



Romanian Presidency briefed on financial participation



Renate Weber MEP

As Romania takes on the Presidency of the European Union this month for the first time, lawyer and MEP Renate Weber shares her thoughts with Centre members. Renate Weber is a member of Liberal group ALDE and was rapporteur on the European Parliament's own-initiative report last autumn on the role of employee financial participation in creating jobs and reactivating the unemployed.

She saw the Romanian Labour Minister last week to encourage the Presidency to prioritise the topic. If there is interest from members, the Centre will arrange a high table dinner in Brussels.

In what ways does employee share ownership serve a useful purpose?

Employee share ownership has a potential to stabilise the European economy as a whole. Studies from the US clearly show that companies offering their employees a stake of the business capital create more jobs than companies that do not have the same instruments in place. Employee shareholders accumulate more assets for retirement

purposes, receive better wages and are less likely to become unemployed compared to other employees. As income of private households currently depends highly on wages, employee shareowners benefit from raising capital incomes, which decreases wealth inequality in the society.

How can we widen and deepen the adoption and use of employee share ownership?

By encouraging member states and companies, particularly SMEs, to develop and offer EFP schemes for the benefit and in the interest of both employees and companies.

EFP schemes involving workers in consultation and decision-making have actually proven benefits for both employees and the company, including in terms of sustainable governance, transparency, social dialogue, mutual respect between employers and employees, and other aspects such as recruitment, retention, motivation, job satisfaction and skills development, as well as overall performance and profitability.

Moreover, member states should raise awareness and financial education along with providing non-mandatory incentives, including tax incentives that do not override national taxation rules, in line with best practice principles, when promoting employee ownership schemes among companies and employees, at the same time as supporting the highest standards of social protection for employees and safeguarding their right to collective action.

What would you tell someone on the fence about introducing employee share ownership to their company?

EFP has to be embedded in a system of workers' involvement, for example in company decision-making, including through workers' representatives, and must not be considered as a substitute for fair and decent

pay, nor an alternative to public pensions or to collectively agreed pension schemes. The demand for EFP is growing in the EU and it has proven its benefits.

A clear set of broad and simple EU guidelines would allow for a level playing field for the use of EFP and the spread of its benefits throughout Europe.

What do you think will change about employee share ownership over the next five years?

I think we could start by changing the way we look at it and use the tools and financing instruments already available in the EU. The EU 2020 strategy on a smart, sustainable, and inclusive growth highlights the need for inclusive growth, which amongst other things empowers citizens through employment, investing in skills, fighting poverty and modernising labour markets and social protection. EFP offers tangible means in this respect by involving workers more in the decision making of the companies they work for, helping to strengthen their skills and employability, ensuring a share of the financial benefits and fighting capital concentration, reactivating the unemployed and creating jobs. If we combine it with social economy tools such as microcredit in order to strengthen job security and prevent relocations, support SMEs in business succession, access to capital and skilled workers, the positive outcomes are only to follow.

Which change to employee share plans/ employee financial participation legislation would you most like to see?

From the point of view of a legislator, my report aims to stimulate the development of EFP in Europe by:

- ♦ highlighting the potential of these schemes for both workers and their employers with respect to growth and social protection, along with the obstacles the Commission and member states need to work on
- ♦ suggesting a number of measures which could be taken at the European Union level

to facilitate EFP such as the need for awareness-raising campaigns, exchanges of best practices platforms, citizens' financial education, more transparency and information, more incentives and a reflection on transnational obstacles.

What is your idea of perfect happiness?

Perfect happiness seems redundant to me.

What is your most marked characteristic?

Empathy

What do you consider your greatest achievement?

In the early '90s I played a crucial role in the establishment and development of the civil society in Romania.

Which historical figure do you most identify with?

There are several historical figures whom I admire, but I do not identify with any.

Which living person do you most admire?

I consider people to be complex with positive aspects which I admire and respect, while trying to understand their less positive aspects. There are many whom I admire from the artistic world, scientists, from the sport world, human rights advocates and others.

Who are your heroes in real life?

In my opinion a genuine hero is not that one who in exceptional circumstances does extraordinary things. Heroes are those who overcome the daily routine and make societies go further.

Which word or phrases do you most overuse?

Not one in particular.

What is your most treasured possession?

Omnia mea mecum porto.

EVENTS

British Isles Symposium 2019

A case history featuring online bank Coconut, which is using EMI to help motivate its employees, is one of the highlights of the Centre's third [British Isles share schemes Symposium](#) (London, Thursday March 7 2019). This case history will be led by Coconut's founder and ceo, Sam O'Connor, with Nigel Mason of Centre member RM2. The full-day event is being hosted by Travers Smith at its London EC1 offices. There will be an end of day reception with invited guests, and winners of *newspad* stars can receive a presentation.

You can see a timed programme in the [event brochure](#), which has been sponsored by Zedra Guernsey and Estera.

Featured in the expert line-up are:

Colin Kendon of Bird & Bird; David Craddock of his eponymously named consultancy; Martin MacLeod of Deloitte; Jennifer Rudman of Equiniti; William Franklin and Eva Simpson-Fryer of Pett Franklin; Sue Wilson and Elizabeth Bowdler of PwC; Nigel Mason and Robin Hartley of the RM2 Partnership; Nicholas Greenacre of White & Case; Damian Carnell of Willis Towers Watson; Elaine Graham of Zedra; and Elissavet Grout of Travers Smith.

Ticket prices:

practitioner members: £395 + vat

practitioner non-members: £595 + vat

Admission is **free** for delegates from plan issuer companies.

To reserve your place at the symposium contact events@esopcentre.com or call +44 (0)207 239 4971

WEBINARS

An introduction to the Share Incentive Plan

Wednesday January 16 2019, 16:00 - 16.30

Sarah Anderson of RM2 presents the [Share Incentive Plan](#) "probably the most tax efficient share plan in the UK, enabling zero tax rates for employee shareholders."

The seminar includes key benefits, how to establish a plan and how it worked in real life for clients.

An introduction to Employee Ownership Trusts

Thursday January 31 2019, 11.30am

Nigel Mason and Richard Cowley of RM2 present the [Employee Ownership Trust](#) (EOT) as a succession planning tool and explore the kinds of business for which it can be the right option.

CENTRE AND MEMBER NEWS

Rewarding talent: A guide to stock options for European entrepreneurs.

Index Ventures has published an updated and expanded edition of *Rewarding Talent*, widened to cover 22 countries and including new sections on retention grants and equity awards for strategic advisers. It introduces a robust allocation framework for seed stage startups, which is reflected in a new 'seed' version of its OptionPlan.

New hire at Global Shares

Global Shares had appointed David Neves as business development director, to lead Global Shares' expansion in Southern Europe.

Employee ownership and ecological sustainability

The [Fifty by Fifty project](#) is launching a series of company profiles and interviews of thought leaders, as part of a research project funded by [Partners for a New Economy](#) to determine whether employee owned businesses are better at environmental stewardship.

The hypothesis is that quoted companies are less capable of having a sustainability mission since their shareholders are large in number, geographically remote, disengaged from companies and structurally unable to effectively voice social and ecological responsibility.

Sustainability expert Carina Millstone, in her book [Frugal Value](#), emphasises that the "business case" for sustainability is true only

one-third of the time, according to MIT. Centre chairman Malcolm Hurlston CBE has been invited to Brussels this month to present to European trades union leaders on Global Sustainability 2030 in which many Centre members and multinationals are active.

Bonfire of FCA and the big 4?

Shadow chancellor John McDonnell welcomed yesterday the report he commissioned from a group of academics under Prof Prem Sikka which advocates a bonfire of the regulators, including those which oversee professions, in order to protect the consumer interest.

Prof Sikka is shortly to meet the Centre and early expressions of interest are welcome.

Brexit will affect the influence of UK consumers, including small business, through loss of membership of the Commission's Financial Services User Group, whose former chairman Mick McAteer is arranging a study meeting.

Damon Horrill on becoming an employee owned business

After working with Fieldfisher to set up an Employee Ownership Trust, Cornerstone Inns boss Damon Horrill extolls the benefits of becoming [employee owned](#).

Nicholas Stretch boosts incentives capability of Ashurst

International law firm Ashurst has appointed Nicholas Stretch to lead its incentives team in London. He joins from CMS where he was head of incentives from 2006, having previously been a partner in Norton Rose Fulbright. With over 20 years' experience in advising on employee share plans and executive pay issues, Nicholas advises listed and private companies on all aspects of employee equity and cash bonus arrangements.

Nicholas is currently chairman of the tax committee of Share Plan Lawyers and has been chairman of the Quoted Companies Alliance Share Scheme expert group.

UK AND WORLD NEWS

Trusting in Private Equity?

Private equity has been a boon for many in the IFCs, while for others it has strengthened their resolve to remain owner-managed. So after many years of the PE model, Citywealth invited Craig Barbour of Ocorian and other key players in the industry to debate [the ongoing effect](#).

Capgemini SE's share capital reduction

The number of shares in [Capgemini SE](#) is down by 1,523,303 compared to December 1 2018 and now stands at 167,293,730.

This reduction results from the 2,500,000 shares capital increase related to the ESOP 2018 plan and the cancellation of 4,023,303 treasury shares. Those shares were acquired via both the share repurchase agreement implemented to neutralise the dilutive effect of the capital increase and the multi-year share buyback programme.

This capital reduction brings share count down by 1,190,012 shares or 0.7 percent of the capital since January 1. The Group has been able to reward employees while delivering an attractive return to shareholders with share buybacks completed during the year which enabled a decrease in outstanding shares.

Government responds to modern work review

[The government has set out its response](#) to the Taylor review of modern working practices, together with a plan of action.

[Good work: the Taylor review of modern working practices](#) was published in July 2017 and included 53 recommendations. The review considered the implications of new forms of work, the rise of digital platforms and the impact of new working models on employee and worker rights, responsibilities, freedoms and obligations.

Guardian reader responses to Labour's boardroom pay proposal

Labour's proposal to give consumers a say in business leaders' remuneration was met with

some [scepticism by Guardian readers](#). Konstantinos Stathopoulos, professor of accounting and finance at Alliance Manchester Business School, pointed out that the consensus among researchers is that managers should be motivated through the use of equity-based incentives. "Shareholders and independent experts should be leading these discussions, as opposed to customers who don't have the expertise or the incentives to bear the costs that come with seeking external expert advice."

Another reader worried that the proposal to remove all share options would be a mistake. "Many of the current range of tax-advantaged share schemes serve to widen employee ownership and participation. These schemes should be revised to form the basis of wider employee share ownership, rather than abolished altogether."

Scotland: employee ownership could offset automation

An [overhaul of Scottish economic and social policy](#) will be needed in the face of global automation, which threatens a third of jobs by 2030, a think-tank has claimed.

The pro-independence Common Weal group has called for an investment-led growth model, driven by the new Scottish National Investment Bank, coupled with an effective innovation strategy, to ensure the Scottish economy is inclusive and sustainable.

Among the proposals included in the [report](#), alongside the creation of a national pharmaceutical company and a Scottish space agency, was reform of employee ownership trusts to increase employee ownership.

According to the report Employee Ownership Trusts could help to safeguard workforces from the human costs of automation.

USA: Evergreen Co-operative launches fund

The Evergreen Cooperative Corporation (ECC) has launched [the Fund for Employee Ownership](#). This investment fund will acquire

businesses in Northeast Ohio, with the aim of preserving and improving the quality jobs they provide by converting them to employee ownership.

India: UrbanClap facilitates Esop sale

On-demand home services platform [UrbanClap is facilitating an employee stock repurchase programme](#) worth \$2.0-2.5 million (Rs 14-18 crore), which will see some of its staff turn crorepaties (a person who resides in a household whose net worth or wealth exceeds ten million rupees).

The shares owned by employees under the employee stock ownership plan would be purchased through a secondary transaction, which is part of a recent deal whereby hedge fund Steadview Capital and existing investor Vy Capital invested \$54 million in the company. Of the total, UrbanClap raised \$50 million as primary capital at a valuation of about \$480 million last month. The rest of the investment was towards purchase of shares from existing angel investors and employees.

China encourages share repurchase by revising the Company Law

The Standing Committee of the National People's Congress has approved a decision to revise the Company Law of the People's Republic of China, with the aim of supplementing and improving the existing share repurchase regime. A brief [introduction to this Revision](#) is available.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members-only mid-month publication.

To submit a story for the next issue of *newsbrief*, sponsor the publication, or to propose someone for a member profile, contact Juliet Wigzell:

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