

EMPLOYEE SHARE OWNERSHIP BENEFITS AND RISKS

FACTS AND POLICIES

JULY 2018



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ABSTRACT

This publication brings together all the raw material relating to the benefits and risks of employee share ownership. It is mainly intended for social, economic and political actors and for researchers. The material covers all benefits and risks of employee share ownership: 1. As identified in academic studies and research works. 2. As identified by the European institutions' positions and publications. 3. As expressed by prominent political figures. 4. As expressed by large European companies. 5. As shown through best practice cases and testimonies. In addition, the list of sources and documents in the appendix provides access to all publications of the European institutions, from the PEPPER I Report and the Council Recommendations in 1991 and 1992 until today.

INTRODUCTION

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The material covers all benefits and risks of employee share ownership:

1. As identified in academic studies and research works.
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4. As expressed by large European companies.
5. As shown through best practice cases and testimonies.

In addition, the list of sources and documents in the appendix provides access to all publications of the European institutions, from the PEPPER I Report and the Council Recommendation in 1991 and 1992 until today.

The source of each item is thus easily accessible.

The main barrier to the development of employee share ownership across Europe is still the lack of published information and adequate legislation in many countries.

Even so, a massive increase in employee share ownership has taken place over the last 30 years in Europe, 50 years in the USA and more recently in Asia, in Africa, and all over the world, with 10 million employee shareholders in Europe and 30 million in the US.

Employee share ownership has been the life and daily practice of millions of people for many, many years. It is also well known through thousands of research works.

All this has led to strongly positive conclusions about its benefits and risks.

What is employee share ownership? It is simply the fact for employees to hold shares in the company they work for.

It is from one share held by one employee to 100% held by all of them.

It can be the result of a normal share purchase, when employees contribute to the setting up of a new company, either in case of a business transfer to employees or a rescue plan. It can also be the result of benefit plans such as employee share schemes, stock option plans or other plans in large companies or SMEs.

Employee share ownership brings benefits to all, - employees, companies, society at large, - with limited and manageable risks. In the following pages, benefits and risks are considered from the point of view of employees, of companies and of political leaders and social and economic-development officials.

Six main benefits and risks are identified for employees, six others for companies and SMEs, and finally five others for officials.

This publication is available in electronic version on page:

[http://www.efesonline.org/LIBRARY/2018/Employee share ownership - Benefits and risks - Facts and policies.pdf](http://www.efesonline.org/LIBRARY/2018/Employee%20share%20ownership%20-%20Benefits%20and%20risks%20-%20Facts%20and%20policies.pdf)

EMPLOYEES

With employee share ownership:

- Your company may grow faster and benefit from higher results than it did in the past.
- You may also receive better wages and benefits.
- You may accumulate more savings, you are likely to build up a better retirement nest egg than you did before. Some employee-owners have accumulated hundreds of thousands of Euros over the years.
- You will be less likely to be laid off in a downturn.
- You may be given opportunities to help your company succeed by actively participating in governance and decisions about your job.
- You may get better financial information and education, including risk management.

COMPANIES

It makes sense to spread capital over many people (including employees) in large (listed) companies. It makes sense to keep capital concentrated in a few hands in SMEs.

With employee share ownership:

- Your company may grow faster, be more productive, and achieve better results than it did in the past.
- Your company will benefit from better governance, including employee shareholders.
- You may be given the opportunity to rehabilitate share ownership as a positive value, as well as entrepreneurship.

SMEs AND COMPANY OWNERS

Imagine that you decide to sell your company to its employees through an employee stock ownership plan - this is the most typical employee ownership scheme in the USA.

- You can finance the sale not with employees' money but with pre-tax profits the company earns in the future.
- You can preserve the legacy of the business you have worked so hard to build. You will be protecting the jobs of the people who helped you along the way, and you will be leaving them in a situation where they are likely to prosper.
- You can decide when and how you retire, what role you want to play in the company, and for how long. You and the other stockholders will receive the full appraised value of your shares, payable in one lump sum or over time - your choice, exempt of taxation.

OFFICIALS

Social and political leaders and economic-development officials, developing employee share ownership:

- Your local economy will be more vibrant and achieve higher productivity.
- The wealth created will be shared more widely, leading to more broadly based prosperity.
- Your economy will benefit from stronger (long term) savings and capital market development.
- The employee-owned companies will be less likely to move away, and their employees will be less likely than others to be laid off during a recession.
- As a leader, you will have the opportunity to champion an economic program that is good for all and enjoys broad support.

EMPLOYEES

• YOUR COMPANY MAY GROW FASTER AND BENEFIT FROM HIGHER RESULTS THAN IT DID IN THE PAST.

- ESOPs have been found to boost sales and employment by more than 2% a year compared to similar companies without ESOPs. (John Case, NCEO, Nov 2017)
- At least two studies comparing companies before and after the adoption of an ESOP found faster employment growth afterward—particularly among firms that had more employee participation in decision making. (John Case, NCEO, Nov 2017)
- Other studies have found productivity increases of up to 4–5%, on average, in the year an ESOP is adopted. (John Case, NCEO, Nov 2017)
- "An increase in the strength of the existing ESO plans measured by stake per employee results in statistically significant productivity gains. Furthermore, such productivity gains are found to lead to profitability gains" (Does Employee Stock Ownership Work? Evidence from publicly-traded firms in Japan, Takao Kato, Hideaki Miyajima and Hideo Owan, June 2016)
- "The results show that firms with employee share ownership enjoy significantly higher levels of capital market performance and of accounting performance than firms without ESO" (Levels of Employee Share Ownership and the Performance of Listed Companies in Europe, Ansgar Richter & Susanne Schrader - British Journal of Industrial Relations, January 2016).
- British Department for Business, Innovation and Skills - Cass Business School Research: The employee ownership advantage. BIS commissioned a report from Cass Business School in 2012 to look further at the impact of employer ownership on firms. Amongst other things, the report finds that employee owned businesses have a stronger long-term focus, invest more in human capital and have a greater preference for internal over external growth. (Cass 2012)
- According to the Center for Strategic Analysis of the French Republic, the absenteeism rate decreases by 52% and the social performance of a company having employee share ownership is 52% higher than that of companies which have neither employee share ownership nor employee savings plan; the effectiveness of employee share ownership has to be reinforced by ensuring the representation of employee shareholders. (French Centre d'Analyse Stratégique, 2011)
- "There is remarkable agreement across studies from more than 20 countries covering several tens of thousands of enterprises that financial participation has a positive or neutral effect on productivity. The finding is very robust, even though economic theory would predict both positive and negative effects." (Pérotin-Robinson 2002, p IV)
- "In a survey of co-owned firms, 72% reported that staff worked harder, 81% that they took on more responsibility, 49% that competitiveness was enhanced and 44% that profits were higher" (The Co-Co Report 2007)
- "There is also some evidence that costs related to absenteeism and managerial oversight are lower in CoCo organisations. This is because employees themselves take more responsibility for themselves, but also for each other." (Co-Co Report 2007)

EMPLOYEES

• YOU MAY ALSO RECEIVE BETTER WAGES AND BENEFITS.

- More prosperous employees. The benefits of employee ownership largely come in addition to comparable or higher wages. One study found employee-owners earning between 5% and 12% more in median wages compared to employees in matching non-ESOP companies. Employee-owners typically enjoy better benefits, including job training. (John Case, NCEO, Nov 2017)
- A new survey, which looked at workers' economic circumstances over time, compared people age 28 to 34 with employee ownership to their peers without. The study found that those with employee

ownership enjoyed: 92% higher median household wealth; 33% higher income from wages; 53% longer median job tenure. (Nancy Wiefek, NCEO, 2017)

- The CoCo Report: Work, Happiness and Employee Ownership: Companies where workers have a say in decisions and a stake in ownership are more productive because staff are happier, according to a new report in the UK. The study found absence levels were lower and workers were more committed in "co-owned" companies. The British Government was urged to introduce tax incentives to encourage the launch of more co-owned companies. (Co-Co Report 2007)

- "But do workers in CoCo companies have happier, more "agreeable" lives? Once again it is hard to produce definitive direct evidence. The job satisfaction levels in these organisations do seem to be well above the average – but this is true of lots of non-CoCo firms too. As far as I know, there is no direct causal evidence for a link between co-ownership and worker happiness. However, there is research relating worker wellbeing to a range of factors – including autonomy, trust, respect, involvement and information - which are also characteristic of co-owned organisations." (Co-Co Report 2007)

- Patrick Guiol revient dans un article paru dans la Revue Esprit sur "Les enjeux de la participation" en rappelant les résultats des recherches sur "l'effet participation" sur la santé publique et sur son énorme potentiel d'économies pour le budget de la sécurité sociale. (Revue Esprit, Mars 2018)

- "There is some evidence to suggest that localities with high levels of employee ownership may have better levels of health than the community as a whole." (Co-Co Report 2007)

- "Research by the Napier University Business School (...) included a survey on health and well-being outcomes at a range of employee owned companies. It found that the majority of workers were more satisfied compared to when they worked for non-employee owned companies. Why might this be the case? Davies (2011) asserts employee ownership is typically associated with enhanced engagement with management and that this sense of engagement is positively linked with well-being." (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)

- "For employees, financial participation contributes to a closer identification with their enterprise and to a better involvement in its affairs and in its progress. Especially when it is linked to other participatory management practices and to the modernisation of work organisation, financial participation can improve the quality of jobs and boost job satisfaction. Moreover, financial participation schemes support the wealth formation of employees and allow them to participate more in the economic growth generated in an economy than it would be possible through wage income alone." (European Commission, Communication 2002)

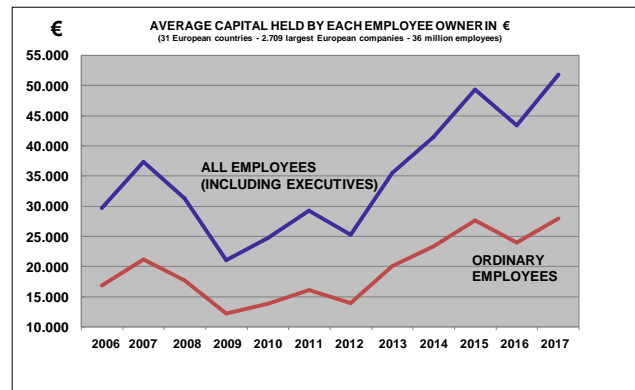
- "Financial participation can also enhance the link between overall income and productivity, in the sense that enterprises with higher productivity levels are likely to enjoy higher profits for a time, in which employees will share. This may also have beneficial effects on labour market functioning and employment levels." (European Commission, Communication 2002)

EMPLOYEES

• YOU MAY BUILD UP HIGHER SAVINGS, YOU ARE LIKELY TO BUILD UP A BETTER RETIREMENT NEST EGG THAN YOU HAD THE OPPORTUNITY BEFORE. SOME EMPLOYEE-OWNERS HAVE ACCUMULATED HUNDREDS OF THOUSANDS OF EUROS OVER THE YEARS.

- The same study found that ESOP participants have 2.2 times as much in retirement plans and 20% more financial assets overall than employees of the comparison group of non-ESOP companies. (John Case, NCEO, Nov 2017)

- "2017 was a new record year for employee share ownership in Europe, with nearly 400 billion Euro held by employees shareholders in their companies (...) or 52.000 € per person (and 28.000 € if executive directors are excluded)." (Annual Economic Survey of Employee Share Ownership in European Countries in 2017, EFES, 2018)



- "The average capital held by each of the 9 million employee shareholders in Europe increased by 145% from 2009 to 2017 (from 21.100€ to 51.800€), including top executives and others, and by 130% for ordinary employees (from 12.200€ to 28.000€)." (Annual Economic Survey of Employee Share Ownership in European Countries in 2017, EFES, 2018)

- "In companies with an Employee Stock Ownership Plan (ESOP), the average worker has accumulated \$134,000 in wealth from his or her stake, according to new research by professors Joseph Blasi and Douglas Kruse" (Blasi-Kruse 14.5.2018)

- "Stewart's employee stock ownership plan creating millionaires... Workers at Stewart's Shops are riding a rising company stock price that has created dozens of new millionaires heading for retirement, at least on paper. Stock for the privately held company, which employs more than 4,500 people, has boomed this decade, rising 66 percent between 2011 and 2016, according to annual reports filed with the U.S. Labor Department. Stewart's workers, who own almost 40 percent of that stock through a company retirement program, have been riding high along with it. Stock that was valued at \$152.40 a share in 2011 had increased to \$253.21 by 2016, the most recent year that federal reports were available. Now, there are 67 current or former long-time Stewart's workers with retirement balances of more than \$1 million in the Employee Stock Ownership Program (ESOP), according to Stewart's President Gary Dake. Nearly a third of these millionaires started out as hourly employees, and over a third are still working at their positions, he said. About 1,000 current or former workers have balances of more than \$100,000, he added. The program is entirely company-paid, and costs workers nothing." (Stewart's employee stock ownership plan creating millionaires, Albany Times Union - 6 April 2018)

EMPLOYEES

• YOU WILL BE LESS LIKELY TO BE LAID OFF IN A DOWNTURN.

- The estimated tax cost to the US Federal Government for ESOP-specific incentives in 2014 was US\$ 1.9 billion. By comparison, a new study was just published on the impact of employee ownership and ESOPs on layoffs and the costs of unemployment to the Federal Government. The data show that employee-owners are far less likely to lose their jobs than non-employee-owners. In turn, these lower job losses saved the Federal Government US\$17 billion in 2014 alone, making clear that ESOP incentives have been an excellent investment for the taxpayer, for the Federal Government and for the US economy as a whole. (NCEO, 19.7.2015)

- More stable jobs. A study tracking the entire population of ESOP companies over ten years found that privately held ESOP companies were only half as likely as non-ESOP firms to go bankrupt or close, and only three-fifths as likely to disappear for any reason. (Professor Douglas Kruse finds that companies with employee stock ownership had only half as many layoffs as other companies during the last two recessions. "One of our most remarkable findings is that employee ownership companies had only half the layoffs of otherwise-similar companies in the last two recessions," Kruse said. "This means that employee ownership may help to stabilize communities and the larger economy by maintaining employment and consumer purchasing power." The findings appear in the new book, How Did Employee Ownership Firms Weather the Last Two Recessions?, 2017)

- "US nationally representative surveys consistently show employee-owners less likely to report being laid off in the previous year. In 2014, the layoff figure was 9.5% for all working adults compared to 1.3% for employee-owners." (John Case, NCEO, Nov 2017)
- "L'édition 2017 de notre étude sur l'actionnariat salarié analyse entre 2012 et 2016 : le taux d'embauches, de licenciements et de départs volontaires dans les entreprises du SBF120. Les taux de départs volontaires (7,1% contre 11,1%) et de licenciements (4,4% contre 5,1%) sont moins élevés dans les sociétés avec une très forte culture d'actionnariat salarié." (Impact RH, Eres, 2017)
- "ESOP bankruptcies are actually quite rare. We did a study during the recession and the default on loans from creditors was two per 1,000 per year. ESOP companies go bankrupt much less often than non-ESOP companies." (Corey Rosen, founder of the National Center for Employee Ownership, 2018)
- "Employee financial participation has a positive impact on employment levels and it can in particular improve the stability of employment over the business cycle." (European Commission, Communication 2002)
- "EFP reduces short-termism, promotes sustainability and long-termism in strategic decision-making by managers and may increase employees' interest in long-term commitment and in seeking innovative solutions in the production process; EFP can thus bring stability, development and growth while reducing risks of over-expansion leading to job losses." (European Parliament, Resolution 2013)

EMPLOYEES

• YOU MAY BE GIVEN OPPORTUNITIES TO HELP YOUR COMPANY SUCCEED BY ACTIVELY PARTICIPATING IN GOVERNANCE AND DECISIONS ABOUT YOUR JOB.

- "A growing body of evidence suggests that both main forms of financial participation have greater productivity effects when employees are well informed of the affairs of the firm, there is good communication with management, and employees participate in governance and decisions. This association is particularly important for employee share ownership schemes" (Pérotin-Robinson 2002 p V)
- "Employee share ownership should as a rule be associated with the normal exercise of shareholders' voting rights, either individually or via structures democratically managed by the employee shareholders." (Pérotin-Robinson 2002, p VI)
- "To be clear: co-ownership does have some positive effect all by itself. Similarly, participative cultures can boost performance even in the absence of any shared compensation systems.¹⁷ But the greatest benefits seem to flow when co-ownership is combined with real opportunities for co-creation." (Co-Co Report 2007)
- "The government recognises that productivity gains are more likely when share schemes 'are combined with modern management practices which promote active employee participation'." (Michie Report 2002)
- "We were interested in seeing whether increasing employee representation had an impact on EOB performance. Analysing this data we find that increasing employee representation by less than 30 per cent had no impact on performance, but that increasing employee representation beyond 30 per cent had significant impact on performance." (Cass 2012)
- "The concepts of employee ownership and employee engagement are interlinked and mutually reinforcing: employee owners are more likely to be engaged with their company, whilst employee ownership can enshrine employee engagement into a company for example by providing management structures allowing the employee voice to be heard." (Nuttall Review, July 2012)
- "La reconnaissance publique du rôle et de la place des salariés actionnaires s'est matérialisée dans la loi du 1er août 2003 dite de sécurité financière qui leur attribue un siège au sein du collège de l'Autorité des Marchés Financiers." (Centre d'Analyse Stratégique de la République française, 2010)

- "La loi du 30 décembre 2006 a renforcé notablement les droits des salariés actionnaires en leur attribuant de droit un siège avec voix délibérative dans les organes de décision, s'ils détiennent au moins 3 % du capital de l'entreprise." (Centre d'Analyse Stratégique de la République française, 2010)
- "Employee representation on boards is highly sophisticated in France. Altogether employee representatives are present on boards covering 66% of employment in large French companies. This is through unions or workers councils for 59% and it is for 32% through employee shareholders representatives (while both unions or workers councils and employee shareholders are present in 25% of cases)." (EFES, Economic Survey of ESO in Europe in 2017)
- "Face au développement de l'économie spéculative, le développement de l'actionnariat salarié devient indispensable. Les actionnaires salariés sont des salariés particulièrement attachés à leur entreprise et à leur outil de travail mais également soucieux de partager les choix stratégiques majeurs." (Cornut-Gentille F. et Godfrain J. (2005), Une ambition : la participation pour tous, rapport au Premier ministre)
- "le développement de l'actionnariat salarié est intimement lié à la modernisation de la gouvernance des entreprises" (Cornut-Gentille F. et Godfrain J. (2005), Une ambition : la participation pour tous, rapport au Premier ministre)
- "By enhancing the identification of employees with their enterprise and their involvement in its affairs, employee financial participation plays an important role for the successful modernisation of work organisation and for giving greater responsibility to employees." (European Commission, Communication 2002)
- "By contributing to a closer alignment of employees' interests with those of other shareholders, and by ensuring that employees take a more active and long-term interest in the development of their enterprise, financial participation also supports the emergence of more transparent and effective corporate governance." (European Commission, Communication 2002)
- "EFP reduces short-termism, promotes sustainability and long-termism in strategic decision-making by managers and may increase employees' interest in long-term commitment and in seeking innovative solutions in the production process; EFP can thus bring stability, development and growth while reducing risks of over-expansion leading to job losses." (European Parliament, Resolution 2013)
- "Employee shareholders can help improve corporate governance in their companies, since they represent a type of investor concerned with the long-term performance of the business, compared with the pervasive short-termism which is characteristic of market investors. By playing an active part in company affairs through the machinery provided under company law (primarily shareholders' assemblies, but also other forms of shareholder activity), employee shareholders can make a significant contribution to monitoring company management: a function of increasingly vital importance in ensuring that companies are run as consistently as possible with the interests of all shareholders." (EESC Opinion 2003)

EMPLOYEES

• YOU MAY GET BETTER FINANCIAL INFORMATION AND EDUCATION, INCLUDING RISK MANAGEMENT.

- More prosperous employees. The benefits of employee ownership largely come in addition to comparable or higher wages. One study found employee-owners earning between 5% and 12% more in median wages compared to employees in matching non-ESOP companies. Employee-owners typically enjoy better benefits, including job training. (John Case, NCEO, Nov 2017)
- "Being co-owners also seems to encourage faster circulation of information and ideas. And co-ownership allows firms to take decisions over a longer timescale: to be wise well before the event." (Co-Co Report 2007)
- "our data indicates the following: EOBs are more likely to invest in quality improvement training compared to non-EOBs (...) EOBs allow far greater employee involvement in operational and strategic decision making processes than non-EOBs. These higher levels of involvement allow employees to

acquire managerial and business skills that would normally be out of reach for many employees in non-EOBs who are usually relegated to purely subordinate role." (Cass 2012)

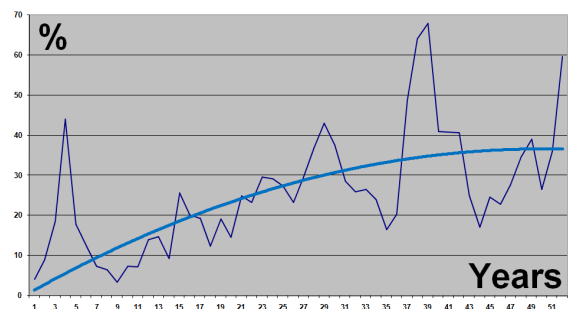
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- "Afin de permettre aux salariés actionnaires de jouer pleinement leur rôle dans l'économie et d'arbitrer librement leurs choix d'investissement et d'affectation de leur épargne, la loi a incité à la formation des salariés : depuis la loi du 30 décembre 2006, les actions de formation relatives à l'économie de l'entreprise et aux dispositifs d'épargne salariale et d'actionnariat salarié sont désormais éligibles à la formation professionnelle." (Centre d'Analyse Stratégique de la République française, 2010)

- "The Omnibus Appropriations Bill passed by the US House of Representatives and Senate in 2018 directs the Small Business Administration to become more active in supporting ESOPs and assisting small companies that are interested in becoming employee owned. SBA is directed to provide education and outreach to businesses, employees, and financial institutions about employee-ownership." (ESOP Association 23.3.2018)

- As any investor, employee shareholders have to learn dealing with risk versus reward. However, employee shareholders are not just investors in a complex environment. They are investors in the company they work for with a close vision on strategies and governance.

- "The democratization rate of employee share ownership (i.e. the proportion of employee shareholders amongst all employees) is increasing along time in European companies, after they have launched their first employee share plan. It means that the balance of risks and benefits of employee share ownership is generally considered as positive. The general experience of employee shareholders in Europe shows that benefits surpass risks, people voted with their feet." (EFES, Annual Economic Survey 2017)



- "ESOP bankruptcies are actually quite rare. We did a study during the recession and the default on loans from creditors was two per 1,000 per year. ESOP companies go bankrupt much less often than non-ESOP companies." (Corey Rosen, founder of the National Center for Employee Ownership, 2018)

- Risk and performance of employee share ownership in France "ERES Group publishes outstanding results based on the analysis of all broad-based employee share plans in large French companies since 2006. After 5 years, employees having subscribed to an employee share offering between 2006 and 2010 were winners in 82% of cases (with the dividend, the discount and the average employer contribution of 50%) while ordinary shareholders would be winners in 60% of cases. What confirms that employee ownership is to be ranked into the category of "good risks". (ERES, 14.9.2016)

- "Financial participation schemes encourage investment in training, as they increase the likelihood of companies retaining skilled workers in the long term." (European Parliament, Resolution 2013)

- "Financial participation also increases company transparency. Implementing financial participation schemes firstly requires that companies become more "open" in information terms, so that they can identify and monitor the profitability indicators deriving from financial participation, and secondly spurs companies to give a quantitative and qualitative boost to communication with employees regarding strategy and outcomes, so as to give real effect to the worker involvement in company affairs which financial participation entails." (EESC Opinion 2003)

- "Many unions and central confederations are now supportive of financial participation (Buschak, 2002). However, as with employer organisations, trade unions believe that financial participation schemes should contain certain 'protections', such as broad-based eligibility criteria(...) In general, trade union positions are shifting from outright opposition to qualified acceptance. Typically, it is argued that financial participation is acceptable so long as certain safeguards are met. These safeguards centre on equality of participation, protection of employees from unreasonable risk, prohibition of wage substitution and the consent of employees and their representatives to company financial participation schemes." (EuroFound, Social Partners 2004)
- "Risk is intrinsic to financial participation, but does not always involve risk of losing money. In non-contributory plans, the risk is only that of non-receipt of financial benefits. In contributory plans, mainly those involving share purchase, there is a risk of loss." (EuroFound, SMEs 2004)
- "Financial participation may, in principle, involve employees both in financial risks (in the form of losses) and benefits (in the form of profits). However, in practice, most schemes are devised in such a way that participants only benefit: they are not exposed to financial risk either individually or collectively." (EuroFound 2007)

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It makes sense to share ownership among many people (including employees) in large (listed) companies. It makes sense to keep capital concentrate in a few hands in SMEs.

- **YOUR COMPANY MAY GROW FASTER, BE MORE PRODUCTIVE, GET HIGHER RESULTS THAN IT DID IN THE PAST.**

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- "There is also some evidence that costs related to absenteeism and managerial oversight are lower in CoCo organisations. This is because employees themselves take more responsibility for themselves, but also for each other." (Co-Co Report 2007)

- "There is remarkable agreement across studies from more than 20 countries covering several tens of thousands of enterprises that financial participation has a positive or neutral effect on productivity. The finding is very robust, even though economic theory would predict both positive and negative effects." (Pérotin-Robinson 2002, p IV)
- "In a survey of co-owned firms, 72% reported that staff worked harder, 81% that they took on more responsibility, 49% that competitiveness was enhanced and 44% that profits were higher" (The Co-Co Report 2007)
- "The evidence is that companies with high levels of employee ownership outperform others, and the government has demonstrated through the introduction of the Share Incentive Plan that it sees employee share ownership playing a significant part in its policy to increase the UK's productivity." (Michie Report 2002)
- "One of the clearest benefits of employee ownership is its role in providing a catalyst for greater employee commitment and engagement." (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)
- "Many studies and many concrete examples clearly indicate that if it is introduced in the right way employee financial participation does not only enhance productivity and the competitiveness and profitability of enterprises, but that it can at the same time encourage workers' involvement, improve the quality of work and contribute to greater social cohesion." (European Commission, Communication 2002)
- "Notre politique de vote est élaborée depuis 2011 dans le but exclusif de protéger les intérêts patrimoniaux à moyen et long terme des actionnaires minoritaires, qu'il s'agisse d'épargnants individuels, de salariés ou d'OPCVM. Elle s'inspire des recommandations de l'Association des sociétés de gestion (AFG) et des règles élaborées par les sociétés de conseil de vote (Proxinvest, ISS...). Nous votons pour les émissions d'actions réservées aux salariés (donc sans DPS). Leur implication au capital est une source de motivation et de création de richesse durable, qui compense la décote consentie en contrepartie d'une immobilisation des titres (20 % maximum pour cinq ans, 30 % pour dix ans). Nous sommes favorables à la représentation des actionnaires salariés au conseil d'administration. En revanche, nous sommes plus réservés sur la présence de salariés en tant que tels (non actionnaires)." (Les Echos - Investir.fr, 2018)

COMPANIES

• YOUR COMPANY WILL BENEFIT FROM BETTER GOVERNANCE, INCLUDING EMPLOYEE SHAREHOLDERS.

- "We were interested in seeing whether increasing employee representation had an impact on EOB performance. Analysing this data we find that increasing employee representation by less than 30 per cent had no impact on performance, but that increasing employee representation beyond 30 per cent had significant impact on performance." (Cass 2012)
- "The key condition under which employee ownership is recognised to succeed best is when it allows employee owners to exercise their voice internally. It is this combination of share ownership and employee engagement that drives higher performance". (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)
- "Do companies with employee ownership outperform companies without? On balance, existing academic studies associate employee ownership with higher productivity levels (...) Studies suggest however that productivity gains may only arise under certain conditions. There is a general acceptance that employee share ownership should be combined with employee engagement for productivity benefits to occur ". (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)
- "En France, une étude a été réalisée à partir d'un échantillon de 233 entreprises cotées du SBF 250 sur la période 2000-20052 (...) Les résultats de cette étude montrent que les administrateurs salariés influencent positivement la performance de l'entreprise" (Centre d'Analyse Stratégique de la République française, 2011)

- "By enhancing the identification of employees with their enterprise and their involvement in its affairs, employee financial participation plays an important role for the successful modernisation of work organisation and for giving greater responsibility to employees." (European Commission, Communication 2002)

- "By contributing to a closer alignment of employees' interests with those of other shareholders, and by ensuring that employees take a more active and long-term interest in the development of their enterprise, financial participation also supports the emergence of more transparent and effective corporate governance." (European Commission, Communication 2002)

- "Employee shareholders can help improve corporate governance in their companies, since they represent a type of investor concerned with the long-term performance of the business, compared with the pervasive short-termism which is characteristic of market investors. By playing an active part in company affairs through the machinery provided under company law (primarily shareholders' assemblies, but also other forms of shareholder activity), employee shareholders can make a significant contribution to monitoring company management: a function of increasingly vital importance in ensuring that companies are run as consistently as possible with the interests of all shareholders." (EESC Opinion 2003)

- "Notre politique de vote est élaborée depuis 2011 dans le but exclusif de protéger les intérêts patrimoniaux à moyen et long terme des actionnaires minoritaires, qu'il s'agisse d'épargnants individuels, de salariés ou d'OPCVM. Elle s'inspire des recommandations de l'Association des sociétés de gestion (AFG) et des règles élaborées par les sociétés de conseil de vote (Proxinvest, ISS...). Nous votons pour les émissions d'actions réservées aux salariés (donc sans DPS). Leur implication au capital est une source de motivation et de création de richesse durable, qui compense la décote consentie en contrepartie d'une immobilisation des titres (20 % maximum pour cinq ans, 30 % pour dix ans). Nous sommes favorables à la représentation des actionnaires salariés au conseil d'administration. En revanche, nous sommes plus réservés sur la présence de salariés en tant que tels (non actionnaires)." (Les Echos - Investir.fr, 2018)

COMPANIES

• YOU MAY BE GIVEN THE OPPORTUNITY TO REHABILITATE SHARE OWNERSHIP AS A POSITIVE VALUE, AS WELL AS ENTREPRENEURSHIP.

- "TOKYO -- Bandai Namco Holdings is helping its employees own company shares in a move to heighten their awareness of investor concerns and enhance corporate value." (Nikkei Asian Review 2018)

- "Working wisely means thinking about the long term: at an individual level, employees with a share in a business are more likely to be loyal; all the co-owned companies named in this report have staff turnover rates significantly below their sector averages. At the John Lewis Partnership the staff turnover rate is 21 per cent, much lower than the figures for competitors" (Co-Co Report 2007)

- "Co-ownership can promote an ethic of professional partnership, in which employees take more responsibility for their own work – but also for the work of others." (Co-Co Report 2007)

- "Co-ownership appears to reduce the need for management and control. "It takes out the politics," says Barry Cooke. "People just relax and get on with doing their best work. It also, I am absolutely convinced, enhances creativity....As a result we are far more profitable than similar-sized practices." (Co-Co Report 2007)

- "Because we all work for ourselves, we don't fly business class," says Cooke. "We'll take the tube rather than automatically jump in a taxi. All of us, all of the time, are buying into the fact that it is our firm." (Co-Co Report 2007)

- "There is also some evidence that costs related to absenteeism and managerial oversight are lower in CoCo organisations. This is because employees themselves take more responsibility for themselves, but also for each other." (Co-Co Report 2007)

- "Our results show that EOBs have longer payback horizon when compared to non-EOBs across a number of activities" (Cass 2012)
- "One of the clearest benefits of employee ownership is its role in providing a catalyst for greater employee commitment and engagement." (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)
- "Face au développement de l'économie spéculative, le développement de l'actionnariat salarié devient indispensable. Les actionnaires salariés sont des salariés particulièrement attachés à leur entreprise et à leur outil de travail mais également soucieux de partager les choix stratégiques majeurs." (Cornut-Gentille F. et Godfrain J. (2005), Une ambition : la participation pour tous, rapport au Premier ministre)
- "A growing number of enterprises have started to realise the potential of employee financial participation schemes. For them, employee financial participation has become increasingly important as an instrument for motivating employees, aligning employees' interests with those of shareholders and for recruiting and retaining staff." (European Commission, Communication 2002)
- "According to a recent study carried out for the Commission the main reasons for enterprises to introduce financial participation are to encourage employees to take a greater interest in the success of the company, to create a feeling of belonging to the company and sharing common goals, and to encourage a greater alignment of employees' interests with those of the shareholders. Financial participation is also an important instrument for recruiting and retaining staff. In addition, it improves the motivation of employees, enhances their loyalty and long-term commitment, increases productivity, and improves competitiveness and profitability. Finally, financial participation can also be an important instrument for raising capital, in particular in the case of start-up firms." (European Commission, Communication 2002)
- "By providing a possible source of financing for start-up firms and by fostering an entrepreneurial spirit among employees EFP makes an important contribution in relation to entrepreneurship." (European Commission, Communication 2002)
- "EFP reduces short-termism, promotes sustainability and long-termism in strategic decision-making by managers and may increase employees' interest in long-term commitment and in seeking innovative solutions in the production process; EFP can thus bring stability, development and growth while reducing risks of over-expansion leading to job losses." (European Parliament, Resolution 2013)
- "Workers' financial participation in their company's proceeds and, where appropriate, the associated participation of workers in decision making, can contribute to improvements in employees' job satisfaction and overall performance and motivation; it can also encourage employees to develop a sense of ownership and a better understanding of their company as well as enhance mutual respect between employers and employees." (European Parliament, Resolution 2013)

SMEs AND COMPANY OWNERS

Imagine that you decide to sell your company to its employees through an employee stock ownership plan - this is the most typical employee ownership scheme in the USA.

- "The primary form of employee ownership in the United States is the employee stock ownership plan, or ESOP. Congress designed ESOPs in the 1970s to encourage owners of private companies to transfer ownership to employees at no cost to the employees themselves; instead, the owners are paid the full value of their shares by the ESOP, which borrows the money if necessary and repays the loan from company earnings." (Nancy Wiefek, NCEO, 2017)

SMEs AND COMPANY OWNERS

- YOU CAN FINANCE THE SALE NOT WITH THE EMPLOYEES' MONEY BUT WITH PRETAX PROFITS THE COMPANY EARNS IN THE FUTURE.

(John Case, NCEO, Nov 2017)

SMEs AND COMPANY OWNERS

- YOU CAN PRESERVE THE LEGACY OF THE BUSINESS YOU HAVE WORKED SO HARD TO BUILD. YOU WILL BE PROTECTING THE JOBS OF THE PEOPLE WHO HELPED YOU ALONG THE WAY, AND YOU WILL BE LEAVING THEM IN A SITUATION WHERE THEY ARE LIKELY TO PROSPER.

(John Case, NCEO, Nov 2017)

SMEs AND COMPANY OWNERS

- YOU CAN DECIDE WHEN AND HOW YOU RETIRE, WHAT ROLE YOU WANT TO PLAY IN THE COMPANY, AND FOR HOW LONG. YOU AND THE OTHER STOCKHOLDERS WILL RECEIVE THE FULL APPRAISED VALUE OF YOUR SHARES, PAYABLE IN one lump sum or over time - your choice, exempt of taxation.

(John Case, NCEO, Nov 2017)

OFFICIALS

Social and political leaders and economic-development officials, developing employee share ownership:

- YOUR LOCAL ECONOMY WILL BE MORE VIBRANT AND DELIVER HIGHER PRODUCTIVITY.

- ESOPs have been found to boost sales and employment by more than 2% a year compared to similar companies without ESOPs. (John Case, NCEO, Nov 2017)

- At least two studies comparing companies before and after the adoption of an ESOP found faster employment growth afterward—particularly among firms that had more employee participation in decision making. (John Case, NCEO, Nov 2017)

- Other studies have found productivity increases of up to 4–5%, on average, in the year an ESOP is adopted. (John Case, NCEO, Nov 2017)

- BIS commissioned a report from Cass Business School in 2012 to look further at the impact of employer ownership on firms. Amongst other things, the report finds that employee owned businesses have a stronger long-term focus, invest more in human capital and have a greater preference for internal over external growth. (Cass 2012)

- "We need to fundamentally change our economy to ensure long term growth is strong and more evenly balanced in the future. One of the centrepieces to creating this sustainable growth is to encourage more responsible and more diverse ways of running a business in Britain today. I want this to be the decade of wider employee ownership." (Norman Lamb, Minister for Employment, Cass Report, July 2012)

- According to the Center for Strategic Analysis of the French Republic, the absenteeism rate decreases by 52% and the social performance of a company having employee share ownership is 52% higher than that of companies which have neither employee share ownership nor employee savings plan; the

effectiveness of employee share ownership has to be reinforced by ensuring the representation of employee shareholders. (French Centre d'Analyse Stratégique 2011)

- "There is remarkable agreement across studies from more than 20 countries covering several tens of thousands of enterprises that financial participation has a positive or neutral effect on productivity. The finding is very robust, even though economic theory would predict both positive and negative effects." (Pérotin-Robinson 2002 p IV)

- "The evidence is that companies with high levels of employee ownership outperform others, and the government has demonstrated through the introduction of the Share Incentive Plan that it sees employee share ownership playing a significant part in its policy to increase the UK's productivity." (Michie Report 2002)

- "Many studies and many concrete examples clearly indicate that if it is introduced in the right way employee financial participation does not only enhance productivity and the competitiveness and profitability of enterprises, but that it can at the same time encourage workers' involvement, improve the quality of work and contribute to greater social cohesion." (European Commission, Communication 2002)

- "Research shows that companies partly or entirely owned by their employees are more profitable, create more jobs and pay more taxes than their competitors without employee ownership. At the macroeconomic level, employee financial participation (EFP) leads to higher productivity and, therefore, higher competitiveness and growth as well as strategic stabilisation of ownership. At the company level, it can contribute to solving problems such as absenteeism, labour turnover and the retention of key employees, as well as business succession and funding, especially in SMEs and micro-enterprises." (European Commission, CMU Union Action Plan Mid-Term Review 2017)

- "Employee financial participation is consistent with recent developments in the European economy, within which it can play a positive part in creating value through improvements in terms of efficiency, flexibility, employee association with company objectives, and management which is sensitive to social dialogue in order to develop and strengthen cohesion." (EESC Opinion 2003)

- "Employee financial participation (EFP) offers an opportunity for businesses, employees and society as a whole to participate more, and more effectively, in the success of the increasing Europeanisation of economic activity. The European Economic and Social Committee therefore wishes, with this own-initiative opinion, to raise public awareness of this issue. The aim is to encourage Europe to draw up a framework concept which promotes Europe's economic and social cohesion by facilitating the application of EFP at various levels" (EESC Opinion 2010)

OFFICIALS

• THE WEALTH CREATED WILL BE SHARED MORE WIDELY, LEADING TO MORE BROADLY BASED PROSPERITY.

- More prosperous employees. The benefits of employee ownership largely come in addition to comparable or higher wages. One study found employee-owners earning between 5% and 12% more in median wages compared to employees in matching non-ESOP companies. Employee-owners typically enjoy better benefits, including job training. (John Case, NCEO, Nov 2017)

- A new survey, which looked at workers' economic circumstances over time, compared people age 28 to 34 with employee ownership to their peers without. The study found that those with employee ownership enjoyed: 92% higher median household wealth; 33% higher income from wages; 53% longer median job tenure "Employee ownership is a market-friendly, anti-inequality policy that improves outcomes for companies and provides workers with higher wages, more generous benefits, and greater job stability". (Nancy Wiefek, NCEO, 2017)

- The CoCo Report: Work, Happiness and Employee Ownership: Companies where workers have a say in decisions and a stake in ownership are more productive because staff are happier, according to a new report in the UK. The study found absence levels were lower and workers were more committed in "co-owned" companies. The British Government was urged to introduce tax incentives to encourage the launch of more co-owned companies. (Co-Co Report 2007)

- "There is some evidence to suggest that localities with high levels of employee ownership may have better levels of health than the community as a whole." (Co-Co Report 2007)
- "The evidence is that companies with high levels of employee ownership outperform others, and the government has demonstrated through the introduction of the Share Incentive Plan that it sees employee share ownership playing a significant part in its policy to increase the UK's productivity." (Michie Report 2002)
- "The experience of the US shows the important impact financial participation can have in terms of economic growth, fostering industrial change and making sure that all workers participate in this growing prosperity." (European Commission, Communication 2002)
- "Financial participation schemes contribute to the achievement of social policy objectives by leading to a more widespread participation in wealth creation and better social cohesion." (European Commission, Communication 2002)
- "Financial participation is an excellent example of a policy which can simultaneously address economic, employment and social objectives in a mutually reinforcing way. When introduced in the right way, financial participation can render enterprises more profitable and competitive, improve the motivation, commitment and job satisfaction of workers, enhance the quality of work and last but not least contribute to a more equitable distribution of income and wealth." (European Commission, Communication 2002)
- "The Thatcher Government has encouraged individual employee share-ownership within the privatization measures, as a means of broadening capital ownership and promoting "popular capitalism" and a "property-owning democracy", and tax concessions for employee share-ownership plans were introduced in 1989." (European Commission Pepper I Report 1991)
- "encouragement of financial participation in enterprises by employed persons may be seen as a means of achieving a wider distribution of the wealth generated by enterprises which the employed persons have helped to produce; furthermore, the promotion of enterprise schemes for the financial participation of employed persons in enterprises encourages in particular greater involvement of employed persons in the progress of their companies" (EU Council Recommendation, 1992)

OFFICIALS

• YOUR ECONOMY WILL BENEFIT FROM STRONGER (LONG TERM) SAVINGS AND CAPITAL MARKET DEVELOPMENT.

- The same study found that ESOP participants have 2.2 times as much in retirement plans and 20% more financial assets overall than employees of the comparison group of non-ESOP companies. (John Case, NCEO, Nov 2017)
- "En raison des avantages que peut apporter l'actionnariat salarié en termes de financement de l'économie par le biais de l'épargne des salariés, le législateur a mis en place de nombreux dispositifs pour l'encourager." (Centre d'Analyse Stratégique de la République française, 2011)
- "2017 was a new record year for employee share ownership in Europe, with nearly 400 billion Euro held by employees shareholders in their companies (...) or 52.000 € per person (and 28.000 € if executive directors are excluded)." (Annual Economic Survey of Employee Share Ownership in European Countries in 2017, EFES, 2018)
- But 3 to 4.000 billion \$ in the US (NCEO statistics)
- "Avec l'épargne salariale, les entreprises françaises s'assurent un financement extrêmement avantageux, dont la première qualité est sa stabilité : les salariés ayant un attachement fort à leur outil de travail se garderont d'en fragiliser le financement par des comportements impulsifs." (Cornut-Gentile F. et Godfrain J. (2005), Une ambition: la participation pour tous, rapport au Premier ministre)
- "In connection to the financing of start-up firms and the provision of venture capital to new enterprises financial participation schemes can play an innovative and important role with regard to economic growth and industrial change." (European Commission, Communication 2002)

- "Financial participation can play an important role for the development of European capital markets and most notably risk capital markets. Especially when compared to the experiences in the US, there exists still a huge, largely unused potential for the further development of financial participation as part of an overall strategy aimed towards stimulating the growth of new, dynamic companies. The promotion of financial participation is thus also part of the structural reforms needed to realise Europe's potential for growth, employment and social cohesion." (European Commission, Communication 2002)
- "By providing a possible source of financing for start-up firms and by fostering an entrepreneurial spirit among employees EFP makes an important contribution in relation to entrepreneurship." (European Commission, Communication 2002)
- Polish Prime Minister Mateusz Morawiecki is a strong supporter of employee ownership and recently wrote a laudatory introduction to a new Polish translation of *Equity: Why Employee Ownership Is Good for Business*, published originally by Harvard Business School Press in 2005. Morawiecki wrote that "We should focus on creating mechanisms that will enable Polish people to make a profit out of capital rather than their own work alone. On the one hand, this capital will increase national savings by gradually leveling out Poland's negative investment balance; on the other hand, it will help the economy, companies, and people grow." (NCEO 2017)
- "Employee share ownership schemes could play an important role in increasing the proportion of long-term oriented shareholder" (Action Plan: European company law and corporate governance - a modern legal framework for more engaged shareholders and sustainable companies, European Commission, 2012)
- "employee participation in capital improves the equity ratio, making it easier to raise capital from outside sources (Basle II), and both factors increase the investment capacity of the enterprise" (European Parliament resolution 2003)

OFFICIALS

- **THE EMPLOYEE-OWNED COMPANIES WILL BE LESS LIKELY TO MOVE AWAY, AND THEIR EMPLOYEES WILL BE LESS LIKELY THAN OTHERS TO BE LAID OFF DURING A RECESSION.**

- The estimated tax cost to the US Federal Government for ESOP-specific incentives in 2014 was US\$ 1.9 billion. By comparison, a new study was just published on the impact of employee ownership and ESOPs on layoffs and the costs of unemployment to the Federal Government. The data show that employee-owners are far less likely to lose their jobs than non-employee-owners. In turn, these lower job losses saved the Federal Government US\$17 billion in 2014 alone, making clear that ESOP incentives have been an excellent investment for the taxpayer, for the Federal Government and for the US economy as a whole. (NCEO, 19.7.2015)
- More stable jobs. A study tracking the entire population of ESOP companies over ten years found that privately held ESOP companies were only half as likely as non-ESOP firms to go bankrupt or close, and only three-fifths as likely to disappear for any reason. (Professor Douglas Kruse finds that companies with employee stock ownership had only half as many layoffs as other companies during the last two recessions. "One of our most remarkable findings is that employee ownership companies had only half the layoffs of otherwise-similar companies in the last two recessions," Kruse said. "This means that employee ownership may help to stabilize communities and the larger economy by maintaining employment and consumer purchasing power." The findings appear in the new book, *How Did Employee Ownership Firms Weather the Last Two Recessions?*, 2017)
- "Employee ownership is often seen primarily as a way to improve employee relations and increase productivity, but these results show there is an important add-on effect on job stability" (Kruse 2017)
- "Nationally representative surveys consistently show employee-owners less likely to report being laid off in the previous year. In 2014, the layoff figure was 9.5% for all working adults compared to 1.3% for employee-owners." (John Case, NCEO, Nov 2017)

- "employee owned businesses' performance is more stable across business cycles and their job growth exceeds non-employee owned counterparts, particularly during recessions" (Norman Lamb, British Minister for Employment, British Department for Business, Innovation and Skills - Cass Business School Research: The employee ownership advantage, 2012)
- "ESOP bankruptcies are actually quite rare. We did a study during the recession and the default on loans from creditors was two per 1,000 per year. ESOP companies go bankrupt much less often than non-ESOP companies." (Corey Rosen, founder of the National Center for Employee Ownership, 2018)
- "L'édition 2017 de notre étude sur l'actionnariat salarié analyse entre 2012 et 2016 : le taux d'embauches, de licenciements et de départs volontaires dans les entreprises du SBF120. Les taux de départs volontaires (7,1% contre 11,1%) et de licenciements (4,4% contre 5,1%) sont moins élevés dans les sociétés avec une très forte culture d'actionnariat salarié." (Impact RH, Eres, 2017)
- "L'actionnariat salarié est généralement introduit pour des raisons à la fois économiques et sociales. Il est souvent perçu comme un moyen de sécuriser l'actionnariat à long terme et de protéger les entreprises contre les OPA/OPE hostiles." (Centre d'Analyse Stratégique de la République française, 2011)
- "Employee financial participation has a positive impact on employment levels and it can in particular improve the stability of employment over the business cycle." (European Commission, Communication 2002)
- "EFP reduces short-termism, promotes sustainability and long-termism in strategic decision-making by managers and may increase employees' interest in long-term commitment and in seeking innovative solutions in the production process; EFP can thus bring stability, development and growth while reducing risks of over-expansion leading to job losses." (European Parliament, Resolution 2013)

OFFICIALS

• AS A LEADER, YOU WILL HAVE THE OPPORTUNITY TO CHAMPION AN ECONOMIC PROGRAM THAT IS GOOD FOR ALL AND ENJOYING BROAD SUPPORT.

- "Today there is a general political consensus that PEPPER schemes ought to be supported through government policies in order to assist their further spreading, although the objectives the political parties hope to achieve through their support are different. The principal objectives running through the policies of the different parties are the improvement of human relations, increasing the impact of market forces on wage flexibility and employee motivation, and the spreading of social ownership." (Pepper I Report, 1991)
- USA: This is a typical bi-partisan policy, getting support from both Republicans and Democrats.
- UK: Driven by an "All-Party Parliamentary Group" from 2008.
- France: Support from all Presidents and all governments from the 1980's.
- "There is substantial body of evidence demonstrating the benefits of employee ownership." (Graeme Nuttall, British Government adviser on employee ownership, Nuttall Review, July 2012)
- "Les mécanismes d'épargne salariale et d'actionnariat salarié sont des outils économiques essentiels." (Emmanuel Macron, FAS Guide, 2015)
- "L'actionnariat salarié est tout à la fois un facteur de cohésion sociale, de consolidation de l'actionnariat des entreprises cotées mais aussi un moyen de faire mieux contribuer les salariés dans le partage de la valeur de l'entreprise (...) l'objectif proposé par la FAS d'une détention à terme par les salariés de 10 % du capital des entreprises françaises me paraît pleinement légitime et le Gouvernement entend y concourir pleinement." (French Minister of Economy and Finance, FAS Guide, 2018)
- Patrick Guiol revient dans un article paru dans la Revue Esprit sur "Les enjeux de la participation" en rappelant les résultats des recherches sur "l'effet participation" sur la santé publique et sur son énorme potentiel d'économies pour le budget de la sécurité sociale. (Esprit, 2018)

- "There is some evidence to suggest that localities with high levels of employee ownership may have better levels of health than the community as a whole." (Co-Co Report 2007)
- "Co-ownership can promote an ethic of professional partnership, in which employees take more responsibility for their own work – but also for the work of others." (Co-Co Report 2007)
- "Businesses are under increasing pressure to consider the impact of their activities on the environment and the wider community: to demonstrate corporate social responsibility. CoCo firms are ahead of this curve." (Co-Co Report 2007)
- "There is some evidence to suggest that localities with high levels of employee ownership may have better levels of health than the community as a whole." (Co-Co Report 2007)
- "The evidence is that companies with high levels of employee ownership outperform others, and the government has demonstrated through the introduction of the Share Incentive Plan that it sees employee share ownership playing a significant part in its policy to increase the UK's productivity." (Michie Report 2002)
- "the Chancellor assumes share ownership will be seen by employees as a financial incentive, leading them to be more committed and motivated. Research supports this" (Michie Report 2002)
- "Share ownership offers employees a real stake in their company... I want, through targeted reform, to reward long-term commitment by employees. I want to encourage the new enterprise culture of teamwork in which everyone contributes and everyone benefits from success." (Gordon Brown, Chancellor of the Exchequer, 1999 Budget Speech)
- "There has never been a more important time for us to create the right environment for a more diverse economy. A key facet of this diversity is to have more businesses whose employees own a stake in them and have a share in the decision-making. Such businesses have shown themselves to be flexible and resilient in tough times and are crucial in helping to ensure long-term growth in the economy." (British Government Response to the Nuttall Review - Next steps for employee ownership, 2012. This was published under the 2010 to 2015 Conservative and Liberal Democrat coalition government, leading to the Government Action Plan for promoting employee ownership.)
- "The Government's stated ambition is to promote employee ownership so that it plays a bigger part in the economy. The Deputy Prime Minister has set a challenge to move employee ownership "into the bloodstream of the British economy". (Nuttall Review, July 2012)
- "L'actionnariat salarié en France (...) constitue désormais un enjeu de premier plan pour le développement des entreprises." (Centre d'Analyse Stratégique de la République française, 2011)
- "Face au développement de l'économie spéculative, le développement de l'actionnariat salarié devient indispensable. Les actionnaires salariés sont des salariés particulièrement attachés à leur entreprise et à leur outil de travail mais également soucieux de partager les choix stratégiques majeurs." (Cornut-Gentille F. et Godfrain J. (2005), Une ambition : la participation pour tous, rapport au Premier ministre)
- "Il appartient aux pouvoirs publics d'agir sur l'environnement juridique et fiscal de l'actionnariat salarié afin d'encourager son développement." (Cornut-Gentille F. et Godfrain J. (2005), Une ambition : la participation pour tous, rapport au Premier ministre)
- "The Omnibus Appropriations Bill passed by the US House of Representatives and Senate in 2018 directs the Small Business Administration to become more active in supporting ESOPs and assisting small companies that are interested in becoming employee owned. SBA is directed to provide education and outreach to businesses, employees, and financial institutions about employee-ownership." (ESOP Association 23.3.2018)
- "L'actionnariat salarié est tout à la fois un facteur de cohésion sociale, de consolidation de l'actionnariat des entreprises cotées mais aussi un moyen de faire mieux contribuer les salariés dans le partage de la valeur de l'entreprise (...) l'objectif proposé par la FAS d'une détention à terme par les salariés de 10 % du capital des entreprises françaises me paraît pleinement légitime et le Gouvernement entend y concourir pleinement." (French Minister of Economy and Finance, FAS Guide 2018)

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- ESOP Association President J. Michael Keeling. "Our nation faces political divisiveness, but employee stock ownership is an issue on which both parties have long been able to agree. From our founding fathers, to President Lincoln, to Senator Russell Long, to more than 200 Republican and Democratic members of today's Congress, politicians on both sides of the aisle have long understood that having more employee ownership is good for our nation's employees and for our economy." (ESOP Association, 2016)
- "I can't help but believe that in the future we will see in the United States and throughout the western world an increasing trend toward employee ownership. It is a path that befits a free people." (President Ronald Reagan, 1987)
- "Come with us then towards the next decade. Let us together set our sights on a Britain: — where three out of four families own their home; — where owning shares is as common as having a car; — where families have a degree of independence their forefathers could only dream about. A Britain — where there is a resurgence of enterprise, with more people self-employed, more businesses and therefore more jobs." (Margaret Thatcher, 1985)
- "The Thatcher Government has encouraged individual employee share-ownership within the privatization measures, as a means of broadening capital ownership and promoting "popular capitalism" and a "property-owning democracy", and tax concessions for employee share-ownership plans were introduced in 1989." (European Commission Pepper I Report 1991)
- "Conservatives like employee ownership because it gives workers a stake in the capitalist system. Left-wingers like it because it gives them a piece of the capitalist pie. And middle-of-the-roaders like it because it helps to close a potentially dangerous gap between capital and labour. David Cameron, Britain's Conservative prime minister, praises John Lewis, a retailer entirely owned by its staff. Bernie Sanders, America's only socialist senator and now a candidate for the Democratic nomination (see Lexington), is a champion of employee share-ownership." (The Economist, 20.8.2015)
- "We start with an instinctive desire to put more trust in civil society and in the individual, rather than in the bureaucratic apparatus of the state. This Conservative instinct to trust people has found many forms over the years. Council house sales; employee share ownership; facilitating choice in public services; local management of schools." (David Cameron, Leader of Conservative Party, 2006)
- "Firms that have engaged employees, who own a chunk of their company, are just as dynamic, just as savvy, as their competitors. In fact they often perform better. The 1980s was the decade of share ownership. I want this to be the decade of employee share ownership. We need more individuals to have a real stake in their firms" (Nick Clegg, Deputy Prime Minister and Leader of Liberal Democrats Party, 2012)
- "Many studies and many concrete examples clearly indicate that if it is introduced in the right way employee financial participation does not only enhance productivity and the competitiveness and profitability of enterprises, but that it can at the same time encourage workers' involvement, improve the quality of work and contribute to greater social cohesion." (European Commission, Communication 2002)
- "The PEPPER II Report underlined the fact that financial participation schemes are associated with a number of important benefits, especially in terms of higher productivity levels, employment and workers' involvement. It further stressed that the development of financial participation was strongly influenced by government action, in particular through the availability of tax incentives." (European Commission, Communication 2002)

- "Financial participation schemes contribute to the achievement of social policy objectives by leading to a more widespread participation in wealth creation and better social cohesion." (European Commission, Communication 2002)
- "Financial participation is an excellent example of a policy which can simultaneously address economic, employment and social objectives in a mutually reinforcing way. When introduced in the right way, financial participation can render enterprises more profitable and competitive, improve the motivation, commitment and job satisfaction of workers, enhance the quality of work and last but not least contribute to a more equitable distribution of income and wealth." (European Commission, Communication 2002)
- "By enhancing the identification of employees with their enterprise and their involvement in its affairs, employee financial participation plays an important role for the successful modernisation of work organisation and for giving greater responsibility to employees." (European Commission, Communication 2002)
- "By providing a possible source of financing for start-up firms and by fostering an entrepreneurial spirit among employees EFP makes an important contribution in relation to entrepreneurship." (European Commission, Communication 2002)
- "By contributing to a closer alignment of employees' interests with those of other shareholders, and by ensuring that employees take a more active and long-term interest in the development of their enterprise, financial participation also supports the emergence of more transparent and effective corporate governance." (European Commission, Communication 2002)
- "Given the various benefits of financial participation for enterprises and employees and its potential contribution to realising the objectives set out at the Lisbon summit, there is a need for all actors at all relevant levels – Member States, social partners, enterprises – to step up efforts to promote a wider use of employee financial participation throughout Europe." (European Commission, Communication 2002)
- "encouragement of financial participation in enterprises by employed persons may be seen as a means of achieving a wider distribution of the wealth generated by enterprises which the employed persons have helped to produce; furthermore, the promotion of enterprise schemes for the financial participation of employed persons in enterprises encourages in particular greater involvement of employed persons in the progress of their companies" (EU Council Recommendation, 1992)
- The Council "invites the Member States to acknowledge the potential benefits of a wider use, individually or collectively, of a broad variety of schemes to increase the participation of employed persons in profits and enterprise results by means of profit-sharing, employee share-ownership or a combination of both (...) The Council recommends the Member States to ensure that legal structures are adequate to allow the introduction of the financial participation schemes referred to in this recommendation; consider the possibility of according incentives such as fiscal or other financial advantages to encourage the introduction of certain schemes; encourage the use of such schemes by facilitating the supply of adequate information to all relevant parties." (EU Council Recommendation, 1992)
- "The development of financial participation schemes is strongly influenced by government action, in particular, by the availability of tax incentives (...) Most legislation on promoting financial participation schemes in Member States on PEPPER has to do with incentives such as fiscal or other financial advantages." (Pepper II Report, European Commission, 1996)
- "The development of financial participation schemes is strongly influenced by government action. Governments are primarily responsible for the creation of a legal and fiscal framework that may favour such schemes but may also impede their introduction. This is illustrated by the finding of the PEPPER-Report that in those countries where a particular type of financial participation scheme has been encouraged by government, the schemes most commonly introduced by companies are indeed the ones promoted through official government measures. In particular the availability of tax incentives makes a big difference." (Pepper II Report, European Commission, 1996)
- "Financial participation by employees in their undertaking is one of the preconditions for achieving the European social model" (European Parliament resolution 2003)

- "The financial crisis brought new political awareness of employee ownership. It is now widely regarded as the best option for contributing to healthier corporate governance, long-term vision and stability." (Presidency of EU Council 2010)

- "Employee financial participation is consistent with recent developments in the European economy, within which it can play a positive part in creating value through improvements in terms of efficiency, flexibility, employee association with company objectives, and management which is sensitive to social dialogue in order to develop and strengthen cohesion." (EESC Opinion 2003)

- "Employee financial participation (EFP) offers an opportunity for businesses, employees and society as a whole to participate more, and more effectively, in the success of the increasing Europeanisation of economic activity. The European Economic and Social Committee therefore wishes, with this own-initiative opinion, to raise public awareness of this issue. The aim is to encourage Europe to draw up a framework concept which promotes Europe's economic and social cohesion by facilitating the application of EFP at various levels" (EESC Opinion 2010)

COMMENTS FROM LARGE EUROPEAN COMPANIES

From Annual Reports

"Employees as shareholders – a substantial number of employees participate in our various share incentive plans. As a result of this participation, as well as those shares owned and purchased by employees, Petrofac is proud of the significant levels of employee share ownership within the Company. We consider that this is one of the key drivers of performance throughout the business." (Petrofac, UK)

"Fostering an ownership culture is a key pillar of Vision 2020, which is sustainably supported, among other things, by employee share ownership. Siemens intends to increase the number of employee shareholders from today's figure of about 140,000 to over 200,000" (Siemens, Germany)

"On 27 March 2013, Finnair's Board of Directors decided to launch FlyShare, an employee share savings plan. The objective of the plan is to encourage employees to become shareholders in the company, and to thereby strengthen the employees' interest in the development of Finnair's shareholder value and reward them in the long term." (Finnair, Finland)

"Aspo Group has a personnel fund. The long-term goal is that the personnel will become a significant shareholder group in the company. All persons working at Aspo Group's Finnish companies are members of the personnel fund. Aspo's business areas pay part of their earnings as bonuses to the personnel. The calculation principles for the bonuses are approved by business area. In 2010, Aspo's Board decided on a shareholding plan for Aspo Group's management. The purpose of the plan is to enable considerable long-term ownership in Aspo for those involved in the plan." (Aspo, Finland)

"We believe that the Plan will boost people's mutual sense of being part of Konecranes, around the world and at all levels of the organization... The purpose of the Performance Share Plan is to motivate key personnel to contribute to the long-term success of the Company and to create shareholder value. A further purpose is to create a joint sense of common ownership among managers, which is seen as valuable for a company like Konecranes with operations covering many countries, cultures, and customer industries." (Konecranes, Finland)

"In February, the Executive Board of Drägerwerk Verwaltungs AG resolved to enable Dräger employees in Germany to participate in the Company through a new employee share program. This is designed to increase employees' identification with the company and Dräger's attractiveness as an employer." (Drägerwerk, Germany)

"In keeping with our vision and culture, Lonza has continuously encouraged employee participation in the company through stock ownership." (Lonza, Switzerland)

"In 2012 Kvaerner implemented employees' and managers' share purchase programmes. The two share purchase programmes are expected to contribute to increased employee attention and commitment to Kvaerner's overall value creation." (Kvaerner, Norway)

"Outotec's Board of Directors decided on September 25, 2012, to launch an employee share savings plan for Outotec employees globally. Participation in Finland, Sweden and five other countries exceeds 50% of the employees." (Outotec, Finland)

"Employee ownership is considered very favourable and an employee share programme is conducted each year, inviting all the Kongsberg Group's regular employees to purchase shares at a discount. In summer 2012, the Group's annual employee share programme was conducted for the 16th time." (Kongsberg, Norway)

"The Helvetia employee share purchase plan enables employees to acquire registered Helvetia Holding AG shares. With this plan employees can directly and voluntarily participate in the added value created by the Group at preferential conditions." (Helvetia, Switzerland)

"En complément de la politique de développement de l'actionnariat salarié, Total mène une politique d'association des salariés et dirigeants à l'évolution future de ses résultats". (Total, France)

"Hurtigruten would like to encourage its employees to invest in their own company through an incentive scheme. The purpose of this scheme is to make Hurtigruten a more attractive place to work in the long term and raise awareness of shareholder value and profitability, as well as encourage behaviour that will increase shareholder value in the company over time." (Hurtigruten, Norway)

"Our objective is to enable all employees to be shareholders in the company. Preserving our 'Sligro culture' and identity and promoting the motivation, loyalty and most particularly the involvement of our employees will continue to be a critical success factor in the future. That close involvement has always occupied a central place in our business culture, because we are by origin a family business with a strong sense of cohesion. Being a shareholder plays an important role here. It is not simply a matter of owning shares: at Sligro Food Group we want to encourage long-term shareholding in our business and link growth in that shareholding to our performance." (Sligro, Netherlands)

"In order to align its employees' interests with the business goals and financial results of the company, ABB operates a number of incentive plans, linked to ABB's shares, such as the Employee Share Acquisition Plan." (ABB, Switzerland)

"In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. Company has three kinds of incentive programs; warrant-based program, synthetic warrant-based program and a share-based program." (F-Secure, Finland)

"Many of our investors – including our main shareholder – are long-term holders of our shares. We want our executives to share their perspective and believe that remuneration should align their interests accordingly." (Carlsberg, Denmark)

"Novozymes has established stock-based incentive programs for Executive Management, other managers and employees. The purpose of the stock-based incentive programs has been to ensure common goals for Management, employees and shareholders." (Novozymes, Denmark)

"One of the Bank's stated aims is that as many as possible of the employees shall own equity certificates issued by the Bank. Therefore, private offerings as well as the sale of equity certificates have been made to employees for a number of years." (Sparebank 1 NN, Norway)

"A new stock option plan was recently approved for a wide group of employees, which is intended to intertwine their interests with those of company shareholders" (Marel, Iceland)

"The goal is to deliver market leading compensation, driven by both company and individual performance, and alignment with shareholders' interests by encouraging ownership of our shares." (Anheuser-Busch InBev, Belgium)

"L'actionnariat salarié est une des clés essentielles de réussite du Groupe Stef. Outre son caractère stimulant pour le management et les salariés qui bénéficient d'un partage des richesses produits par l'entreprise, cette stratégie conforte l'indépendance du groupe et permet ainsi de partager une vision à long terme avec tous les salariés. Le Plan d'Épargne d'Entreprise Stef est un atout fantastique pour la stabilité du groupe. Une entreprise contrôlée par son management et ses salariés attire beaucoup de sympathie, de respect et de confiance." (Stef, France)

"Every year since 1996 Storebrand ASA has given its employees an opportunity to purchase shares in the company through a share purchase scheme. The purpose of the scheme is to involve the employees more closely in the company's value creation." (Storebrand, Norway)

"YIT has implemented a share-based incentive scheme to support the company's strategy for profitable growth and supplement the already available incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term persistent work." (Yit, Finland)

"HKScan announced in December a new share-based incentive plan for the Group key personnel. The aim of the new plan is to combine the objectives of the shareholders and the key personnel in order to develop the value of the company, to commit the key personnel to the company, to increase their share ownership in the company, and to offer them a competitive reward plan based on earning and holding the company's shares." (HKScan, Finland)

"All the employees benefit from an employee share participation scheme as defined in the regulations. Under this plan, employees are able to acquire a set number of Implenia shares, normally in the amount of one-half of the gross monthly salary, at a preferential rate, twice a year in accordance with the regulations." (Implenia, Switzerland)

"Since 2001, the Lovinklaan Foundation, Arcadis' largest shareholder representing the employees, has facilitated an employee share purchase program. This allows employees to purchase Arcadis shares from the Foundation, at a discount, thus stimulating share ownership among employees and increasing their involvement in the company... Lovinklaan Foundation is the main shareholder of Arcadis. The board of the Foundation consists of Arcadis employees. (Arcadis, Netherlands)

"Since 2004, Statoil has had a share savings plan for employees of the company. The purpose of this plan is to strengthen the business culture and encourage loyalty through employees becoming part-owners of the company. Through regular salary deductions, employees can invest up to 5% of their base salary in Statoil shares. In addition, the company contributes 20% of the employee contribution to employees in Norway, up to a maximum of NOK 1,500 per year (approximately USD 250). This company contribution is a tax-free employee benefit under current Norwegian tax legislation." (Statoil, Norway)

"Skanska Employee Ownership Program (SEOP) – offers permanent employees throughout Skanska the opportunity to buy shares in the Company on favorable terms. The members of SEOP are now collectively the third largest shareholder in Skanska... The purpose of the SEOP program is to strengthen the Group's ability to retain and recruit qualified personnel and to align employees more closely to the Company and its shareholders. The program provides employees with the opportunity to invest in Skanska shares while receiving incentives in the form of possible allocation of additional share awards." (Skanska, Sweden)

"Through his all-employee plan, participants purchase Julius Baer shares at market price and for every three shares they purchase they will receive one share free of charge... The objective of this plan is to strengthen the employee's identification with the Group, to encourage entrepreneurial spirit and generate greater interest in the business through ownership, and to provide employees with financial recognition for their long term dedication to the company." (Julius Baer, Switzerland)

"The AF Group would like all employees to participate in joint value creation by becoming a shareholder in the Company. In addition, the share programme should contribute to making the AF Group an attractive workplace for its employees, as well as attracting new employees. AF has, therefore, a share programme for employees, whereby the employees are given an opportunity to buy shares at a discount of 20 per cent on the current market price." (AF Gruppen, Finland)

"The Basler Foundation for Employee Participation set up in 1989 offers members of staff working for various Baloise Group companies in Switzerland the opportunity to purchase shares in Baloise – usually once a year – at a preferential price in compliance with the regulations adopted by the Advisory Council. This encourages employees to maintain their commitment to the Company over the long term by becoming shareholders." (Baloise, Switzerland)

"The Board wishes to encourage the company's employees to invest in the company's shares. A share purchase program was therefore established in 2008 that offers employees the opportunity to buy shares at current market rates, and for every five shares held for at least one year, one share is given

free of charge. The Board will recommend at the general assembly that the program should be continued." (Tomra Systems, Norway)

"The purpose of the stock option plan is to enable Icelandair Group to attract and retain qualified employees through an attractive system of remuneration and at the same time provide employees with an opportunity to acquire an interest in the Company and thereby contribute to increased incentives and rewards for promoting the increased growth and prosperity of the company in the long term." (Icelandair, Iceland)

"The Company supports employee share ownership and, where practical, offers the opportunity to participate in share schemes. As at 30 September 2013, approximately 86% of employees worldwide were participants in employee share schemes" (Vixtrex, UK)

"The options are granted with a view to involving employees, managers and executives more closely in the Group's operations and business development." (Econocom, Belgium)

"The stock ownership plan, which is based on a long-term perspective, also incorporates risk aspects. It thus provides an incentive for employees to contribute to the sustained success and stability of the Vontobel Group" (Vontobel, Switzerland)

"The voting rights attaching to the shares held in Amag Austria Metall AG by the Amag Employees Private Foundation are exercised by the management board of the Amag Employees Private Foundation, which consists of three members. The manner in which the voting right is exercised requires the consent of the advisory board of the Amag Employees Private Foundation, though. Decisions are taken in joint meetings of the management board and the advisory board. Approving resolutions are adopted with a simple majority. The advisory board is composed of three members, who are nominated by the group-wide works council. The chairman of the management board has the casting vote in case of a tie. The Austrian employees of the Amag Group are the beneficiaries of the Private Foundation." (Amag, Austria)

"The voting rights for the shares held by the Flughafen Wien employee foundation are exercised by the managing board of this entity. The appointment to or dismissal of members from the foundation's managing board requires the approval of the advisory board of the Flughafen Wien employee fund, whereby a simple majority is required for such decisions. The advisory board is comprised of five members, with two members each delegated by employees and the employer. These four members unanimously elect a fifth person to serve as the chairman of the advisory board." (Vienna Airport, Austria)

"To strengthen the bonds between the employees and the Group, the company will annually consider giving all employees the opportunity to buy shares in Hafslund. The share offer should be viewed in the context of the total salary settlement for the Group." (Hafslund, Norway)

"Une politique ambitieuse d'actionnariat salarié: Vivendi attache une importance toute particulière à ce que les fruits des efforts des salariés soient répartis et valorisés de manière équitable. Le groupe a donc mis en place un système de partage des profits qui va bien au-delà des obligations légales et qui encourage fortement le développement de l'actionnariat salarié." (Vivendi, France)

"We are proud of our partnership model and we regard it as a key competitive strength. We encourage all our partners to own ABGSC shares. Share ownership encourages our employees to focus on long term value creation rather than short term profits, and it aligns the interests of our employees with the interests of our external shareholders... More than half of the Group's staff are partner shareholders in the ABGSC partnership. The partners control over a third of the company's fully diluted equity and is committed to a partnership agreement that restricts how shares can be sold. We believe that this structure helps to ensure that key members of the ABGSC team have an important economic stake in the success of the entire enterprise." (ABG Sundal Collier, Norway)

"Employee shareholding is one of Essilor's core principles, a pillar of its success and key to its sustainability. Employees have always been Essilor's largest shareholder, and currently own more than 8% of its share capital. Employee ownership is integral to Essilor's history and business model. Employees represent the largest shareholding of the Group, which enables an original style of governance and promotes dialogue by involving employees in Essilor's major decisions. A majority of Essilor's employee shareholders are members of Valoptec Association which contributes to the Group's long term growth, participates in its governance and supports its values and mission." (Essilor, France)

"The Renault Employee Share Investment Fund held 2.09% of Renault SA's stock on December 31, 2016.

The fund's supervisory board is responsible for controlling the fund managers' management, setting management guidelines, and examining the annual management report with a view to approving the annual financial statements. More broadly, the supervisory board promotes the rights of owners of shares in the fund and ensures that employees who own shares are well served by the fund's financial and administrative manager(s). Holders of shares in the fund have an individual voting right. The supervisory board of the Renault Employee Share Investment Fund has 11 members representing employees who own shares, who are elected directly by the shareholders, including one representative of the company's management." (Renault, France)

"Since the year 2000, employees have been participating in the capital of Voestalpine AG through the ownership of own shares: 24,400 employees hold 26 million shares (together with former employees); with 14.5% of the voting rights, they are the second largest shareholder of Voestalpine AG; only model in Europe that combines international pooling of voting rights with individual share ownership. Since the year 2000, the management and the works council of the Voestalpine Group have been engaged in the joint development of an innovative concept that surprised many at the time. The idea was to let the employees participate in the company through shares owned by them, to turn them into a stable core shareholder by pooling their voting rights, and to allow them to benefit from the success of Voestalpine as individual shareholders." (Voestalpine, Austria)

"Bouygues has long been convinced that it is important to give employees a stake in the Group because they play a key role in its success. As a result, in 2016 Bouygues' Board of Directors approved a new capital increase reserved for employees. The leveraged operation, called Bouygues Confiance n°8, ended successfully on 28 December 2016... It again demonstrates the Group's proactive approach to employee share ownership, which is a core component of its culture and values. At 31 December 2016, Group employees owned 20.2% of the share capital of Bouygues and held 26.0% of its voting rights, through a number of dedicated mutual funds. Since 1995, two representatives of employee shareholders have had seats on Bouygues' Board of Directors." (Bouygues, France)

- "In line with Veidekke's strategy to foster employee loyalty through co-ownership of the company, discount sales of shares to employees were carried out in spring and autumn 2017. Veidekke works continuously to maintain the employees' ownership share and strives each year to give the employees the opportunity to buy shares at a discount. Veidekke regards the involvement of its employees as shareholders as an important and positive element in the development of the company. The company's aim is for at least half of the employees to hold shares in the company, totalling at least 15% of the shares. Veidekke offers financial assistance for share purchases, with a lock-in period of two to three years. At the end of 2017, 3,892 employees held a combined 15.1% stake in the company. It also wants each of its senior executives to hold a significant number of shares in the company. Among this group, 932 individuals had a combined stake of 10.4%." (Veidekke, Norway)

"The Group wishes to continue increasing the involvement of its employees at the global level in its development by having its employees more broadly participate in the capital of L'Air Liquide S.A. Thus, since 1986, 13 capital increase operations have been reserved especially for Group employees, so that they can take advantage of preferential conditions. These employee share ownership transactions contribute significantly to increasing employee motivation and their sense of belonging to the Group." (Air Liquide, France)

"Since its 2006 stock market listing, Arkema has encouraged employee share ownership, with plans offered every two years in around 20 countries to enable the purchase of Company shares on preferential terms. In 2016, Arkema carried out a new share capital increase reserved for employees, the fifth since its stock market listing ten years ago. It was offered to employees in 26 countries around the world. The participation rate reached a new record, both in France (67%) and abroad (21%), with an average 40% of employees investing in their company. As a result, 5.4% of outstanding shares were owned by employees as of 31 December 2016, collectively making them one of the Group's main shareholders." (Arkema, France)

"The scale of employee share ownership at Eiffage is a powerful cohesive factor that sets us apart from competitors. Employee share ownership is in many ways Eiffage's backbone, reflecting our staff's deep attachment to the Group and its performance. This situation is the result of successful management. It is a sign that employees feel at ease within the Group, buy in to its values, are willing

to make a shared commitment to the company's success and are confident for the future. The more united we are, the more effective we will be at our project sites. Employee share ownership offers an excellent means of building loyalty and motivating the company's foot soldiers. A thoroughly overhauled communication approach was introduced at the start of 2017, coinciding with the annual subscription campaign, and Eiffage intends to communicate more regularly on this topic throughout the year. New momentum is being built up in terms of employee share ownership, a practice that has been in Eiffage's blood ever since the Group was created and is gaining strength year after year. In 2016, Eiffage employees once again demonstrated their attachment to the system. A total of 37,715 employees subscribed to the share issue, corresponding to a take-up rate of 64.15% in France and 50.36% internationally, with an average investment of €3,460. L'actionnariat salarié fédère collaborateurs et anciens collaborateurs, qui détiennent ensemble 21,1 % du capital. Un modèle unique en Europe pour un groupe de cette taille. L'actionnariat salarié présente une valeur patrimoniale et une valeur offensive. Les sommes collectées constituent autant de capital qui peut être investi, par exemple, dans des acquisitions. Ce dispositif est aussi l'un des garants de l'indépendance d'Eiffage." (Eiffage, France)

"Nexans firmly believes that employee share ownership provides a powerful means of strengthening a company's financial and human capital, turning employee shareholders into long-term partners. Since 2002, Nexans has offered employees the opportunity to buy stock in the Company every two years. In the first half of 2016, 17,000 employees across 23 countries were given the opportunity to participate in the seventh employee share ownership plan («Act2016»)." (Nexans, France)

"At December 31, 2017, Group employees held 7.4% of the capital and 12.8% of the voting rights attached to Compagnie de Saint-Gobain shares, through the Group Savings Plan. The Funds of the Group Savings Plan are thus the Group's main shareholder. The Group Savings Plan (Plan d'Épargne Groupe, "PEG") is a key feature of Saint-Gobain's social contract. It represents an excellent means of giving employees a stake in the Group's success and profits. In 2017, 4,593,807 shares were issued under a standard plan offering Group employees two classic formulae with a five- or ten-year lock-up, for a total of €168.7 million (compared with 4,653,810 shares and €136.9 million in 2016). In France, 57.2% of employees invested in the PEG through Employee Mutual Funds (fonds communs de placement d'entreprise, "FCPE"). With employees in 26 other European countries and 15 countries outside Europe also given the opportunity to take part in the PEG, in all, 40,893 Group employees participated in the PEG during 2017." (Saint-Gobain, France)

"The YES Plan (Your Employee Shares), an employee share ownership scheme open to all Group employees, was introduced at the end of 2013 in 28 countries after an intense communication campaign and series of special presentations; initially for three years, the plan has now been extended for another three years. The YES Plan's regulations allow participating employees to buy Prysmian shares, during specific purchase windows in 2017, 2018 and 2019, on preferential terms and on condition that they retain the shares for at least 36 months from the purchase date. Plan participants can buy Prysmian shares at a discount, that varies from 1% for the CEO and Senior Managers, to 15% for executives and 25% for the remaining workforce, thereby encouraging employee participation at every level. Moreover, by way of entry bonus, all participants receive 6 free shares in year one and 3 thereafter. The new three-year plan provides for an entry bonus of 8 shares to all participants in the previous plan. The objectives pursued in launching this plan are to increase employees' sense of closeness and belonging to the Group as well as their engagement with and understanding of the business, in order to converge the long-term interests of shareholders, customers and employees and to strengthen the internal perception of Prysmian Group as one, single company, a real "One Company". In brief, the Group's intent is to have its employees become stable shareholders, thus making them owners of a small part of the business in which they work. Participation in the plan in its first three years has confirmed expectations: around 7,300 employees, or 44% of those eligible (of whom about 55% are blue-collar employees) have signed up, investing a total of Euro 17.5 million, thereby confirming their great sense of corporate belonging and their confidence in Prysmian's people and in its future. Participation in some countries has been very high, with for example, nearly all employees signing up in Romania, about 85% in Turkey and around 65% in the Milan headquarters." (Prysmian, Italy)

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

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