



# ***Belgian Presidency of the European Union Council 2010***

Brussels, November 26, 2010

Congress Palace

*Ten years of public policies  
for employee ownership  
in Europe  
- past, present, future*

*Project coordinated by the  
European Federation of Employee Share Ownership*





## Ten years of public policies for employee ownership in Europe – past, present, future

"The Presidency of the European Union supports employee ownership and participation" was the theme of the conference held in Brussels on November 23, 2001 thanks to the previous Belgian Presidency of the EU.

Ten years later, the new Belgian Presidency of the European Union comes at the right moment to crystallize these new trends.

The financial crisis brings new political awareness about employee ownership which increasingly appears the best option for its contribution to healthier corporate governance, long term vision and stability. Furthermore, employee buyouts are multiplying for business transmission or rescue plans.

It is a fact that employee share ownership developed strongly among European companies during the last decade. 83% of all large companies have employee share plans now, compared to only 40% ten years ago. In most cases, such plans are now designed for all employees rather than just for a small number. This way, employee ownership is now in a strategic, determining or controlling position in over 25% of all largest European companies.

Two years ago, the European Federation of Employee Share Ownership (EFES) defined a "political roadmap for employee ownership in Europe" in the framework of the French Presidency of the European Union ([appendix 1](#)).

Proposals were later made by the EFES following the election of the new European Parliament. These proposals received positive attention from many Members of the Parliament from all political parties ([appendix 2](#)).

Finally, the EFES addressed its proposals to the new European Commissioners, encouraging them to take a wider vision of cross-disciplinary aspects of employee ownership within the European Commission. Positive signals about this have already been received from direct contacts with new Commissioners Laszlo Andor for Employment, Social Affairs & Inclusion, and Michel Barnier for Internal Market & Services.

The Belgian Presidency of the European Union comes to the right moment to crystallize the new Parliament's and Commission's thoughts along year 2010.

This is also true for governments and social partners. Several countries decided or are discussing enhanced promotion of employee ownership e.g. Germany, Italy, Poland and the UK. Consideration of employee ownership options looks to be taking a positive turn among social partners, - the German union IG Metall recently expressed the idea that "the best shareholders are employees" ("*Arbeitnehmer sind die besseren Aktionäre*").

The conference of the next Belgian Presidency of the European Union will be held on November 26, 2010. It is aimed to gather representatives of the European institutions, governments, social partners, companies and experts.

The EFES acts as the umbrella organization of employee owners, companies and all persons, trade unions, experts, researchers, institutions looking to promote employee ownership and participation in Europe.



## TEN YEARS OF PUBLIC POLICIES FOR EMPLOYEE OWNERSHIP IN EUROPE – PAST, PRESENT, FUTURE BRUSSELS, 26 NOVEMBER 2010

The Belgian Presidency of the European Union in 2010 will be the right moment to crystallize new trends. The financial crisis brings new political awareness about employee ownership which increasingly appears the best business model for its contribution to healthier corporate governance, long term vision and stability. Furthermore, employee buyouts are multiplying for business transmission or rescue plans. Renewed interest appears within the European institutions. This is also true for governments and social partners.

### Morning session

- 9.00 – 9.30**      **Welcome and registration**
- 9.30 – 9.45**      **Conference opening and welcome speech**
- Cees Vos, Honorary President, European Federation of Employee Share Ownership
- 9.45 – 10.15**      **Employee ownership organisations – Which new deal for Europe?**
- Guido Antolini, EFES President, DirCredito, Italy
  - Marc Mathieu, European Federation of Employee Share Ownership, Belgium
- 10.15 – 10.45**      **A lawyer vision – What could be done at European Union level?**
- Sami Toutounji, Shearman & Sterling, France
- 10.45 – 11.00**      **Break**
- 11.00 – 12.00**      **Companies**
- Some emblematic cases. What companies expect from European policies.
- Max Stelzer, Voestalpine Arbeitnehmer Privatstiftung, Austria
  - Philippe Dancot, Saint-Gobain, France
  - Dominique Welcomme, Vivendi, France
  - Martin Waters, Chairman of the Steria Employee Trust, Royaume Uni
- 12.00 – 13.00**      **Social Partners' vision – a new deal**
- What social partners expect from European policies regarding employee ownership – the new initiative of the European Economic & Social Committee (EESC).
- Alexander Graf von Schwerin, EESC Rapporteur, Germany
  - Madi Sharma, EESC Co-rapporteur, United Kingdom
  - Maurizio Petriccioli, National Confederal Secretary of the CISL, Italy
- 13.00 - 14.30**      **Lunch**
- in parallel:      **Press conference**
- The European Employee Ownership Top 100 rankings in 2010**
- Celebration of the top European companies regarding employee ownership.

### Afternoon session

- 14.30 – 15.30**      **For a European ESOP**
- Specific needs and expectations from politics regarding employee buyouts and ESOPs.
- Jens Lowitzsch, Freie Universität Berlin, Germany
  - Iñaki Ibarra Unzueta, Diputación Foral de Guipúzcoa, Spain
- 15.30 – 17.00**      **Political roundtable – a new deal for Europe**
- Didier Reynders, Vice-Prime Minister and Minister of Finance, Belgium
  - Pervenche Bérès, President of the Commission for Employment & Social Affairs of the European Parliament, France
  - László Andor, European Commissioner – Employment, Social Affairs & Inclusion, Hungary
  - Michel Barnier, European Commissioner – Internal Market & Services, France

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# TEN YEARS OF PUBLIC POLICIES FOR EMPLOYEE OWNERSHIP IN EUROPE

BRUSSELS, 26 NOVEMBER 2010

Please fill in block capital letters and return to:

EFES, Avenue Voltaire 135 - B-1030 Brussels, Fax : +32 (0)2 242 64 30 E-mail : [efes@efesonline.org](mailto:efes@efesonline.org)

## REGISTRATION FORM

### 1. Participant

Name, Surname .....

Organization/Company .....

Address .....

Zip code ..... City ..... Country .....

E-mail .....

Phone .....

### 2. Participation towards costs

I will attend the conference of the Belgian Presidency of the European Union on November 26 in Brussels.

I pay my participation fee of 50 € (including, handouts and proceedings, refreshments and lunch).

### 3. Payment

By bank transfer to account number IBAN: BE51 7320 0420 1262 of the EFES to CBC BANK in Brussels (BIC: CREGBEBB), mentioning "Belgian Presidency + your name & surname"

By MasterCard or Visa nr           Expiration on   /

Send me a justifying invoice

Date:

Signature:



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## TEN YEARS OF PUBLIC POLICIES FOR EMPLOYEE OWNERSHIP IN EUROPE BRUSSELS, NOVEMBER 26, 2010

### Venue

#### **Palais des Congrès**

Address: Glass Entrance, Mont des Arts, 1000 Bruxelles

Phone: +32 2 515 13 00

Website: [www.square-brussels.com](http://www.square-brussels.com)

### Languages

English, Spanish, French, German

### Organisation / Registration

Marc Mathieu, Secretary General

European Federation of Employee Share Ownership

Avenue Voltaire 135, B-1030 Brussels

Phone/fax: +32 (0)2 242 64 30

Email: [efes@efesonline.org](mailto:efes@efesonline.org) Internet: [www.efesonline.org](http://www.efesonline.org)

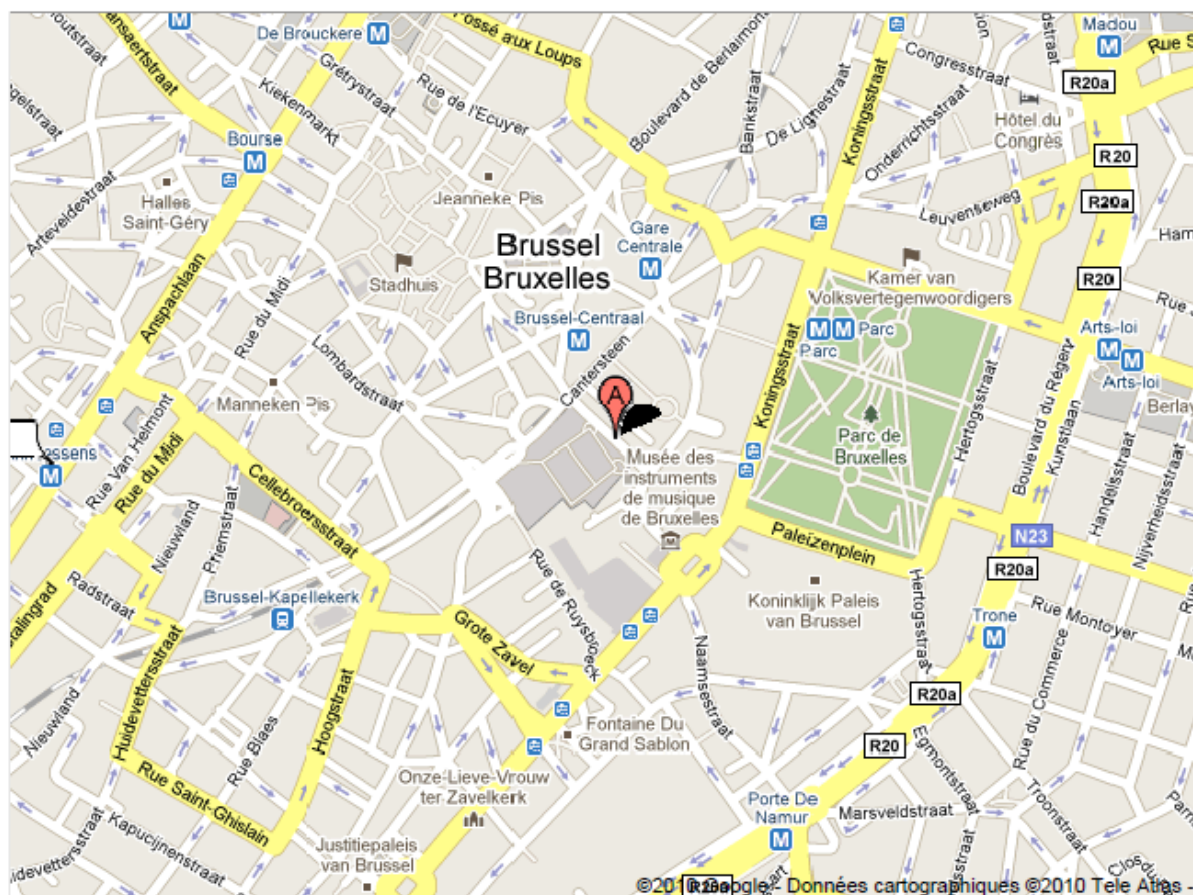
### Accommodation

For hotel reservation and for any help or information :

Myriam Biot

Mobile : +32 475 95 30 30. Fax : +32 2 242 64 30

Email : [efes.feas@gmail.com](mailto:efes.feas@gmail.com)





## WHAT IS THE EFES?

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### *Mission statement*

The EFES is the *European Federation of Employee Share Ownership*.

The main aim of the EFES is to promote the development of employee ownership over Europe, as a mean of progress and productivity for companies, a mean of economic and social performances, and a mean of employment enhancement.

The EFES is an open organisation acting as the umbrella organization of employee owners, companies and all persons, trade unions, experts, researchers, institutions looking to promote employee ownership and participation in Europe.

The EFES was recognized by the European Commission (DG Enterprises & Industry) as European Business Representative Organisation in the field.

### *Structure*

The EFES is a European organisation located in Brussels, with the statute of an international not-for-profit association.

It gathers organisations, companies and individuals in all countries of the European Union.

Its Board of Directors consists of representatives of organisations and companies from 14 countries.

It also works in partnership with similar organizations in all other regions of the world (including USA, Australia, Asia, Africa and others).

### *Members and partners*

- Almost all organizations promoting employee share ownership, associations and federations of employee owners in European countries.
- Top companies like British Telecom, EADS, Voestalpine, France Telecom, Vivendi, Mondragon Corporacion Cooperativa, ... as well as small and medium sized ones.
- Trade unions and representatives of workers' unions (CISL, CFTC, CGT, DirCredito, UGL, etc.)
- Experts and consultants.
- Almost all researchers and university centres working in the issue.

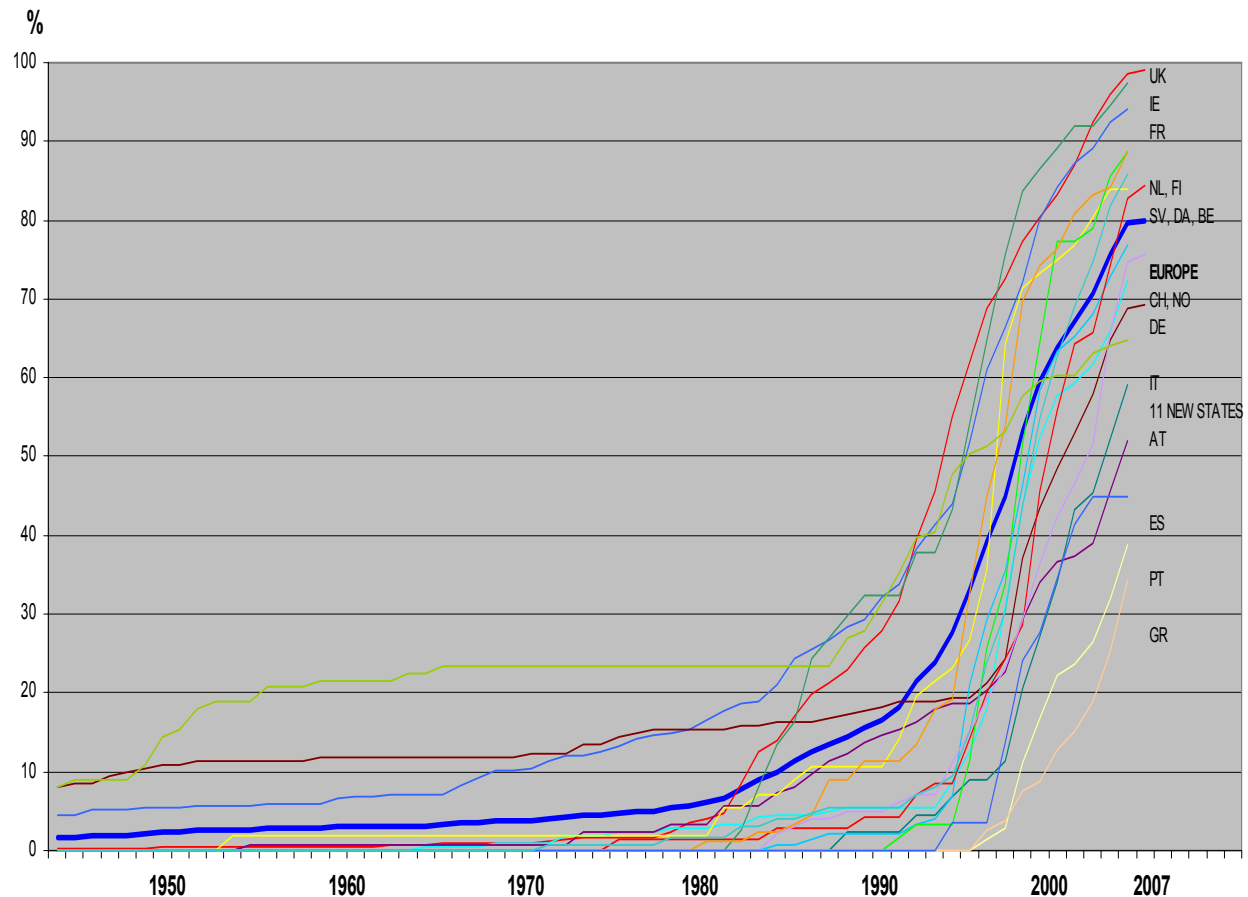
## A political roadmap for employee ownership in Europe

What should be done at European level to promote the development of transnational employee share plans across Europe? Should we set up a European model for employee financial participation?

These are the questions answered by Marc Mathieu, Secretary General of the European Federation of Employee Share Ownership, within the framework of the French Presidency of the European Union, organised by the MEDEF in Paris on October 17.

The answer can be seen as a roadmap for employee ownership in Europe on the threshold of 2009.

Let's first and beforehand have a look at the picture of the development of employee share plans in large European companies. This is highly fascinating. It is a general movement, involving all large companies in all countries. A strong, quick and sudden movement. 10% of all large European companies had employee share plans in 1986, 20% in 1994, 40% in 1999, 80% in 2006... When considering recent trends, we can predict that employee ownership is likely to double within the next few years.



Based on this observation, our answer rests on 6 points, Marc Mathieu said.

1. Question number one: Europe must be given competence in the matter. But it is not the case so far. As we can see it all large companies are going in the same direction, in all countries. However, when considering the states, it is still everyone for himself. This general trend does not get any political accompaniment. In a number of states you do have legislations but even there, such legislations and share schemes are of unequal quality. Giving Europe competence means giving Europe a policy, a budget, an administrative body... This the heart of the matter !!! The development of employee ownership has to be encouraged. Employee ownership should more effectively be associated to the governance and management of European companies.

2. Do we need what you call a "European model"? Yes we do. But let's be quite clear about it. France has now a 50-year-old excellent legislation. The United Kingdom has now a 30-year-old excellent legislation. Is France going to put its excellent legislation aside? Are French companies going to abandon their schemes for a new model, even a European one? Of course not. French companies will continue to work first with their basic schemes, those being available for most employees at their main location, and thereafter extrapolate and translate to their other locations in other countries. And this is precisely the place for a common model. Instead of translating in 26 other ways we should have a single, complementary model, available in all countries.

3. Of course, neither the UK nor France would give up decades of excellent legislation. Nevertheless, at the same time, France and UK are the first countries concerned as they host 40% of all large European companies! So the third pillar of my answer is the following one: Reciprocity and mutual recognition. French companies should be allowed to implement their own schemes in the UK, while British companies should be allowed to implement their schemes in France. France and the UK should work hand in hand to that end. You are the parties principally involved, you also both have the most complex and excellent legislations, which you would not give up. I think it is essential that the main parties concerned should develop ways of mutual recognition.

4. What should the above mentioned single European model be like? We can draw our inspiration from the Renault "Logan" model. It is rustic, robust, all-purpose, cheap... This is what we need in Europe. You cannot transfer 50 years of good legislations overnight. Trying to do so would generate monsters. You have to work block by block as in a "building block" approach, with simple blocks. What would be the "Logan" model for employee ownership, the simple, basic block? It should be possible for an employee in each European country to purchase shares in his company, up to 5.000 €, every year, with a 20% discount free of tax and social security. This is the simple model that should be available in all countries. This could be a big step forward for Europe.

5. Let's compare several European countries with respect to this basic 5.000 € block with a 20% discount free of tax. This is far below France or the UK. On such scale, you can see France with 22.000 €, the UK with 12.000 € while many countries have no legislation at all and others are far below: Norway 950 €, Austria 2.500 €... Here is why we urge the European states to take action, with some good success: Slovenia, for example, voted a legislation in February 2008. Until now, Germany was at 650 € (compared to the 5.000 € we are discussing here). It will move to 1.800 € in 2009. It may seem low but it is really a good step forward. Austria will probably move from 2.500 to 5.000 € in the near future. Now it is time for Italy and Spain to wake up !!!

6. My sixth point deals with the SMEs. The USA had a stroke of genius 35 years ago when adopting the ESOP (employee stock ownership plan). This model applies mainly to the transmission of businesses to employees (transmission of family-owned business, rescue of failing businesses). Of course, it can also be implemented in other cases, but this is the biggest part. In this way, in 35 years, the USA were able to develop a strong employee ownership culture, combining information, spirit, finance and management on a wide scale.

There is nothing like this in European countries. Here, we are still on free, open field, all European states being even. This could make things easier.

Of course, you can transfer employee financial participation schemes from large companies to small and medium sized ones (for example the French "intéressement"); it could probably do no harm but this is not the right issue. The needs, the key issues of SMEs are not the same as of the ones of large companies. Schemes, employee participation plans, legislation are totally different. Of course, you can try to transpose, but it is not the right issue, you need something else. This is what the USA did and this is what we lack in Europe. Therefore, here also, there is a space for a European model. We encourage Europe to promote a "European ESOP". For the rebuilding that will follow the present crisis, it will be an extraordinary asset for the USA. We need that too.





## Proposal to the new European Parliament

After 10 years of (no) European policy, time has come to assess the situation and to relaunch a dynamic policy for developing employee ownership across Europe.

150 Members of the European Parliament and leaders from all political parties expressed their support to the Employee Ownership Manifesto for the 2009 European elections. Healthier economy, sustainability, better governance are the key points in most supporting messages from all parties.

Let's quote MEP Frédérique Ries : *"I commit myself with my colleagues of the ADLE to convincing the European Parliament that the issue of the development of employee ownership in the European Union should be a priority for the first year of the new legislature."*

The most supportive statements came from the European Liberals and Democrats, from the Greens and from the Group of European Socialists, as well as from the European People's Party and others.

After 10 years of (no) European policy, time has come to assess the situation and to relaunch a dynamic policy. This is a perfect role for the European Parliament. Elements of this assessment:

- 10 years ago, the European Federation of Employee Share Ownership organized a first Conference of the Belgian Presidency of the EU on employee ownership (on the 23.11/2001 at the Egmont Palace). At the same time, Guy Verhofstadt had convinced the Lisbon Summit to ask the European Commission for a communication and an action plan. This plan has never come into being.
- For 10 years the Parliament has voted a (sub-) budget line for the promotion of employee financial participation in Europe. The Parliament counted on an annual budget of one to 2 million euros. Actually, in ten years the Commission has only granted 3 million euros for projects to that end.
- A High Level Experts Group was set up by the Commission. It put forward seven concrete proposals in 2004. In his Report to the French Parliament, Deputy François Guillaume wrote down in September 2006: *"Nevertheless on the date of the drawing up of this report, the implementation of these proposals has not even been initiated"*. Since then nothing has moved.
- Very recently, MEP Ieke van den Burg has put a series of written questions to the Commission. The answers received are distressing. In conclusion Mrs van den Burg says that *"Hopefully DG Employment & Social Affairs will have a new and more ambitious Commissioner after the elections"*.
- Paradoxically, in spite of the do-nothing community attitude, employee share plans have rapidly developed in huge numbers in European companies, but in bad conditions and with multiple discriminations. This wide gap between the dynamics in the companies and the community do-nothing attitude has generated a strong feeling of frustration towards Brussels and Europe.

Among the proposals put forward to break with this acknowledgment of do-nothing attitude, one of them seems of the utmost importance. We need a permanent community body to ensure the promotion and development of employee ownership in Europe on a regular basis.

Within the European Parliament, such permanent body could be an "Interparliamentary group for employee ownership".

At the Commission level, it could be an "European Ownership Forum", following the example of the Forum on Remunerations, the Forum on Restructuring and others. Light structures, but permanent structures ensuring a follow-up.