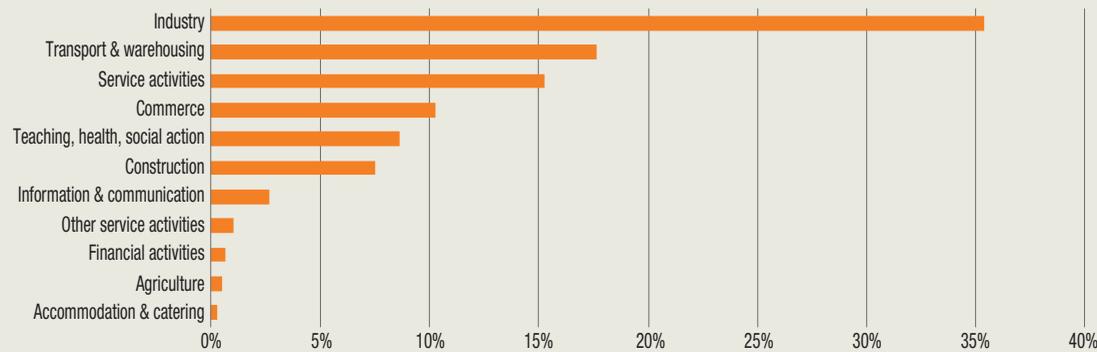
Industry still in the forefront

The most represented sector in cases involving over 100 employees is still the industrial sector (33.8% of cases versus 31.8% in 2012). This is followed by services (18.8% as in 2012), commerce and transports - warehousing (11.3% each versus respectively 11.7% and 6.5% in 2012). 35.4% of employees concerned by these cases are part of the industrial sector. They were 38.3% in 2012 ■

New AGS cases involving 100+ employees in 2013



New AGS cases involving 100+ employees by business sector in 2013



Fewer compulsory liquidations

While more than half of all new AGS cases in 2013 concern liquidations, 82.5% of cases involving 100+ employees were placed in receivership and only 10.0% in compulsory liquidation. In 2012, receiverships accounted for 88.3% of compulsory liquidations 6.5%. The high proportion of receiverships in cases involving 100+ employees can be explained by the age of the companies concerned: 69.4% of them have been in existence for 10 years. AGS cases in 2013 involving 100+ employees placed in receivership or under protection then converted within one year into liquidation is huge: 43.8% ■

AGS IS APPOINTED INSPECTOR IN 92% OF CASES INVOLVING 100+ EMPLOYEES

For several years now, AGS has systematically requested the commercial court to appoint it as supervisor in insolvency procedures involving 100+ employees with huge economic and social impacts and also in procedures involving more than 40 employees placed in receivership or under protection. Its goal is to help preserve jobs while allowing the optimum satisfaction of credits and ensuring the permanence of the solution under consideration. For all cases started in 2013, l'AGS was appointed inspector in 271 cases, of which 224 involved cases comprising 50 to 99 employees and 147 of the cases involved at least 100 employees in 2013 and independently of the opening judgment day, AGS was appointed controller in nearly 600 cases.



# Record advances paid

The increase in insolvency procedures requiring action from the AGS, has led to an increase in the number of beneficiaries of the scheme which reached a level close to the 2009 record.

For the past 5 years, advances remain around 2 billion euros, the threshold considered as exceptional at the peak of the crisis and yet exceeded in 2013.

The high demand for the services of AGS over the years can be explained by the seriousness of the economic crisis which continues to impact corporate lives negatively. However, the entry into force since 1 July 2013 of the Law for Securing Employment (LSE) could be the start of the reorientation of AGS actions towards a rapid return to work of employees laid off in insolvency procedures. This approach favours the notion of active spending over a concept of pure compensation for the prejudice of job loss.

## +5.4%

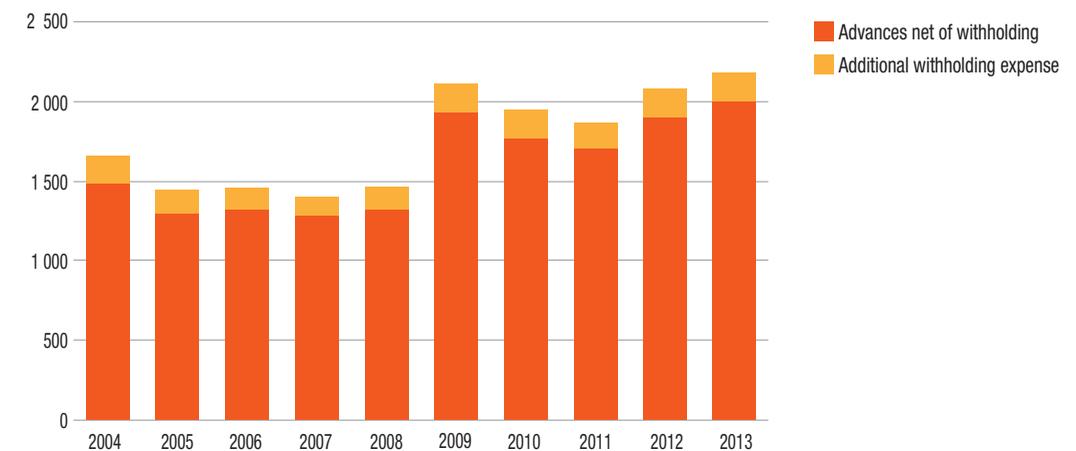
IN 2013  
new growth  
of the advances paid

## €2.19 billion advanced

After the 11.3% increase recorded in 2012, advances rose again in 2013 (+5.4%) to reach 2.19 billion and exceed the previous record established in 2009 (2.11 billion). The increase was higher in the 2nd half of 2013 (+9.2% compared to the 2nd half of 2012) than in the 1<sup>st</sup> half (+1.6% compared to the 1st half of 2012).

### Advances paid (millions of euros) from 2004 to 2013

Total advances comprise net advances for employment contract liabilities and advances for pay withholding. Under article 36 of the Law of 27 December 1996, statutory and contractual pay-related contributions are guaranteed by AGS. These totalled approximately 9% (2013 estimate) of all advances over the year and breaks down as follows: 68% Social Security, 21% pension schemes and 11% for unemployment insurance ■



### Fewer high amounts

After spiking by +28% in 2012, the number of advances exceeding €300,000 fell in 2013 (-12.8%). The number of advances exceeding €500,000 has followed the same trend ■

### Advances above €300,000 euros

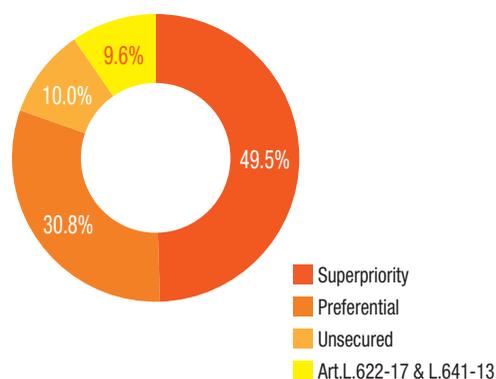
Year	Number of advances	
	> €300,000	of which > €500,000
2009	↗ 563	↗ 248
2010	↘ 441	↘ 206
2011	↘ 437	↘ 199
2012	↗ 563	↗ 255
2013	↘ 491	↘ 229

## Nearly half of all advances are superpriority claims

The breakdown of advances by seniority of claims is similar to the 2012 trend. For the two years, superpriority claims account for slightly less than half of advances (49.5% in 2013 versus 48.9% in 2012). The proportion of unsecured claims fell slightly, dropping from 10.6% in

2012 to 10.0% in 2013 while the proportion of preferential claims covered by Articles L.622-17 and L.641-13 of the Commercial Code remained nearly unchanged (with respectively 30.8% in 2013 versus 30.9% in 2012 and 9.6% in 2013 versus 9.7% in 2012) ■

2013 advances by seniority of claim



### The 4 types of claim

- **Superpriority claims:** they legally subrogate to employees' rights and must be repaid first.
- **Claims under Articles L.622-17 and L.641-13 of the Commercial Code:** these claims must be repaid before other claims but after superpriority claims.
- **Preferential claims:** they are secured by a general charge over moveable and immovable assets and are repaid, either per plan or in the event of liquidation, based on type of charge over the assets sold.
- **Unsecured claims:** these claims enjoy no security and are repaid either per plan or, in the event of liquidation, after preferential claims.

## Redundancies continue to grow

The interim figures at 31 March 2014 indicate redundancies reported in 2013 in AGS cases were up by +5.4% compared to 2012 (interim figures at 31 March 2013): 133,400 redundancies were reported ■

### Number of redundancies

It corresponds to the number of employees who lost their jobs during the observation period. These figures may change owing to the time taken by receivers to produce and then send lists of claims to the Délégation Unédic AGS since the lists may be received after the reference period. The difference between the number of beneficiaries and the number of redundancies, even after taking account of the time lag, indicates that some jobs are saved during insolvency procedures, including during liquidation.

## Nearly 10% of advances correspond to compensation claims set by the courts

The breakdown of advances paid out in 2013 by type of claim is close to the figure observed in 2012. Even if their weight has fallen slightly, claims linked to redundancies are still leading (23.7% versus 24.9% in 2012). These are followed by liabilities to employees (22.2%), almost unchanged compared to

2012 (22.3%), notices (19.9% versus 18.4% in 2012), the latter including CRP/CSP contributions. The proportion of compensation claims stood at 9.6% (9.3% in 2012); nearly half of these advances were for claims linked to dismissals converted into redundancies without any genuine and serious reason.

In 2013, advances required under labour court judgments represented about 17% of total advances, being nearly €733 million. 39.7% for compensation, 13.6% for redundancy pay and 11.8% in wage claims ■

## Numerous beneficiaries again

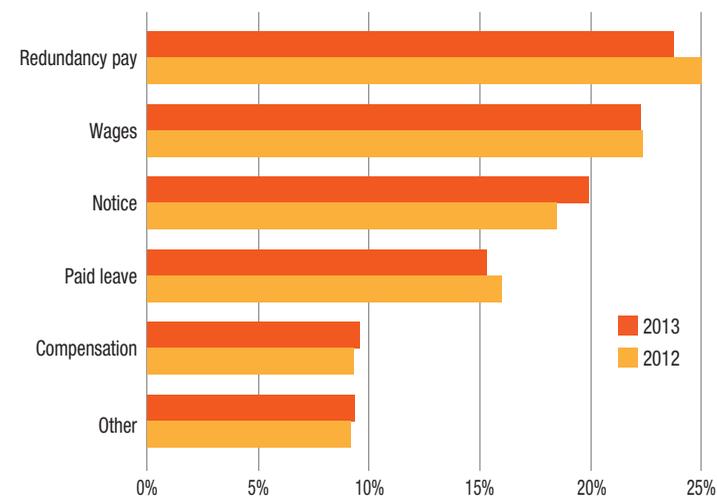
The number of beneficiaries of the AGS guarantee rose for the second consecutive year (+3%) reflecting the increase in the number of actions, after an increase of +7.1% in 2012, to settle at a level close to the 2009 level.

### The notion of beneficiary

The beneficiary concept allows the single booking for a given period of employees likely to receive several payments over that same period, because receivers usually submit requests for advances on the basis of the type of claim involved (one statement for wages and another for the severance pay, for example).



Advances paid by type of claim in 2012 and 2013



### Limits of the AGS guarantee

Under articles L.3253-17 and D.3253-5 of the French Labour Code, the guarantee limit on all outstanding wage claims of an employee is limited to:

- **6 times the monthly ceiling on unemployment insurance contributions** (€74,064 in 2013 and €75,096 in 2014) if the employment contract was signed at least two years before the date of the opening judgment;
- **5 times the monthly ceiling on unemployment insurance contributions** (€61,720 in 2012 and €62,580 in 2014) if the employment contract was signed at least six months and less than two years before the date of the opening judgment;
- **4 times the monthly ceiling on unemployment insurance contributions** (€49,376 in 2013 and €50,064 in 2014) if the employment contract was signed less than six months before the date of the opening judgment.

# High level of recoveries

The combination of a recovery optimization policy and higher advances in recent years means recoveries are now at their highest since Délégation Unédic AGS was set up in 1996.

Essential to the permanence of a guarantee scheme financed exclusively by private funds, recoveries benefit from the decisive assistance of receivers, including in their daily practice, the consequences of higher financial charges weighing on the treasury of the wage management scheme.

In a difficult economic context, the average recovery rate remained steady despite a trend towards the deterioration of existing assets in companies placed under insolvency procedures and the multiplication of the guarantees taken by prior creditors thereby depleting assets of their substance.

# 718

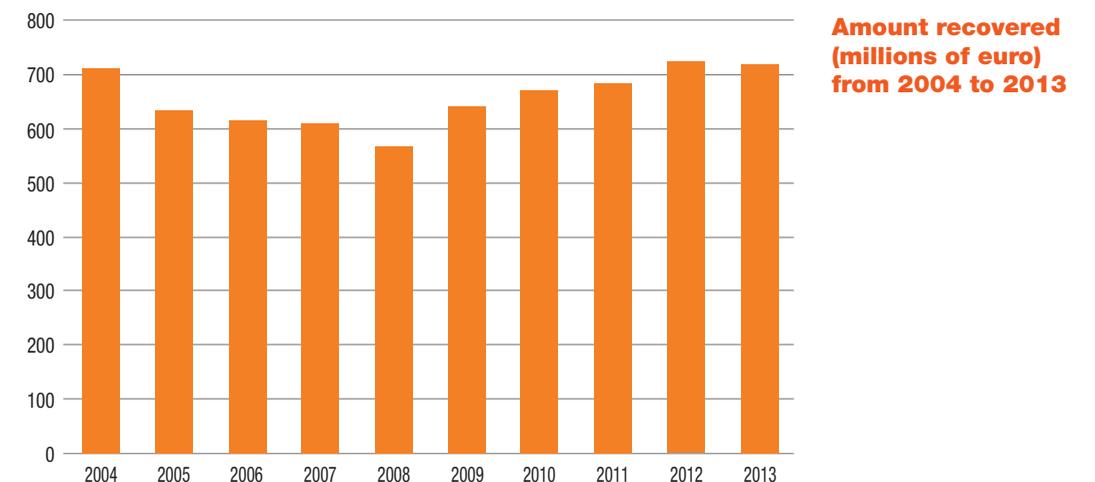
MILLIONS OF EURO

For 2013, the amount recovered was close to the 2012 record.

## Close to its highest level

On an uptrend since 4 years, recoveries contracted slightly in 2013 (0.8%) to settle at its second highest level recorded in 2012.

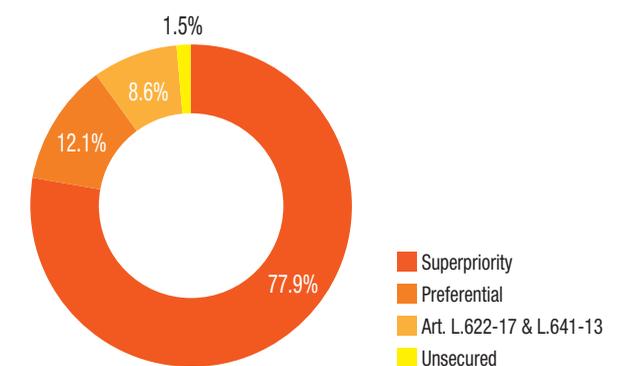
Two factors can explain this good result. Firstly, recoveries in any given year depend primarily on the advances made during the year in addition to those made in the previous two years. However, aggregate advances paid from 2011 to 2013 reached a record level. Secondly for several years now, the Délégation Unédic AGS has been implementing an active recovery policy in two main areas: by targeting actions and follow-up to current case type and by automatically asking the commercial court to it as supervisor in all procedures involving over 50 employees, where recoveries of wage claims exceed the average rate ■



## Superpriority claims are still over-represented

Although it has fallen slightly (77.9% in 2013 versus 80.5% in 2012), superpriority claims, which are repaid before any other claims, still account for an overly large proportion of total recoveries. Note that the proportion of recoveries on preferential claims increased slightly from 10.4% in 2012 to 12.1% in 2013 ■

2013 recoveries by seniority of claim



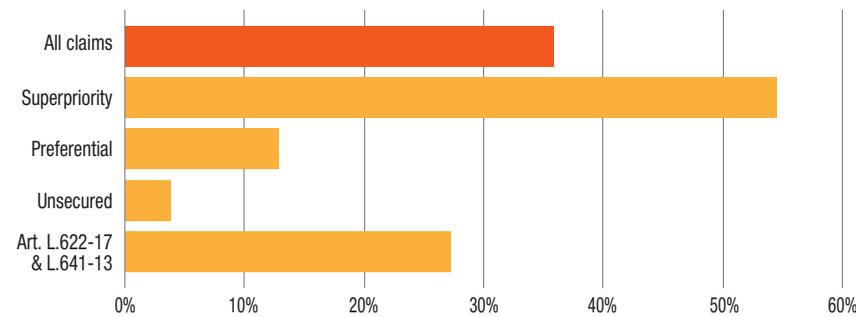
## Average recovery rate, 36,0%

The average recovery rate for all new cases between 1 January 1986 and 31 December 2013 was 36.0%. This result is similar to the average at 31 December in the last three years. The average recovery rate varies considerably, depending on claim seniority from 4.1% for unsecured claims, and up to 54.5% for superpriority claims.

### DÉFINITION

For a given AGS case, the recovery rate is equal to the ratio between the amounts recovered and the advances paid.

**Recovery rate for cases started since 1 January 1986 (at 31/12/2013)**

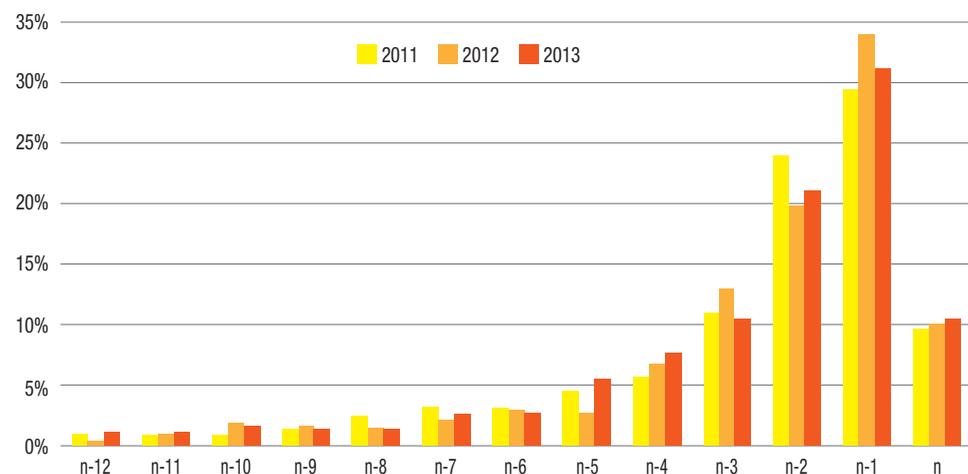


### Impact of the last three years

63% of all 2013 recoveries in money terms relate to advances made during 2013 and in the two prior years. 7% of all amounts advanced on new AGS cases opened in 2013, 18% of advances on new cases in 2012 and 26% of advances on new cases in 2011 had been recovered at 31 December 2013. Generally speaking, the recovery rate on procedures started in any given year is around 20% by the end of

the following year and 25%-30% at 31 December of year n+2. At end 2013, the average recovery rate after 8 years was about 35% ■

### Amounts recovered in 2011, 2012 and 2013 by year of opening judgment for the insolvency procedure concerned (n-12 to n)



### CHART READING

Around 10% of recoveries recorded in 2013 involve procedures started in 2013 (n) and slightly more than 30% to procedures started in 2012 (n-1). n corresponds to the reference year: 2011, 2012 or 2013 depending on the case. Therefore, nearly 24% of recoveries in 2011 (n) refer to procedures started in 2009 (n-2), year in which the advances had reached their previous record.

# Contribution rate unchanged to maintain financial balance

0,30%. The contribution rate, fixed by the AGS Board of Directors in the principle of corporate solidarity, remained unchanged in 2013. The high level of this rate, combined with the performance achieved in recoveries, allowed the Scheme to cope with the substantial advances made during the year and maintain its cash balance at a level commensurate with its missions.

**0,30%**  
CONTRIBUTION RATE

## €1.42 billion in contributions

Raised to 0.40% on 1 October 2019 to cope with the effects of the crisis which begun on 2008, the contribution rate was reduced to 0.30% on 1 April 2011 and maintained at this level in 2012. The fragile economic situation of 2013, characterized by a substantial amount of company failures and the related increase in advances, did not allow the AGS to reduce this rate. To prevent the possible deterioration of the Scheme's cash balance; it has therefore been maintained at 0.30% throughout the year.

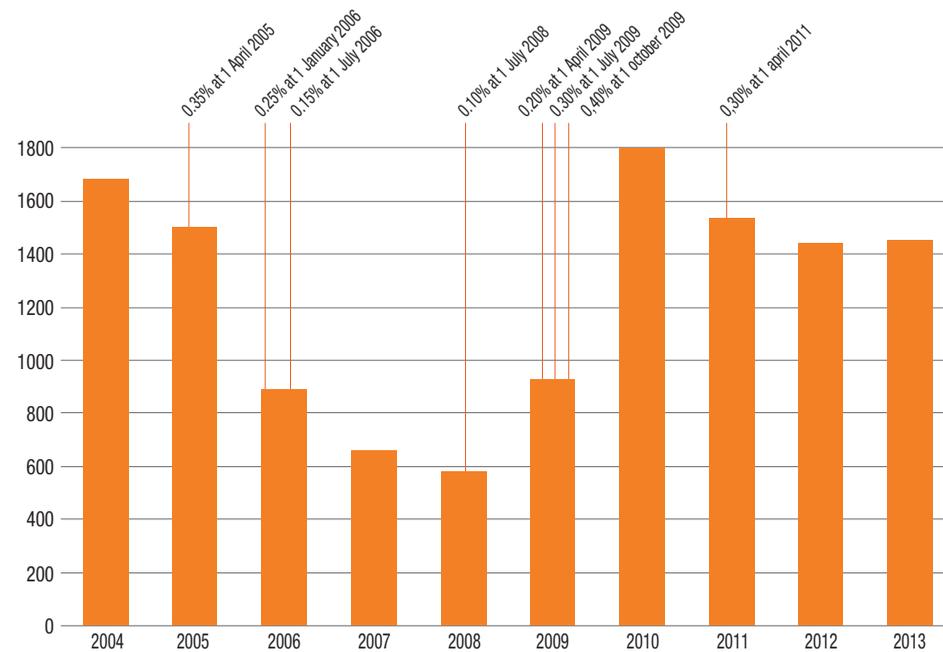
After falling for two years, the amount of contributions rose slightly in 2013 (+0.6%) to settle at €1.42 billion. The development of the contribution rate since 2004 reflects the constant determination of AGS to fully discharge its duties, in the name of corporate solidarity, with the dual goal of guaranteeing the permanence of the guarantee Scheme without damaging the competitiveness of contributing companies ■

### THE WAGE GUARANTEE SCHEME

is financed by employer contributions based on the unemployment insurance contributions. It is kept in balance by constantly offsetting advances against recoveries and contributions.

Under an agreement between Pôle Emploi, Unédic and ACOSS, the collection of AGS contributions was transferred to the URSSAF network on 1 January 2011.

Amount (€ million) and contribution rate from 2004 to 2013



# Labour court disputes

The increase in the number of beneficiaries of the AGS scheme in the last two years has had an impact on the number of labour court disputes, which remains at an unprecedented high level in the history of AGS. There are increasingly more claims linked to the exposure of asbestos risk and rank second in the reasons for court action taken by employees or receivers. They are still numerous collective actions.

# +13%

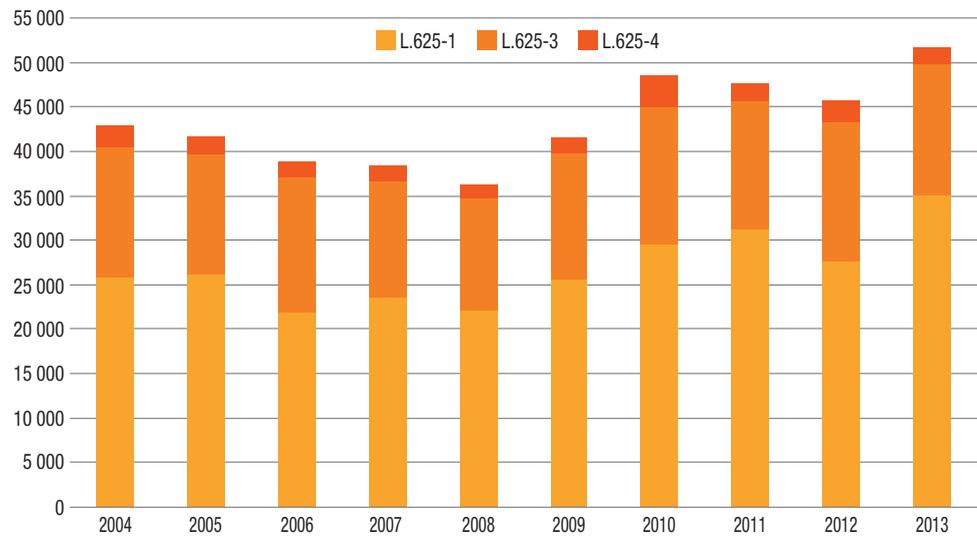
**IN 2013**  
Increase in the number  
of labour court disputes  
compared to 2012

## More than 51,000 labour court disputes

The number of labour court procedures rose by +13% in 2013 compared to 2012. This significant increase can be explained by the joint increase, in the last two years, of the number of new AGS cases and the number of beneficiaries of the guarantee scheme.

68% of disputes were caused by the receiver's refusal to allow all or any of an employee's claims onto the list of claims in bankruptcy (article L.625-1), 28% arose before insolvency proceedings were started (article L.625-3) and only 3% from a challenge by AGS to all or any of the claims presented (article L.625-4) ■

Number of labour court disputes 2004 to 2013 by grounds for summons



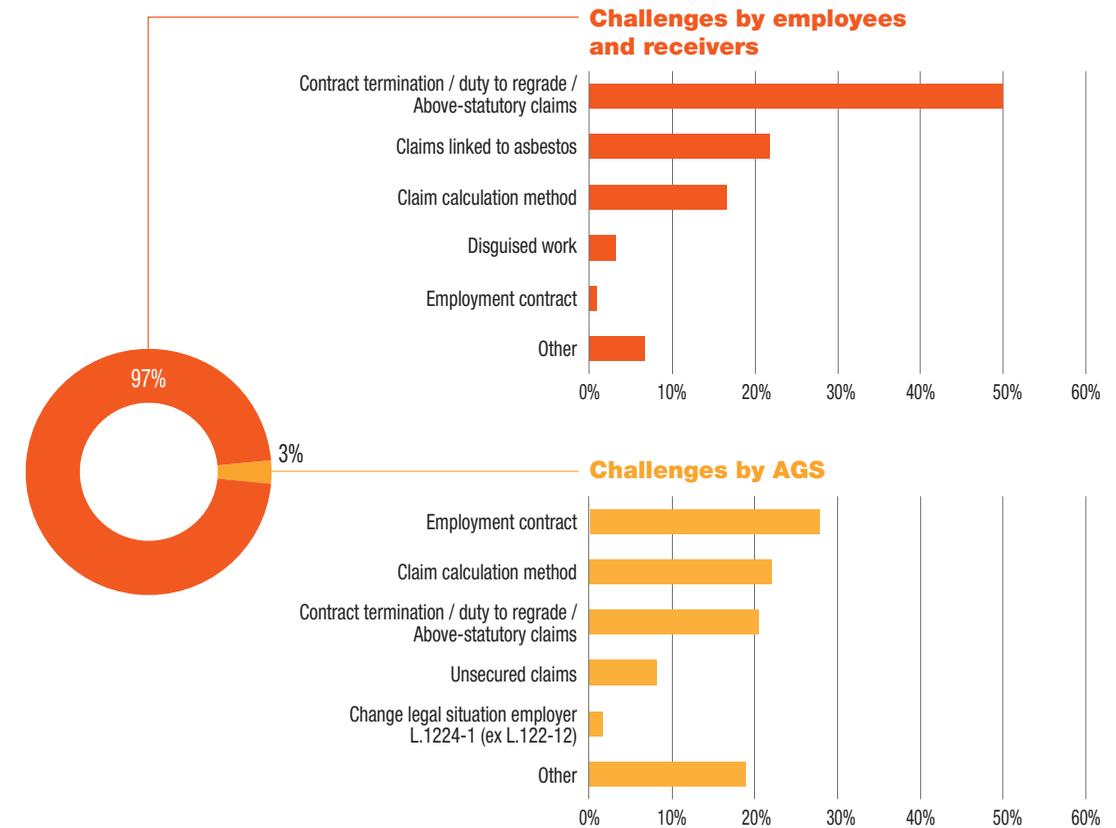
**WARNING**  
Labour court disputes are counted in number of employees.

## More than 1 in 5 disputes is linked to exposure to asbestos risk

Although the most common ground for litigation initiated by employees or receivers concern employment contract termination (nearly 50%), claims linked to the exposure to asbestos risk has risen and now exceeds, for the first time, disputes related to the claim calculation method: 22% of disputes versus 17%.

AGS challenges, down by 23% compared to 2012, break down differently: 28% are linked to the employment contract challenge (14% in 2012), 22% on the grounds of the claim calculation method (16% in 2012) and 21% from the challenge of employment contract termination (12% in 2012) ■

## Main grounds for litigation in 2013



### MULTIPLE DISPUTES

In 2013, nearly 29,000 employees were involved in multiple disputes involving between 2 and just under 500 employees.

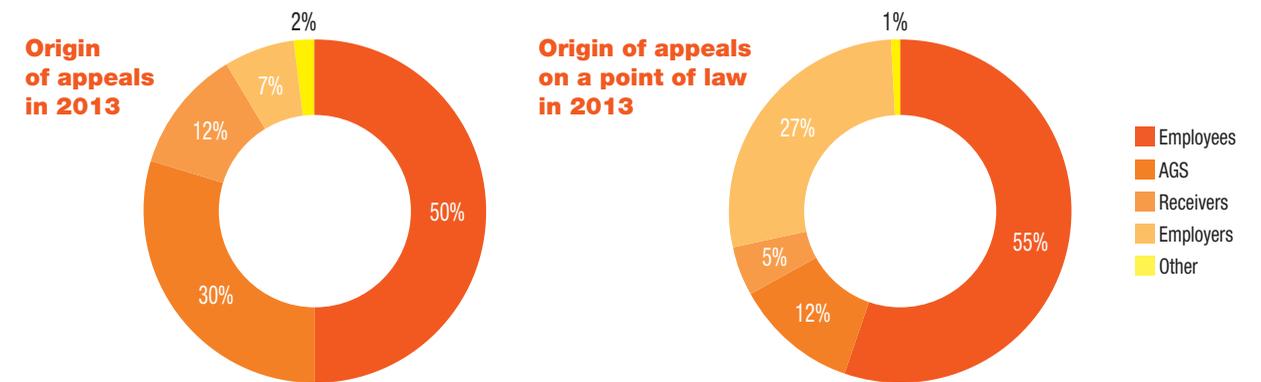
As in 2011 and 2012, while disputes involving 20 employees or more accounted for under 1% all labour court proceedings, they represented a huge proportion of the amounts claimed. They are therefore monitored closely because of the financial challenges they pose and the possibility for abuse of the Wage Guarantee Scheme.

## Verdicts, appeals and appeals on points of law

36,343 verdicts were handed down in 2013 labour courts and recorded by AGS, representing an increase of +14% over 2012. 27% of all these verdicts were appealed

(as in 2012), half of which initiated by the employee (versus 51% in 2012). 12,098 appeal court verdicts were delivered, representing +23% increase compared to 2012: 20%

were appealed on a point of law (versus 9% in 2012) of which 55% at the employee's initiative (versus 45% in 2012) ■





# BUSINESS INDICATOR BY REGION IN 2013

# KEY BUSINESS CRITERIA

Position at 31 March 2014	New cases with opening judgment in 2013	Region (%) in number of new cases	Number of employees in new cases in 2013	Region (%) employees entitled to compensation	Amount advanced in €K on new cases in 2013	Region (%) of total advanced)	New cases with 100+ employees in 2013	Region (%) new cases with 100+ employees)
Alsace	681	2.8%	4,451	2.3%	33,152	2.3%	3	1.9%
Aquitaine	1,333	5.4%	7,928	4.1%	56,165	4.0%	4	2.5%
Auvergne	425	1.7%	2,740	1.4%	18,689	1.3%	1	0.6%
Lower Normandy	505	2.0%	3,999	2.1%	24,856	1.8%	6	3.8%
Burgundy	585	2.4%	4,463	2.3%	31,109	2.2%	5	3.1%
Brittany	1,204	4.9%	8,530	4.4%	61,467	4.3%	2	1.3%
Centre	991	4.0%	6,934	3.6%	39,376	2.8%	7	4.4%
Champagne-Ardenne	479	1.9%	3,579	1.9%	28,116	2.0%	2	1.3%
Corsica	94	0.4%	768	0.4%	4,896	0.3%	0	0.0%
Overseas Départements	785	3.2%	6,323	3.3%	48,195	3.4%	5	3.1%
Franche-Comté	432	1.7%	2,795	1.4%	19,279	1.4%	3	1.9%
Upper Normandy	665	2.7%	7,568	3.9%	50,165	3.5%	6	3.8%
Ile-de-France	4,187	16.9%	46,106	23.9%	390,507	27.6%	47	29.4%
Languedoc-Roussillon	1,252	5.1%	7,774	4.0%	52,639	3.7%	6	3.8%
Limousin	218	0.9%	1,483	0.8%	10,044	0.7%	1	0.6%
Lorraine	912	3.7%	6,867	3.6%	46,660	3.3%	8	5.0%
Midi-Pyrénées	1,085	4.4%	7,125	3.7%	44,002	3.1%	4	2.5%
Nord-Pas-de-Calais	1,694	6.9%	12,853	6.7%	103,600	7.3%	14	8.8%
Provence Alpes-Côte d'Azur	2,038	8.2%	12,142	6.3%	73,008	5.2%	10	6.3%
Pays de la Loire	1,404	5.7%	11,129	5.8%	78,012	5.5%	9	5.6%
Picardie	551	2.2%	4,894	2.5%	40,804	2.9%	4	2.5%
Poitou-Charentes	634	2.6%	3,955	2.1%	34,297	2.4%	3	1.9%
Rhône-Alpes	2,566	10.4%	18,429	9.6%	127,396	9.0%	10	6.3%

	2009	2010	2011	2012	2013
Advances during the year (€ million)	2,114	1,946	1,864	2,075	<b>2,186</b>
Recoveries during the year (€ million)	642	672	683	724	<b>718</b>
Recovery rate at 31 December on cases under the 1985 Act	36.4%	36.2%	36.3%	36.2%	<b>36.0%</b>
Contributions during the year (€ million)	916	1,756	1,502	1,413	<b>1,422</b>
Contribution rate	0.10% then 0.20% at 01/04, 0.30% at 01/04, 0.40% at 01/10	0.40%	0.40% then 0.30% at 01/04	0.30%	<b>0.30%</b>
Number of company failures (judgment date - source Banque de France)	63,205	60,330	59,493	61,168	<b>62,571</b>
Number of AGS new cases (judgment date - at 31 March of the following year)	27,113	24,444	23,074	24,249	<b>24,744</b>
Number of 100+ employees recorded (judgment date - including protection)	228	171	184	183	<b>183</b>
Number of employee beneficiaries during the year	289,780	270,449	258,934	277,303	<b>285,719</b>
Number of court disputes	41,677	48,555	47,600	45,777	<b>51,591</b>
Number of appeal court verdicts	10,240	8,887	9,311	9,796	<b>12,098</b>

# Organization chart for Délégation Unédic AGS

## Senior Management

**Thierry Méteyé** National Director  
**Jacques Savoie** Chief of staff  
**Yves Roussel** Internal auditor

## Network Management

**Michel Mathieu** Deputy Manager, Network  
**Maryse Deschamps** Head of Operational Support  
**Christophe Fourage** Head of Steering  
**Marie-Ange Nguyen** Head of Quality and Risk Management  
**Michel Deirmendjian** Head of the Fight against Fraud

## Support and Services

**Anne Varin** Secretary General and Head of Management and Resources  
**Franck Bouchut** Head of Studies and Statistics  
**Laurent Méry** Head of IT  
**Jacques Andrieu** Head of Communications  
**Laurence Monchaux** Head of HR  
**Béatrice Veyssière** Head of Legal

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