CONFERENCE

TAKING ACTION:

PROMOTION OF EMPLOYEE SHARE OWNERSHIP (ESO)

Debating concrete policy options

Context of the Conference:
The EU Project "Implementation of the Pilot Project – Promotion of Employee Ownership and Participation"

Several EU reports have highlighted the positive impact of employee ownership and participation on the economic results of businesses and on the motivation and retention of employees. Employees are also well placed to engage with their companies against a long-term horizon. For these reasons, employee financial participation (EFP) may well be the key to solving many of the problems arising from the financial and economic crisis.

The conference takes place in the context of the pilot project to promote employee ownership and participation (MARKT/2013/019/F2/ST/OP) commissioned by the European Union. It is carried out by the consortium of Freie Universität Berlin and Europa-Universität Viadrina Frankfurt (Oder) under the roof of the Inter-University Centre Viadrina|FU Berlin|Paris 1|Split (INTERCENTAR). The project aims at an assessment of EFP across the 28 Member States and the formulation of possible regulatory and non-regulatory actions to promote EFP at EU level.

We will present the interim results of the EU pilot project "Promotion of Employee Ownership and Participation". This will be the starting point for a debate on the potential policy options on EFP. Furthermore, we will present and discuss best practices. The participants will have the opportunity to provide feedback on possible policy options:

- Which policy initiatives can help to promote employee ownership and participation?
- What is the impact of employee ownership and participation on corporate governance and sustainable growth?
- How can we overcome obstacles to cross-border employee equity schemes?

Welcome to our conference! We are looking forward to inspiring and fruitful discussions!

Sincerely yours

Prof. Dr iur. Jens Lowitzsch
Project Director and Team Leader
Director of the Inter-University Centre Viadrina|FU Berlin|Paris 1|Split (INTERCENTAR)

The Inter-University Centre VIADRINA | FU BELIN | PARIS 1 | SPLIT and the Kelso Professorship Team of the Europa-Universität Viadrina Frankfurt (Oder) at your disposal for organisational matters:

	Name	E-mail
	**Prof. Dr iur. Jens Lowitzsch** Professor of Comparative Law, East European Business Law and European Legal Policy Director of the Inter-University Centre VIADRINA|FU BERLIN|PARIS 1|SPLIT	lowitzsch@europa-uni.de
	**Sabine Schneider** Conference Organisation EU Policy and Public Relations Manager	schneider.bine@gmail.com
	**Katarzyna Goebel** Research Associate	goebel@europa-uni.de
	**Stefan Hanisch** Research Associate / Lecturer	hanisch@europa-uni.de
	**Dave Lemmes** Online Marketing and Social Media Manager	lemmens.d@home.nl
	**Gyula Kocsis** Research Associate	kocsis@europa-uni.de
	**Denis Suarsana** Research Associate	suarsana@europa-uni.de
	**Dr iur. Ruslana Vovk** Research Associate and Co-ordinator Inter-University Centre VIADRINA|FU BERLIN|PARIS 1|SPLIT	vovk@europa-uni.de

CONFERENCE

TAKING ACTION:

PROMOTION OF EMPLOYEE SHARE OWNERSHIP (ESO)

INTERCENTAR

Debating concrete policy options in the context of the EC Action Plan on Corporate Governance

MORNING SESSION – Current Policy Initiatives to Promote EFP

	8:30	*Registration*
Welcome	8:55	Day Chair: Jeroen Hooijer, DG MARKT, Head of Unit F2
Video message	9:00	Michel Barnier European Commissioner for Internal Market and Services
Keynote speech: Taking action to encourage employee share ownership throughout Europe	9:05	delivered by Olivier Guersent Head of Cabinet of Commissioner Michel Barnier
	9:20	Q & A
Combining economic and labour market policies: A challenge for employee financial participation	9:30	Pervenche Berès MEP, Chair Committee for Employment and Social Affairs
EU Pilot project results: Policy proposals – Overcoming obstacles to cross-border EFP schemes	9:50	Prof. Jens Lowitzsch, Viadrina / Freie Universität Berlin Prof. Iraj Hashi, Staffordshire University
	10:20	Q & A
	10:40	*Coffee break*
Panel 1 – Impulses for ESO	–	Chair: Prof. Herwig Roggemann, Freie Universität Berlin
National EFP-policies: New tax incentives for employee buy-outs / the UK Employee Ownership Index	11:00	Graeme Nuttall UK Government's independent adviser on employee ownership
The French FCPE de reprise: Implementation via parallel plans – the example of a French/US-ESOP	11:20	Jean-Philippe Debas Equalis Capital
The Employee Stock Ownership Plan (ESOP) as a vehicle for business succession in SMEs	11:40	John D. Menke CEO Menke Group, San Francisco, CA
Employee share ownership in the EU, – a U.S. perspective: Policy impulses	12:00	Dr Richard Freeman Herbert Ascherman Professor of Economics, Harvard University
	12:20	Q & A
	12:45	*Lunch*

AFTERNOON SESSION – Learning from the Best: Debating Examples and Possibilities

Panel 2 – Best practice examples	–	Chair: Prof. Milica Uvalić, University of Perugia
Implementing employee share plans across borders in a large multinational company	14:00	Philippe Gracia Director of Human Ressources AUCHAN
ESO in micro enterprises: Reactivating unemployed while supporting regional economic development	14:15	Jone Nolte Agrupación de Sociedades Laborales de Euskadi (ASLE)
	14:30	Q & A
Panel 3 – Long-term financing		Chair: Prof. Iraj Hashi, Staffordshire University
ESO and the Commission proposal on European Long-Term Investment Funds (ELTIFs)	14:40	Prof. Jens Lowitzsch Viadrina / Freie Universität Berlin
Long term financing: The call on the EIB to boost SME lending promoting employee buy-outs	14:55	Patrice Liauzu Adviser, Institutional Strategy & SME expert, EIB
	15:10	Q & A
Round Table: Feedback	15:20	Moderator: Ugo Bassi, Director, DG MARKT
Rapporteur – EP Own-Initiative Report on EFP		Phil Bennion – MEP
Chambers of Commerce		Iwona Mertin – Advisor EU-Affairs, Eurochambres
Trade Unions		Marian Krzaklewski – EESC, Workers' Group / NSZZ Solidarność
Employers' Associations		Adrienn Bálint – Director for social affairs, MGYOSZ
Interest Groups		Nelly Voyeux – IAFP Bruno Roelants – Secretary General, CECOP
	16:15	Q & A, closing remarks
	16:30	*Drinks*

Thursday 30 January 2014 in Brussels

08:30-16:30 at Albert Borschette Congress Center, Room OA, 36 Rue Froissart, Brussels

CONFERENCE

TAKING ACTION:

PROMOTION OF EMPLOYEE SHARE OWNERSHIP (ESO)

Debating concrete policy options

Content of the Conference Folder

Important notice:

The conference will be filmed and the images of parts or of the whole event will be webcasted and/or recorded. Full speeches or parts of them may be reused for internal documentation or in any public communication activity or pedagogical project. Participating at this public conference involves the acceptance of being filmed and no restriction fee will be asked for any use or reuse of the recorded images.

3. Speaker

MORNING SESSION – Current Policy Initiatives to Promote EFP

Commissioner Michel BARNIER
European Commissioner for Internal Market and Services

Having been active from an early age in the pro-Europe wing of the Gaullist movement, and elected in his late twenties as a national Parliamentarian, Michel Barnier was appointed in 1993 Minister for the Environment. He went on to be Minister for European Affairs (1995-1997), Minister for Foreign Affairs (2004-2005) and Minister for Agriculture and Fisheries (2007-2009). In 1999 he resigned from national office to take up his post, as part of Romano PRODI's team, as European Commissioner for regional policy and institutional reform. In 2009 he led the French Presidential majority's campaign in the European elections and was the head of the French Delegation of the EPP Group (right wing formation) in the European Parliament. He was then proposed as European Commissioner by the President of the Republic Nicolas Sarkozy and took up his post, alongside José Manuel Barroso, as Member of the European Commission responsible for Internal Market and Services in early 2010.

Olivier GUERSENT
Head of Cabinet of Commissioner Michel Barnier

Olivier Guersent graduated with distinction from the “Institut d’études Politiques de Bordeaux” in 1983. After 8 years in French Civil Service, he joined the European Commission in 1992. He took over the Commission's fight against cartels as Director in the Directorate General Competition of the European Commission (DG Competition) in April 2009. During the years 2007-2008, he served successively as Head of Merger Unit and Acting Director for "Transport & Other Services" (since September 2007) also in DG Competition. Prior to this assignment, he was Deputy Head of Cabinet of Competition Commissioner Neelie Kroes (Nov 2004 to Dec 2006). Previous positions include: Head of the “Decision Scrutiny and Enforcement Priorities” Unit (Nov 2002 – Nov 2004) and Deputy Head of the Cartel Unit, (May 2001-Oct 2002) both in DG Competition. He had previously been Advisor to Commissioner Michel Barnier (Sept 1999 – May 2001); Advisor to Commissioner Karel Van Miert (Oct 1996 – Sept 1999). His academic activities include frequent lectures in postgraduate studies in several French universities.

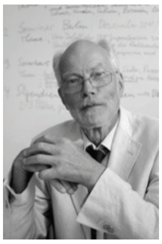
Jeroen HOOIJER
DG MARKT, Head of Unit F2: Corporate governance and social responsibility

Jeroen J. Hooijer has a degree in Economic and European Law from the University of Utrecht in the Netherlands and he is Master in EU Law from the College of Europe in Bruges. He practiced as a solicitor for a large law firm in Rotterdam and Brussels, prior to joining the European Commission. At the Commission, he has held several positions in Trade and International matters. Currently, he is the Head of “Corporate governance and social responsibility” Unit of DG Internal Market and Services.

Pervenche BERÈS
MEP, Chair Committee for Employment and Social Affairs
Pervenche Berès has been a Member of the European Parliament since 1994. In the new Parliament elected in 2009, she is the Chairwoman of the Employment and Social Affairs Committee (EMPL) and a substitute member in the Economic and Monetary affairs committee. She has been appointed rapporteur of the temporary committee on the financial, economic and social crisis. Previously, she was Chairwoman of the Economic and Monetary affairs Committee (2004-2009), head of the French socialist delegation and vice-President of the Socialist group in the European Parliament (June 1997-June 2004). From December 1999 to October 2000, she was the Vice-president of the European Parliament delegation to the Convention in charge of elaborating a European Union Charter of fundamental rights. She was also a member of the European Convention in charge of drafting a Constitution for Europe from February 2002 to July 2003.

Prof. Dr iur. Jens LOWITZSCH
Europa-Universität Viadrina Frankfurt (Oder)/ Freie Universität Berlin
Jens Lowitzsch holds the Kelso Professorship of Comparative Law, East European Business Law and European Legal Policy at Europa-Universität Viadrina Frankfurt (Oder). Furthermore, he directs the Inter-University Centre Viadrina|FU Berlin|Paris 1|Split (INTERCENTAR). His main fields of expertise are employee financial participation (EFP), privatisation and transformation, insolvency law, European law and legal policy.
Currently he is the project director and team leader of the EU project "Implementation of the Pilot Project – Promotion of Employee Ownership and Participation" (MARKT/2013/019/F2/ST/OP), which assesses EFP across the EU-28 and aims at the formulation of possible regulatory and non-regulatory actions to promote EFP at EU level.
He is one of the leading experts on EFP at EU level, having participated as project director and/or team leader in several projects on EFP funded by the European Commission. He is the author of the PEPPER III report and the book Financial Participation for a New Social Europe (EN/FR/DE/IT/PL/RU) as well as the (co-)editor of the PEPPER IV report. In 2012 Jens Lowitzsch oversaw the European Parliament study Financial Participation of Employees in Companies' Proceeds.

Prof. Dr Iraj HASHI
Staffordshire University
Iraj Hashi is Professor of Economics and Director of the Centre for Research on Emerging Economies (CREE) at Staffordshire University Business School, Stoke on Trent, UK. In addition to his teaching duties at the University, he has been actively involved in research, teaching and consultancy in transition economies since 1992 and has worked with universities, research institutions and consultancy firms in Albania, Bosnia-Herzegovina, Croatia, Czech Republic, Iran, Kosovo, Macedonia, Poland and Russia on a range of economic problems faced by these countries. His research projects have been financed by the European Commission's Framework Programme V and VI, DG5, DG MARKETS, DG INTERNAL POLICIES, the World Bank, Centre for International Private Enterprise, USAID and other international agencies. Employee financial participation is one of his areas of research. He has contributed to the PEPPER III Report, 2006 and is the co-author of the PEPPER IV Report, 2009 and the Employee Financial Participation in Companies' Proceeds, 2012 (a study for the European Parliament).



Prof. Dr Dr h.c. Herwig ROGGEMANN
Freie Universität Berlin
Herwig Roggemann is Professor emeritus of law at the faculty of law and the Institute for East European Studies, Freie Universität Berlin. His fields of research include issues of comparative law and European and Eastern European law such as workers' participation in decision-making, employee financial participation and transformation of the constitutional framework with regard to property rights in Eastern and Western Europe. He was the founder and director of the Inter-University Centre Berlin/Split at the Institute for East European Studies, Freie Universität Berlin (2000-13). Since summer 2013, he is head of the scientific advisory board of the restructured and expanded Inter-University Centre Viadrina/FU Berlin/Paris 1/Split. Selected Publications: Constitutions of Central and Eastern Europe (Berlin Verlag Arno Spitz GmbH, 1999), Employee participation and property rights (BWV, 2010, in German).

Graeme NUTTALL
UK Government's independent adviser on employee ownership and partner Field Fisher Waterhouse LLP
Graeme Nuttall is an English solicitor and a chartered tax adviser. He is head of Field Fisher Waterhouse LLP's Tax and structuring practice in London. He helped develop the enterprise management incentives arrangement, a UK tax advantaged share plan. He drafted the Employee Share Schemes Bill, which introduced a tax exemption to encourage business succession using the HM Revenue & Customs approved share incentive plan. As the Government's independent adviser, he produced "Sharing Success: The Nuttall Review of Employee Ownership" (BIS, 2012) which has set the UK's agenda for promoting the employee ownership business model. The UK Government supports all 28 of the Nuttall Review's recommendations and the UK's Finance Bill 2014 will introduce three new tax exemptions for "employee-ownership trusts", as a result of Nuttall Review's findings. Graeme Nuttall is also a UK Cabinet Office Mutuals Ambassador and received the FT Innovative Lawyer 2013 award.

Jean-Philippe DEBAS
President of Equalis Capital
Jean-Philippe Debas is the President and founder of Equalis Capital, the leading French asset management firm specializing in management and employee sponsored buyouts. In addition to buyouts Equalis Capital also sets up and administers employee equity participation schemes in privately owned companies and occasionally in mid-sized listed corporations.

John D. MENKE
CEO Menke Group, San Fancisco, CA
John D. Menke is founder and President of Menke & Associates, Inc., a San Francisco-based firm that has specialised in the design and administration of Employee Stock Ownership Plan (ESOP) buyouts in the U.S. since 1974. He has over 30 years of broad experience in investment banking, mergers and acquisitions and private equity transactions. He has supervised or participated in more than 2,500 ESOP transactions, representing more than 10 per cent of the ESOPs in existence in the United States today.

Prof. Dr Richard FREEMAN
Herbert Ascherman Professor of Economics, Harvard University
Richard B. Freeman holds the Ascherman Chair in Economics at Harvard University and is currently serving as Faculty co-Director of the Labor and Worklife Program at the Harvard Law School. He directs the Science and Engineering Workforce Project at the National Bureau of Economic Research, and is Senior Research Fellow in Labour Markets at the London School of Economics' Centre for Economic Performance. Richard B. Freeman received the Mincer Lifetime Achievement Prize from the Society of Labor Economics in 2006. In 2007 he was awarded the IZA Prize in Labor Economics. In 2011 he was appointed Frances Perkins Fellow of the American Academy of Political and Social Science. Richard B. Freeman is a Fellow of the American Academy of Arts and Science.

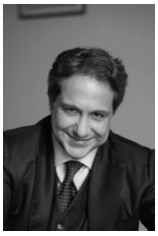
AFTERNOON SESSION - Learning from the Best: Debating Examples and Possibilities

Prof. Milica UVALIĆ
University of Perugia
Milica Uvalić is Full Professor of Economics at the University of Perugia (Italy) and former member of the UN Committee for Development Policy (2007-2012). She has been President of the European Association for Comparative Economic Studies (2006-2008), Public Policy Scholar at the Woodrow Wilson Centre in Washington DC (2009) and Assistant Minister in the first post-Milosevic federal government of Yugoslavia (2001). Milica Uvalić published extensively on transition economies, particularly the Balkans, regarding macroeconomic policies, privatisation, regional cooperation and EU enlargement, as well as on employee participation in profits and enterprise results. She is author of the first PEPPER Report (1991) for the European Commission. Recent books include: Serbia's Transition. Towards a Better Future (Palgrave Macmillan, 2010) and Western Balkans' Accession to the European Union. Political and Economic Challenges (co-edited with Bozidar Cerovic, Beograd, 2010).

Philippe GRACIA
Director of Human Resources, AUCHAN
Philippe Gracia is Director of Human Resources at Groupe Auchan since 2010. He has been working for Auchan for more than 30 years, starting in 1983 as manager of the fresh goods department at Auchan Périgueux. He soon became director of the human resources department at Auchan Région Ouest in 1993. After working as head of human resources for the division Hypermarchés d'Auchan France, he worked for Auchan in Poland, becoming general director of Auchan Pologne in 2007. Philippe Gracia is an expert in human resources management and also regarding employee participation at Auchan.

Jone NOLTE
Agrupación de Sociedades Laborales de Euskadi (Asle)
Jone Nolte graduated from the University of Deusto in law and economics and is a lecturer in legal consultancy for the "Instituto de Empresa". She has been working for ten years at "Agrupación de Sociedades Laborales de Euskadi", advising companies in the Basque Country, especially Sociedades Laborales, in labour and commercial areas. She is specialised in restructuring and succession processes in companies in which workers take majority shares of the company they work for. She recently coordinated a project on the status of companies offering employee financially participation schemes in Spain.

Patrice LIAUZU
Adviser, Institutional Strategy & SME expert, EIB
Patrice LIAUZU joined the European Investment Bank (EIB) in 2010 as Adviser in the Institutional Strategy Department, in charge of SME and Cohesion Policy. Previously, he worked for the European Investment Fund (EIF) as Head of Communication and EIF Representative in Brussels in charge of relations with EU institutions. Patrice Liauzu was a member of the European Central Bank information taskforce for the euro changeover. He, a French national, graduated in Macroeconomics from the Université d'Aix-Marseille.



Ugo BASSI
Director, DG MARKT
Ugo Bassi is Director of Capital and Companies in the European Commission's Internal Market DG (DG MARKT F). As a senior manager, he has now four units under his auspices, covering important files related to the free movement of capital, corporate governance, anti-money laundering, accounting and financial reporting, audit and credit rating agencies. A lawyer by profession, Ugo Bassi has been working in DG Markt for eighteen years, prior to which he gained considerable experience as "Référendaire" in the Court of Justice. He has headed three different units dealing with Internal Market: in the area of public procurement, asset management and securities. Many of the policies under his charge were in direct response to the financial crisis but he has also managed teams covering the more traditional internal market issues.

Phil BENNION
MEP, Rapporteur (ALDE)
Phil Bennion, a Staffordshire farmer, became a member of the European Parliament in 2012. He has a BSc and PhD in agriculture from Aberdeen and Newcastle and a 1st class degree in History and Economic History at Birmingham University. Previously a grassroots campaigner for the Liberal Democrats, Phil Bennion is a recognised agricultural and economic policy specialist. In the Employment and Social Affairs Committee (EMPL), he works to support SMEs, promote growth and fight against discrimination. He aims to cut down on unnecessary red tape and to ensure that any actions taken at European level are not over-burdensome for employers all over Europe. Phil Bennion is rapporteur of the EP own–initiative report "Financial participation of employees in companies' proceeds" (adopted on 14/01/2014). He is member of the South-Asia delegation as well as the Transport committee.

Iwona MERTIN
Advisor EU Affairs, Eurochambres
Iwona Mertin joined EUROCHAMBRES as an EU Affairs Advisor in June 2012. She has 6 years of experience in research, advocacy, accounting and finance. In her current position she focuses on challenges facing businesses with regard to access to finance and taxation. Prior to joining EUROCHAMBRES, she cooperated with the Bureau of European Policy Advisers, an advisory body for the President of the European Commission, and with the Stiftung Wissenschaft und Politik, where she provided research and analysis of current policy trends, contributing to a number of publications. Between 2007 and 2011, she worked as a Senior Accountant at the MAN Accounting Center of the MAN Group. She holds an MA in European Economic Integration and Business from the College of Europe in Bruges in addition to an MSc in European Studies from the Aalborg University in Denmark and an MA in Economics from the University of Economics in Poznan, Poland.

Dr Marian KRZAKLEWSKI
EESC, Workers' Group / NSZZ Solidarność
Marian Krzaklewski holds a doctor in technical sciences (1987) in the field of computer control of industrial processes. Between 1991- 2002 he was the President of the NSZZ "Solidarnosc". He was the founder of the Solidarity Electoral Action (AWS) coalition in 1996, which became victorious in the Polish parliamentary election in 1997. From 1997 until 2001 he was member of the Polish Parliament as well as member of the Parliamentary Assembly of the Council of Europe. Marian Krzaklewski also worked as researcher at the Polish Academy of Sciences and as adjunct at the Silesian University of Technology. He hold lectures at the Lublin Catholic University and since 2012 he lectures on "Skills management on the labour market" at the Kashubian-Pomeranian High-School. Currently, Marian Krzakleweski is member of the European Economic and Social Committee (since 2004) and he is employed as "Coordinator of EU legal affairs" in the National Commission of NSZZ "Solidarnosc".

Adrienn BÁLINT
Director for social affairs, Confederation of Hungarian Employers and Industrialist (MGYOSZ)
Adrienn Bálint graduated at the faculty of industrial relations of the South-Hungarian University of Szeged. She holds a degree as economist at the Corvinus University of Budapest. . As an expert of industrial relations and labour market policy, she earned her experiences in the context of social dialogue, both on the employees and the employers' side, at sectoral and at national level.
She studied the industrial reorganisation process after the political structural changes of the 1990's in Hungary, when employees' financial involvement was an important element of the privatisation progress. She participated in several European projects related to the topic of employees' financial participation. She believes that employees' participation – including the financial participation – contributes to increase their productivity and commitment.

Nelly VOYEUX
IAFP International Association for Financial Participation
Working within a multinational company from 1970 until 2006, Nelly Voyeux managed international projects and soon took care of the new shareowners of her company by co-founding an association aiming at representing them towards the other company stakeholders and bringing them services and information. Together with similar associations, FAS (Fédération des Associations d'Actionnaires Salariés) was founded in 1993 in order to represent the employees owning shares of their company and to provide them with services. Until 2010, Nelly Voyeux managed for FAS the Index of Employee Share Ownership (IAS) with Euronext, the Paris Stock Exchange under contract. For FAS as well as other associations, she introduced a certificate for training organisations within the field of finance and employee ownership in order to grant the training contents given by these entities towards companies and employees. Nelly Voyeux joined IAFP in 2010 to be able to act on financial participation also at international level.

Bruno ROELANTS
Sectretary General, CECOP

Bruno Roelants is Secretary General of CICOPA, the sectoral organisation of the International Cooperative Alliance for industrial, artisanal and service producers' cooperatives, and its European organisation CECOP CICOPA-Europe. He was previously responsible for cooperative development projects in China and India as well as in Central and Eastern Europe. He coordinated the cooperative organisations in the negotiations in 2001-2002 in Geneva on the ILO Recommendation 193 on the promotion of cooperatives. He has taught on cooperatives and local development in Italy. He has edited Cooperatives and Social Enterprises – Governance and Normative Frameworks (CECOP, 2009), and is a co-author of Capital and the Debt Trap – Learning from Cooperatives in the Global Crisis (Palgrave-Macmillan 2011-2013) as well as Cooperatives, Territories and Jobs (CECOP, 2011).

3. Overview – Employee Financial Participation in the EU

Employee financial participation (EFP) either in the form of share ownership, individually or through trusteed plans such as ESOPs (Employee Stock Ownership Plans), or in the form of profit sharing has been practised in EU Member States for many years. Although, financial participation has been in the European Commission's focus of attention since the publication of the first "PEPPER Report" in 1991 it has only recently gained broader attention on the European level. As EFP can have a significant impact on a number of economic, social and employment issues in the EU, it is increasingly considered to be a relevant tool to contribute to the goals defined by the Europe 2020 strategy, most notably to establish “smart, sustainable and inclusive growth” within the European economy.

There are three main models of EFP from which a company may choose: profit sharing (cash-based, deferred or in shares), individual employee share ownership (employee shares or stock options) and employee stock ownership plans (ESOPs). Hence, EFP can be both share and cash based. Which EFP model a company chooses depends on a set of specific circumstances including the legal form of the company, the scope of intended involvement of employees and the result any EFP scheme is expected to produce. Depending on the respective model, EFP offers a range of positive effects on businesses, employment and the economy’s performance as a whole.

Benefits of EFP

EFP improves EU firms’ competitiveness by productivity gains arising from increasing employees' loyalty and identification with the company. But implementing EFP has many other positive effects for both sides, the employer company as well as the participating employees.

Improving workers’ performance and retaining key employees

- EFP schemes, both employee share-ownership and profit-sharing models, are known to significantly improve employees’ job satisfaction, increase their motivation and consequently boost workers’ performance and productivity which could eventually result in an increasing competitiveness of the company.
- Further, employee share ownership encourages workers to develop a sense of ownership and responsibility that increases their feeling of inclusion and the likelihood that their employers will engage with them and understand their concerns, perspectives and ideas. The mutual trust and appreciation could help employees to have a better understanding of the situation when their company faces challenges and can play a significant role in involving workers in information and consultation processes during restructuring.
- Implementing EFP schemes helps companies to retain skilled workers and highly qualified employees, and thus creates an incentive for employers to invest in the training of their workforce, given the greater likelihood of them retaining skilled workers in the long term. This is of special importance for SMEs, which face strong competition to attract and retain high skilled workers.

EFP and Corporate Governance

- Employee share-ownership may encourage a desired change from short to long-term incentives. Companies with a significant employee shareholder base gain a bloc of demanding but loyal shareholders made up of their own employees who understand the firm more intimately than outsiders ever could. In this way employees support management in resisting the prevailing short-term policies of the financial markets and may impose some constraint on opportunistic managerial behaviour and short term oriented management.
- Employee share ownership can in-crease employee participation and reward the assumption of new responsibilities at both the shop floor and shareholder levels including issues of transparency and exchange of information.
- EFP schemes could contribute to higher transparency of remuneration: employee shareholders having a “say on pay” contributes to making executive compensation transparent, a step toward more sustainable remuneration policies. As knowledgeable insiders they can exercise effective ‘oversight’.

EFP and Business Succession

- Employee Buy-Outs (for example through 'ESOP' Buy-Outs) constitute an alternative to selling a company to a competitor (strategic buyer) or to realizing a management-buy-out. Therefore, implementing an ESOP constitutes a valuable tool for business succession especially for owners of SMEs and micro enterprises which could otherwise struggle to find a suitable buyer and might be closed down when succession is not possible.
- Such employee buy-outs, which can also help workers take over companies in financial difficulty, may increase job security by safeguarding workers' own jobs and reducing uncertainty from possible buyouts by other companies.
- As the Commission has made the business transfer problem a priority of the Entrepreneurship 2020 Action Plan, promoting ESOPs as a relevant business succession tool is especially timely.

EFP on the EU policy agenda

EFP has been in the European Commission's focus of attention since the publication of the first "PEPPER Report" in 1991. With a view to a new Community instrument on the promotion of participation by employed persons in profits and enterprise results, the European Commission funded a research project with the specific aim of obtaining a good overview of the "state of the art" concerning financial participation by employees in the EU. Its conclusions are included in the PEPPER I report. A Council Recommendation followed this first report in 1992. This highlighted the importance the Community attached to the use of financial participation schemes and called for the direct involvement of Member States and the social partners. Following this, the Commission adopted the PEPPER II report in January 1997 designed to give a review of the effects of the previously mentioned recommendation 92/443/EEC in the Member States.

Based on the conclusions of these reports, in 2002 the European Commission launched a Communication on a framework for the promotion of EFP (COM (2002) 364 final). This communication established a working group of independent experts to analyse legal and legislative obstacles to the transnational diffusion of EFP, with concrete proposals for actions to tackle them. The European Commission published the report of this high-level expert group on 'cross-border obstacles to financial participation of employees for companies having a transnational dimension' in 2003.

The PEPPER III Report (2006) extended the previous two reports to cover the new Member States and Candidate Countries (Croatia, Bulgaria. Romania and Turkey) of the EU. In 2009 the PEPPER IV Report summarised and updated the previous reports. It presents conclusive evidence that the past decade had seen a significant expansion of employee financial participation in Europe but that, despite this positive trend, it seems that financial participation has been extended to a significant proportion of the working population in only a handful of countries.

The European Parliament has also repeatedly taken a positive stance towards promoting EFP. Notably, in its Resolution of 6 May 2009 on the Renewed Social Agenda (P6_TA (2009)0370), the European Parliament noted the importance of EFP schemes in providing an additional source of income for employees and suggested a European debate on possible solutions for a common EU framework regulation on EFP. A recent study on "Employee Financial Participation in Companies' Proceeds" (2012, ref. PE 475.098) commissioned by the European Parliament – which provides a comprehensive appraisal of the development of EFP in the EU – proposes an alternative approach to a common European framework on EFP, namely the introduction of a 29th regime that would implement an additional and optional second model of EFP alongside the national schemes. In its Own-Initiative Report on EFP (2013/2127(INI)), adopted on January 14th 2014, the Parliament suggests to further develop this concept and again highlights the paramount importance of EFP for the European economy.

The EU project "Implementation of the Pilot Project - Promotion of Employee Ownership and Participation"(MARKT/2013/019/F2/ST/OP) therefore assesses EFP across the EU-28 and aims at the formulation of possible regulatory and non-regulatory actions to promote EFP at EU level. The pilot project is part of the European Commission's 2012 Action Plan on European Company Law and Corporate Governance.[1]

[1] For additional information and more detailed analysis of EFP, see Lowitzsch, J., Hashi I. et al., 2012, European Parliament Study: Employee Financial Participation in Companies' Proceeds (PE 475.098),

4. Potential Policy Options to promote EFP at EU level

EFP is a cross-sectoral concept, it affects different policy areas within which the EU has different legal competences, such as social and labour market policy as well as different fields of economical policy (corporate governance, business succession, company law) up to tax policy. Especially the latter is subject to exclusive national sovereignty. However, all sectors allow certain activities to promote EFP at least through soft law instruments.

Based on what has been proposed in research and in politics, the following potential activities to promote EFP have been identified within the EU pilot project:

- **Stocktaking and assessment of the current situation,**
- **Identification of Best Practice,**
- **Establishment of a Code of Conduct / Benchmarks,**
- **Implementation of an awareness and information strategy,**
- **Introduction of a complementary decision making tool,**
- **Provision of fiscal and other incentives,**
- **Establishing a legal framework at EU level.**

These activities can be potentially implemented by a range of different policy instruments (see Table 1). A distinction between "soft" and "hard" measures is made referring to the impact the policy instruments can have. While the former are not binding and aim at peer group pressure the latter do establish new rules which – depending on the instrument – may even force changes in national legislation.

Table 1: Mapping the policy options to promote EFP

	HARD LAW			SOFT LAW		
POLICY INSTRUMENTS / ACTIVITIES TO PROMOTE EFP	**Directive**	**Regulation**	**Decision**	**Recommendation**	**OMC**	**Preparatory: Action Program / Informative: Communications**
Stocktaking and assessment of the current situation						Report / Commission Communication
Identification of Best Practice				Evaluation of current policies through best practice method	Regular evaluation of current policies through best practice method	
Establishment of a Code of Conduct / Benchmarks				Propose a voluntary code of conduct based on best practice	Facilitate an agreement among the various stakeholders	
Implementation of an awareness and information sharing strategy			*On financing of Information Centre(s)*			Information Centre(s)
Introduction of a complementary decision making tool			*On financing of e.g. Effective Tax Rate Calculator*			e.g. Effective Tax Rate Calculator
Provision of fiscal and other Incentives				Counselling & Coaching for firms / Fiscal incentives	Fiscal incentives	EIB-Access to finance
Establishing a legal framework at EU level	EU minimum requirements for national law	EU law and national law parallel: 29th Regime / ECS				

Policy instruments at disposal vary from a legally binding Directive to different soft law instruments. Following the distinction according to their impact we can group the first six as implemented by "soft" measures (except for financing decisions, where necessary) while only the last one aiming at the establishment of a EU legal framework requires "hard" measures.

Description of activities according to implementation instrument

a) Stocktaking and assessment of the current situation

The results of the assessment of EFP across the EU-28 with a focus on ESO undertaken in the context of the pilot project could be published in the form of a report and be incorporated into a Commission Communication on the promotion of ESO at EU level. Such a report would provide an analysis of the reasons for the wide divergence in approaches between Member States and the various problems concerning cross-border implementation of EFP. It would make up-dated and summarised information on national legislation on EFP/ESO available to the different stakeholders.

b) Identification of Best Practice

A (regular) evaluation of best practice examples from all 28 EU Member States and the development of their policies on EFP/ESO would be conducted resulting in recommendations to the Member States. Any best practice approach should include information sharing among them, policy learning and could eventually result in a form of alignment of national rules. There are two policy options for the (regular) formulation of best practice of ESO, i.e., a Commission Recommendation and the Open Method of Coordination (OMC), which can be used jointly or separately.

c) Establishment of a Code of Conduct / Benchmarks

A voluntary code of conduct with benchmarks resulting from the best practice analysis on EFP/ESO in the 28 EU Member States could be established via Recommendation or OMC. The European Commission could facilitate the process of finding an agreement among the various stakeholders, by providing information and guidance as well as establishing a communication platform. Such an agreement on common principles and behaviour for companies and (potential) employee shareholders could serve as a first step towards further legislation on EFP/ESO.

d) Implementation of an awareness and information strategy

An activity designed to reach out to key stakeholders, i.e. employers and employees on the one hand and policy makers on the other, is to develop and implement an "awareness and information sharing strategy". Since the lack of awareness and information has been identified repeatedly in policy documents as one of the main obstacles to the implementation of ESO schemes, accessibility, custom-made practical solutions and the popularisation of the issues at stake will be in the core of this activity (e.g., via information centre(s); see EP own-initiative report (2013/2127(INI))).

e) Introduction of a complimentary decision-making tool

In addition to sharing information on different EFP schemes the information could be made available in a more dynamic way in order to facilitate decision-making of firms (esp. with cross-border operations) interested in implementing ESO schemes. For that purpose, e.g. the up-to-date information on general taxation, social security contributions and specific tax incentives relevant to different EFP schemes in each of the 28 EU Member States could be used to calculate effective rates for different taxes, personal status and situations (see EP own-initiative report (2013/2127(INI)).

f) Provision of fiscal and other Incentives

The provision of incentives to promote EFP and reduce cross-border obstacles could be undertaken both at European and at national level. An example of such an incentive at European level could be the provision of easier access to financing through the European Investment Bank (EIB), whereas fiscal, tax and other incentives are examples for national incentives. Although any matter of taxation is subject to national legislative sovereignty it is still essential to provide orientation on best practice at the European level (see EP own-initiative report (2013/2127(INI)).

g) Establishing a legal framework at EU level

There are two possible legislative instruments to establishing a legal framework at the EU level:

- EU minimum requirements for national legislation on EFP/ESO by member states': The laws governing EFP are national law, but they have to fulfil EU minimum requirements, e.g., a Directive on EFP (minimum harmonisation).
- Optional EU legislation on EFP/ESO: EU rules governing EFP/ESO are implemented parallel to existing national law, with employers and employees free to choose between the two (opt-in: the default rules are the national rules, private parties have the right to opt into the EU law). An example is the "29th Regime on EFP" (see EP own-initiative report (2013/2127(INI)).

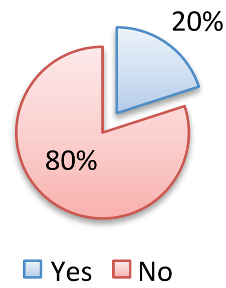
Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

5. Employee Share Ownership in the EU-28 – Evidence & Potential

The total population (Universe) of European companies covered by the ECS is approximately 3 million out of which around 2.5 million are private ones. These 2.5 million companies all have more than 10 employees and cover roughly 7% of all European companies.[1]

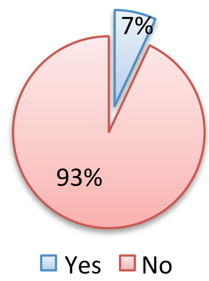
The ECS 2009 sample contained of 24,640 companies of which 20,828 are private firms. This was a representative sample, selected by applying appropriate statistical techniques.

Fig.1: EFP (ESO or PS)



20% of the private firms surveyed in the 2009 ECS dataset, practised a form of employee financial participation (EFP) (figure 1). 3% of these companies indicated to have a combination of Employee Share Ownership (ESO) and Profit Sharing (PS). Of those companies that indicated to have PS, 16% also implemented an ESO scheme. Vice versa 39% of the companies indicating to have ESO also implemented PS.

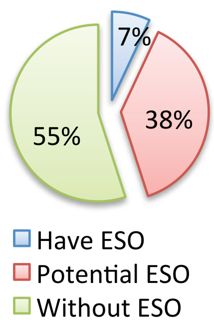
Fig.2: ESO



In the 2009 ECS sample 1,388 of 20,828 companies (6.7%) indicated to **have ESO implemented** (figure 2); out of these more than half implemented the scheme in a broad sense, meaning to all employees. In absolute figures this would account for approximately **167,000 companies that already have ESO in the whole European population**.

The **potential for the introduction of ESO** among European firms is estimated, using propensity score matching technique based on *observable characteristics*, to be around 38% of all firms (figure 3). This potential is calculated by matching the observable characteristics of firms having ESO with those that do not have such a scheme implemented at present.

Fig.3: Potential for ESO

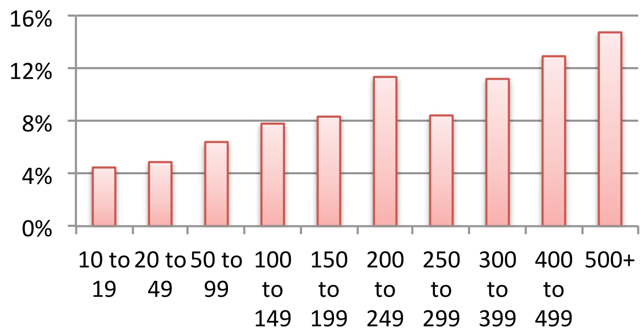


In absolute numbers this 38% **would be approximately 933,000 companies** in Europe. Even if we apply an error margin of up to 50% (because not all characteristics are observable) we still arrive at 466,500 firms.

Practice of ESO in small firms (<50 employees) is less frequent than in larger firms (figure 4). This corresponds with the general trend in implementing EFP over different size classes. We assume one of the main obstacles is the cost of implementing such schemes.

The **incidence of ESO in small firms** (10 to 50 employees) is lower than that of medium and large firms, i.e., 548 out of 11,706 (approx. 4.6% compared to 7% for medium and 12% for large firms), which across the whole population of the 1,4 million small firms corresponds in absolute numbers to over **64,000 firms that already have ESO in the EU-28**.

Fig.4: ESO and firm size



Again, using the propensity score matching technique, the **potential for the introduction** of ESO among these firms is estimated at around 16% (i.e., around 1,888 of 11,706 firms are likely to offer an ESO scheme to their employees). This amounts to roughly **225,000 firms within the whole population of small firms across the EU**. Again, given that not all characteristics are observable, if we apply an error margin of 50%, there are still 112,500 firms, with the potential of implementing an ESO scheme.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

[1] European firms within the characteristics of the ECS dataset; the other 93% are firms with less than 10 employees.

6. Integrating SME financing for business succession, in particular employee share ownership into the EU's Long Term Investment strategy

Most recently the issue of long-term financing of the European economy has been raised to a prominent place on the agenda of both the European Commission and the Parliament. In the sixth year after the beginning of the financial crisis capital markets are still reluctant to lend and governments continue to consolidate their budgets. Consequently there is a shortage of financing for SME's, which are the backbone of the EU economy, and essential infrastructure projects. Such financing is, by definition, Long-term Investment. The focus of this proposal is twofold:

- First, to provide long-term financing for SME's in the form of Employee Share Ownership (ESO) schemes and especially Employee Stock Ownership Plans (ESOPs). Here the question of financing business succession as well as growth is of primary importance.
- Second, to provide long-term financing for utilities and infrastructure projects in the form of Consumer Stock Ownership Plans (CSOPs) which enables citizens to own shares in society's stock of capital.

ESO schemes can help to boost growth, create jobs and secure existing employment by providing long-term financing to SMEs which are primarily affected by the lack of financing on the EU financial markets. Furthermore, ESO schemes in the form of a full or partial buy-out deal with the SME succession issue in a constructive way and improve corporate governance. Therefore, any ESO schemes used in financing SMEs at various stages of their development should be recognized as an eligible long-term investment asset in the EU's strategy to promote long-term investment. The types of SMEs most suitable for ESOP-financing are enterprises with long-term time horizons.

CSOP schemes, like ESO schemes also help to increase growth and create new jobs by financing new infrastructure projects, which by definition is long-term investment. Important secondary effects are that CSOP's decentralise ownership and they channel purchasing power into the pockets of citizens as beneficiaries, which promote long-term sustainability.

The following describes how financing ESOP schemes as well as CSOP schemes can be integrated into the Commission proposal for a Regulation on European Long-term Investment Funds.

1. Proposal by the Commission for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Long-term Investment Funds (COM(2013) 462 final)

In the summer 2013 the Commission proposed a Regulation of the Parliament and the Council on European Long-term Investment Funds (ELTIF).[1] The ECON committee drafted the Parliament's amendments concerning this proposal in November 2013[2] and the first plenary reading is scheduled for the 15/04/2014. The proposed Regulation would establish a legal framework for cross-border investment funds that would be exclusively involved in investing in long-term asset classes. Long-term assets would be defined as all assets that are not traded on a regulated market. Such assets could be unlisted firms (i.e., in practice mainly SMEs), infrastructure projects or real estate.

2. Securing the inclusion of ESO and CSOP schemes into the class of eligible assets for ELTIFs

As ESO and CSOP schemes fall within the definition of a long-term asset, as set forth in the proposed Regulation, ELTIFs should be encouraged to invest in them. Article 9 of the proposed Regulation states that eligible investment assets include (among others) equity and quasi-equity instruments issued by a qualifying portfolio undertaking (Art. 9 (b)) as well as loans granted by the ELTIF to a qualifying portfolio undertaking (Art. 9 (c)). However, it should be expressly mentioned that these qualifying portfolio undertakings also include ESO and CSOP schemes to avoid any doubt about their eligibility:

- by commenting on Article 9 in the recital "Whereas (5) Long-term classes …" adding the sentence "**Both include assets involving employees of SMEs as well as citizen-consumers of public utilities through share ownership plans, such as employee stock ownership plans (ESOPs) and consumer stock**

[1] European Commission: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Long-term Investment Funds (COM(2013) 462 final), Brussels, 26.6.2013.

[2] European Parliament: DRAFT REPORT on the proposal for a regulation of the European Parliament and of the Council on European Long-term Investment Funds (COM(2013)0462 – C7 0209/2013 – 2013/0214(COD)).

ownership plans (CSOPs).“ to clarify that qualifying portfolio undertakings also include ESO and CSOP schemes.

3. Introducing specific sub-classes of ELTIFs into the Regulation

Furthermore, it should be considered to amend Article 9 of the proposed Regulation by adding a paragraph along the following lines: “The Commission encourages the introduction of sub-classes of ELTIFs in order to stimulate a focused development of competence in the management of a variety of specific ELTIFs.” As for example the competence required for successful SME mezzanine investment on the one hand and equity investment in real estate on the other is very different, and ELTIFs may want to choose a narrow commitment to specific asset classes in order to develop and allocate their management expertise most efficiently. Such a focus on specific sub-classes of assets will ensure the successful implementation of the ELTIF-Scheme in the EU. Without encouragement of such a focus, ELTIFs may feel compelled to gain scale at all costs, and become all-rounders by sheer size. Excessive size in turn introduces its own cost of complexity and additional risks from becoming “too big to fail”.

4. Financing growth of SMEs through ELTIFs

The ELTIF may also invest in SMEs providing growth capital in the form of an ESOP. In this case, instead of taking out a bank loan directly the financing is channelled through an ESOP trust since ESOPs may also be used to enhance working capital for any legitimate corporate purpose. This involves the issuance of new shares or the sale of existing stock held in the company treasury. Besides creating employee shareholding, the employer company, under certain circumstances, by selling shares at a fair valuation to the trust, receives an equity injection. This is the case when tax advantages are available for paying off leveraged principal with tax-deductible plan contributions. It also occurs when the company acquires cash from the employees directly. However, even without these conditions, the company, through its contributions, fully funds the “equity”.

Usually the dilution of the current stockholders is more than offset by the growth realised and partly offset by any available tax advantages. It can further be compensated for by increased productivity and profitability of the company as a result of higher employee motivation, which in the process raises the value of its stock.

5. Financing business succession of SMEs through ELTIFs

An ELTIF focussing on SME equity and mezzanine investments could invest in financing business succession of SMEs, an already pressing – and still growing – problem across the EU.

- ELTIFs could directly buy out current owners with a mixture of bank-debt, ELTIF-mezzanine instruments and ELTIF equity. The ELTIF would in essence step in as long-term patient capital, which is crucial for the continued viability of many SMEs and the benefits they bring to their communities in the form of jobs and taxes.
- A combination of ELTIF engagement and an ESO-scheme would be desirable in many cases; a whole spectrum of transactions could be developed.

At one end of the spectrum the ELTIF could provide only the mezzanine financing for a 100% ESOP. The employees would be the buyers of 100% of the SME equity and the ELTIF would provide the missing slice of the capital structure between the senior bank loans and the equity slice. Normally an acceptable capital structure would assume 50% senior bank loan and about 20% equity. (The equity could come from a vendor-loan or from a one-time employee-contribution). That leaves 30% for mezzanine and subordinated direct-lending instruments coming from the ELTIF.

- If the necessary equity-slice for a 100% ESOP cannot be procured via vendor-loan or employee-contribution, the ELTIF could step in as a co-investor next to the ESOP scheme in basically any proportion desired and make up the missing equity-part in exchange for a corresponding equity stake, while also providing the mezzanine instruments for the overall transaction.
- In addition to making urgently needed mezzanine and equity capital available for SMEs, especially for ESOPs of SMEs in succession cases, the presence of a professional ELTIF with its own transaction analysis should also have positive effects on the availability and terms of the necessary bank financing.

6. Financing capital ownership of consumers in utilities and infrastructure projects through ELTIFs

An ELTIF focussing on infrastructure may invest for example in an Energy-CSOP, which facilitates broad equity participation of people without assets or savings in a regulated public energy utility. Such entities have the advantage that (a) their regulated status assures that they make profits (thereby reducing the risk of credit financing for their acquisition) and (b) their customer base defines a clearly identifiable group of individuals with an economic relationship to the entity.

Under a CSOP the public utility sets up a fiduciary trust, which is managed by independent trustees authorized to borrow funds for the acquisition of shares in the utility on behalf of the energy consumers. The shares acquired by the trust are allocated among the CSOP consumer-beneficiaries in proportion to their respective energy purchases from the utility. All of the utility income in excess of depreciation associated with the CSOP shares must be distributed to the CSOP. These revenues are used to repay the acquisition loan assumed by the CSOP. Once this debt is amortized the revenue to the CSOP is distributed as income to the consumer-beneficiaries.

CSOP financing is most suitable for smaller energy producers in particular for new investments in the renewable energy sector. The advantage of public utility funding through a CSOP is that the regulatory authority can provide the guarantee against risk to the financing lenders by agreeing to set rates for the regulated utility at levels sufficient to assure amortization of the acquisition loan.

7. Increasing attractiveness of ELTIFs for retail investors

Referring to the critique of the EP that notes in the ECON Own-Initiative Draft Report on Long-term Financing[3] (p. 4) that the characteristics of ELTIFs as described in the European Commission's proposal "will mean that they serve mainly institutional investors" it should be stressed that a sub-class of ELTIFs focusing on SMEs and ESO-schemes would offer an excellent opportunity to attract retail-investors and would at the same time benefit employee-investors in SMEs. In fact such a special sub-class of ELTIFs which focuses on SMEs and ESOPs could be exclusively marketed to retail-investors and, if so desired by the EU Parliament even be given a certain extra incentive in the form of lower tax-burden (similar to the state and local tax exemption provided for municipal bonds in the U.S.).

A dedicated class of ELTIFs (for SMEs in general and SME-ESOPs in particular) which could be available to retail investors only, would create a virtuous circle with retail-investors supporting employees, who are retail-investors themselves. Also, the investment focus on SMEs and ESOPs might make such ELTIFs more appealing to retail-investors, who can more readily relate to SMEs than to abstract huge corporations. If ELTIFs invest in ESOPs then it is ensured that the benefit of the access to capital goes to citizen-investors (i.e. retail-investors) directly, even if in this case they are the investors in the ESOP rather than the ELTIF. Hence even an ELTIF financed entirely by institutional capital would still be benefiting retail-investors.

Contact: Prof. Dr iur. Jens Lowitzsch, European University Viadrina, lowitzsch@europa-uni.de

[3] DRAFT REPORT on long-term financing of the European economy (2013/2175(INI)), Committee on Economic and Monetary Affairs, 5.11.2013 (Committee vote on 22.1.2014, first reading in the Parliament foreseen for 14.2.2014).

ANNEX: Overview of the Proposed Regulation with focus on ESO, esp. ESOPs

(1) European long-term investment funds (ELTIFs) **provide finance to** various infrastructure projects or **unlisted companies of lasting duration that issue equity or debt instruments for which there is no readily identifiable buyer.**

...

(3) **Financing for projects, regarding** transport infrastructure, sustainable energy generation or distribution, social infrastructure (housing or hospitals), roll-out of new technologies and systems that reduce use of resources and energy or **the further growth of SMEs, can be scarce.** As the financial crisis has shown, **complementing bank financing with a wider variety of financing sources that better mobilise capital markets could help tackle financing gaps**.

…

(5) Long-term asset classes within the meaning of this Regulation **should comprise nonlisted undertakings that issue equity or debt instruments for which there is no readily identifiable buyer**. This Regulation should also cover **real assets that require significant up-front capital expenditure.**

...

(19) **Quasi-equity instruments** must be understood to comprise a type of financing instrument, which is a combination of equity and debt, where the return on the instrument is linked to the profit or loss of the qualifying portfolio undertaking, and where the repayment of the instrument in the event of default is not fully secured. Such instruments include a variety of financing instruments such as subordinated loans, silent participations, participating loans, profit participating rights, convertible bonds and bonds with warrants.

…

(20) To reflect existing business practices, an ELTIF should be allowed **to buy existing shares of a qualifying portfolio undertaking from existing shareholders** of that undertaking.

...

(24) Unlisted undertakings can face difficulties accessing capital markets and financing further growth and expansion. Private financing through equity stakes or loans are typical ways of raising financing. Because such instruments are by their nature longterm investments they require patient capital that ELTIFs can provide.

…

Overview Composition of the of the ELTIF vehicle

(Limitations for certain types of assets / issuers in % of total value of the ELTIF)

min.70% *of its capital invested in eligible investment assets and invest no more than:* (a) 10% of its capital in assets issued by any single qualifying portfolio undertaking*; (b) 10% of its capital in an individual real asset*; (c) 10% of its capital in units or shares of any single ELTIF, EuVECA or EuSEF; (d) 5% of its capital in assets referred to in Article 8(1)(b) where those assets have been issued by any single body.	max. 30% *of its capital in liquid securities (liquidity buffer) allows:* (1) to manage the cash flow that arises while the long-term portfolio is being constituted and (2) to place surplus cash that is achieved 'between investments' – that is when a long-term asset is sold in order to be replaced by another.
max. 20% aggregate value of units or shares of ELTIFs, EuvECAs and EuSEFs in an ELTIF portfolio shall not exceed; *max. 5% aggregate risk exposure to a counterparty of the ELTIF stemming from over the counter (OTC) derivative transactions or reverse repurchase agreements*	max.30% *borrowing of cash provided:* • it serves the purpose of acquiring a participation in eligible investment assets; • it is *contracted* in the same currency as the assets to be acquired with the borrowed cash; • it does not hinder the realisation of any asset held in the portfolio of the ELTIF; • it does not encumber the assets held in the portfolio of the ELTIF.

* By way of derogation from paragraph (a) and (b), the ELTIF may raise the 10% limit referred to therein to 20%, provided that the aggregate value of the assets held by the ELTIF in qualifying portfolio undertakings and in individual real assets in which it invests more than 10% of its capital does not exceed 40% of the value of ist capital.

7a. Fact Sheet – Spanish Sociedades Laborales

Employee financial participation (EFP) in Spain largely takes the form of Sociedades Laborales (Worker-Owned Companies). This concept is probably the only EFP scheme existing across the EU applying to **small and smallest companies**.

Legal form – Prerequisites to qualify as a SL

A Sociedad Laboral (SL) is a specific form of corporation in Spain, with no parallel in other EU countries. It is an inexpensive form of incorporation, majority-owned by its permanent employees:

- An SL may take the form of *Sociedades Anónimas Laborales* or SALs (Public SL) or *Sociedad Limitada Laboral* or SLL (Limited Liability SL);
- Permanent workers must own more than 50 per cent of company shares;
- The minimum number of working partners is two, but no partner may own more than 33 per cent of the company's stock (public organisations may own up to 49 per cent);
- Unlike co-operatives, it is based on share ownership and may to utilise non-employee capital;

Providing stable employment for their worker-owners, who control the company's directive bodies, they may be founded as SLs, or conventional companies may convert to this form.

Incidence of Sociedades Laborales in 2012

In 2012, there were a total of 13,465 worker-owned companies providing 74,438 jobs and representing 3.8 per cent of Spain's private sector firms with more than two employees.

- The preferred legal form is the SLL (Limited Liability SL), employing an average of 4.6 workers. During the past 12 years (1999-2011), the number of workers in SLLs increased by 161 per cent.
- The general trend followed by SLs mimics that of conventional firms. They face the same problems as other SMEs, mainly to become sufficiently competitive.

Economic Policy: Comparison with conventional firms

Despite the lack of sound fiscal incentives, SLs have flourished over the past 15 years.

- Compared to conventional firms, SLs have grown in greater numbers, yet recently their number has decreased though (as has the number of their conventional competitors).
- However, in many cases, they have converted to conventional firms (either by choice or by disqualification) often becoming „victims of their success“: They continue to exist with substantial employee ownership but do no longer qualify as SL, e.g., because the employee ownership rate drops below 50%. Between 1 January 2010 and 31 December 2012 in the Basque Registrar of SLs of 110 disqualifications 51 became conventional companies, i.e., 46.36% of which only 8 have closed down.
- SLs have demonstrated their ability to generate stable employment and endure over time. The survival rates are slightly higher than those of conventional companies: More than 50 per cent of SLs survive the first five years.
- SL must set up a *Special Reserve Fund* into which 10 per cent of their annual net profits are allocated. If tax benefits are being applied for, they must allocate 25 per cent of their annual net profits to this Fund.

Labour Market Policy: Reactivating the unemployed

The key reason for the success of SLL is that since 1985, unemployed persons can capitalise their unemployment benefits as a lump sum instead of monthly payments in order to start a new SL or to recapitalise an existing SL by joining.

- If one decides to create a new co-operative or worker-owned company by capitalising unemployment compensation, a viable business plan must be presented.
- The plan is then screened by a SL development program and scrutinised by the unemployment compensation system.
- The new business continues to be monitored for three years after its founding.

Organisations such as ASLE and CONFESAL have played a key role in the support and promotion of worker-owned companies in Spain.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

7b. Fact Sheet – German ESOP

Premises: (1) Problem of business succession in SMEs urgent; (2) EFP = economic policy; key question: "who will own European SMEs"; (3) ESOPs successfully implemented in EU (GB, IRL); (4) in US = best practice (2009: 11.500 ESOPs, 10 mln. employee shareholders)

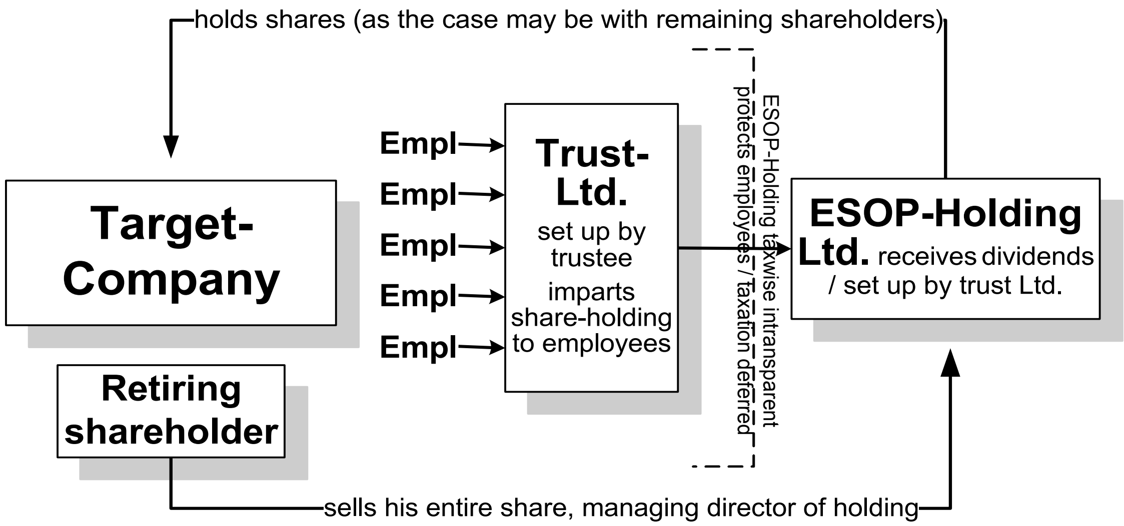
Aims, Focus: the retiring Entrepreneur

The target business is a typical family enterprise (as a rule a Ltd.; but this could also be a limited partnership). If one or more shareholders want to cash out, maximum profit is not necessarily the sole aim, but also:

- The continuance of the enterprise,
- A rearrangement of the ownership structure,
- The protection of jobs,
- A gradual transfer of management,
- and a tax efficient exit for the retiring owner.

Provided that the scheme takes into account these aims sufficiently, the retiring owner(s) might be interested in selling to an ESOP as intermediary entity.

Structure of the German ESOP and procedure



1. Trustee sets up Trust Ltd. / retiring owner in supervisory/advisory council.

> Employee enter into an escrow agreement and
> contribute, e.g., 100 x 250 € to trust ltd. (max 360,- € employer equity participation tax-free)

2. Trust Ltd. Sets up ESOP-holding Ltd. / retiring owner chairs holding as managing director

> Holding acquires former owner's complete shares
> controls target company (together with remaining owners) / holds employees' shares

3. Purchase of shares financed by bank loan / loan collateralised by value of target company

> interest / repayment of loan from dividends of employees' shares (indirect profit sharing)
> voluntary employee's contribution (max. 10% of salary)

4. Retiring owner leaves management of holding Ltd. after loan is repaid

Unique features of the German ESOP-model

- Alternative of sale to third parties / transfer of enterprise without immediate loss of control
- ESOP profits tax-free + losses carried forward / single taxation at level of target enterprise
- Direct participation = link to employer firm / Diversification 5 yrs prior to employee's retirement
- Transferability of Ltd shares warranted / easy exchange of employee shareholders
- Deferred taxation of employee financial participation
- No double risk, profit sharing "on top" / voluntary employee contributions insolvency insured

Time horizon Buy-Out: with employee contribution, 7-9 yrs / without, 10-12 yrs.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

7c. Fact Sheet - Renewable Energy CSOP in Germany

Financing decentralized energy production through capital participation of consumers by the use of so called Consumer Stock Ownership Plans (CSOPs)

Premises of the concept: (1) Policy aim: 35% share of energy from renewable sources by 2020; (2) Trend to decentralization of energy production; (3) Involvement of municipalities, public utilities or regional suppliers; (4) Promotion of asset formation politically desired.

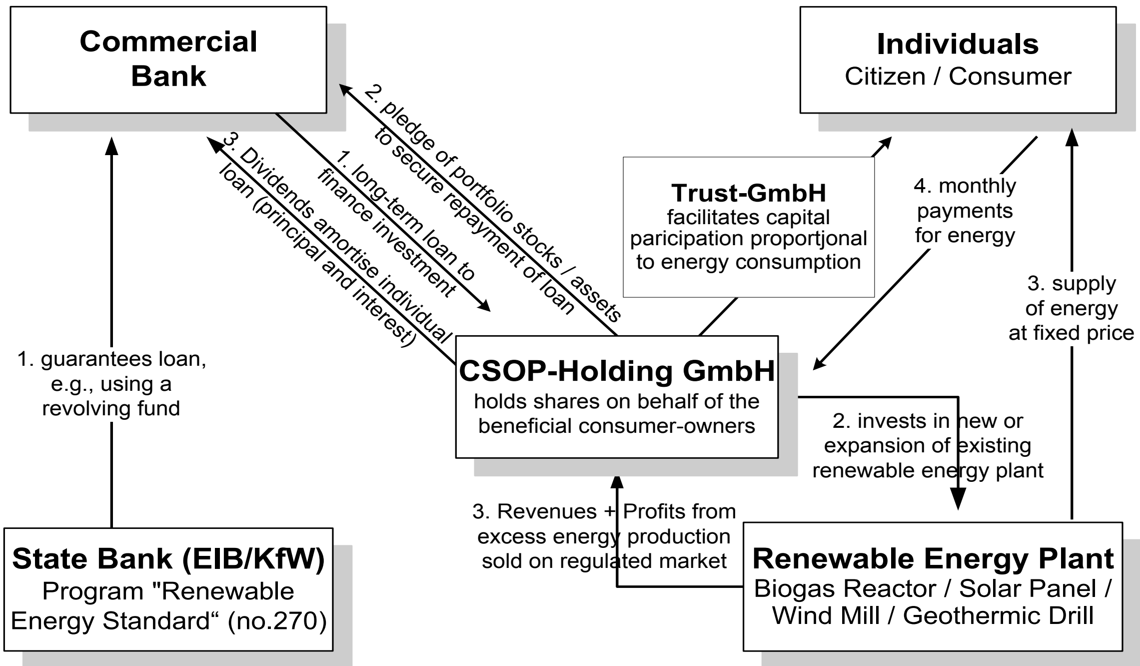
Focus: Consumers becoming (co-)producers as (co-)owners

CSOPs are designed for regulated markets with guaranteed prices, regulated market access and long-term relationships between producer and consumer. Renewable energy plants (e.g. solar panels, wind turbines, biogas reactors) are especially predestined, as the necessary investment is relatively small.

Using capital credit to invest in power plants, consumers become (co-)owners, hence (co-)producers of energy. The acquisition loan is repaid from revenues from the sale of the surplus energy production to the grid. Guaranteed feed-in-tariffs enable particularly favourable credit conditions. Citizens thus pay for newly acquired capital out of its future earnings.

The shares are allocated to the consumer-beneficiaries in proportion to their respective energy purchase from the utility. Once the acquisition loan is repaid profits are paid out as dividends.

Financing structure and phasing – Example: Wind turbine, 50 Households



a) Setting up of a trust vehicle (here a fiduciary GmbH) administrating the consumer-accounts; participating households contribute the share capital (250 € each = 12,500.- €)

b) Completion of trust agreements (trustee/ consumers) defining the value of their share in the CSOP proportional to each households' energy consumption;

c) Setting up of an intermediary entity (here a CSOP-Holding GmbH, 100% daughter of fiduciary GmbH), which invests in existing or new energy plant;

d) Completion of supply agreements between consumers (here 50 households) and the CSOP-Holding GmbH, designed according to standard energy contracts with the usual conditions;

e) The CSOP-Holding GmbH applies for a bank loan (here to KfW for 800,000 €) and provides collateral to secure the loan;

f) Repayment of loan: Interest & principal are serviced with revenues from the sale of the power plant's surplus energy production and each household's monthly payments for energy (here amortization in 6-7 years);

g) After the repayment of the capital acquisition loan profits from the power plant are paid to the consumer-shareholders as dividends in proportion to the amount of their shares (here 200 € per month as each household has an average 10,000 € share).

Unique characteristics of the German Energy-CSOP

- Promotion: (1) decentralized energy production; (2) energy self-sufficiency; (3) asset formation; (4) second income
- Change of shareholders unproblematic (->Trust vehicle); deferred taxation of the benefit;
- Flexible low-threshold concept without personal liability (->Holding as intermediary entity);
- Small investment risk-> guaranteed grid connection & feed-in-tariffs ensure long term sale of electricity;
- Combination with KfW-Programs supporting renewable energy at a low interest rate;
- Scalable investment with short amortization period (for the example of a wind turbine 6-7 years)

Pilot project: Wind turbine 800 kW (800K €), 50 households, KfW-Program 270 „Erneuerbare Energien Standard"

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

7d. Fact Sheet – French employee buy-out mutual fund “FCPE de reprise”

The so-called “FCPE de reprise” (employee buy-out mutual fund) was introduced into the French system of employee financial participation (EFP) in 2006 in order to allow employees to take over their employer company under preferential conditions.

The French system of employee share ownership (ESO)

In France, employee share ownership is mostly acquired by means of profit-sharing plans as part of the overall system of EFP composed of:

- “intéressement” profit-sharing
- “participation” profit-sharing
- short term savings plans (Plan d’Epargne d’Enterprise (PEE)) and
- long-term savings plans (Plan d'Epargne-Retraite Collectif (PERCO)).

Within this system, invested employee earnings and matching amounts of the employer company must be, and employee profit shares can be, transferred to **mutual funds (Fonds Commun de Placement d’Entreprise (FCPE))**, usually managed by assets management firms, i.e. branches of banks or insurance companies which invest the assets on the capital markets, in shares or bonds of the employer company or of several different companies.

If the employer company is not listed, the FCPE is obliged to invest one-third of assets in marketable shares or bonds. There are however two exceptions:

(1) “FCPE simplifié” – a mechanism guarantying the liquidity (e.g., by the enterprise) is installed or the company buys back 10% of its own shares
(2) Since 2006 the “FCPE de reprise” – all assets belong to employees planning to participate in a leveraged buy-out.

Legal form – “FCPE de reprise”

The new business succession vehicle is a specific form of FCPE to facilitate business succession in non-quoted SMEs:

- The “FCPE de reprise” is invested in unlisted securities with the aim to acquire shares of the employer company or of a holding company set up in view of its acquisition reserved to the employees.
- It can be invested up to 95% in shares of the purchased company vs. 67% in the case of the regular non-diversified FCPE, thus the liquidity reserve is limited to 5%.
- The blocking period of sums allocated to the fund is until the completion of the takeover of the company but no less than 5 years. There are three cases of early release, i.e. disability, death and retirement to ensure longevity and stability in order to strengthen it as a business succession device and to reassure partners of this undertaking
- A holding company is created to carry the debt needed to buy out the company.
- At least 15 employees (or 1/3 of employees in firms with less than 50 employees) must hold shares in the acquisition vehicle (holding) created. These employees may own unequal shares of the capital, and it is not required that the operation is offered to all employees.

The “FCPE de Reprise”, although very similar to the classical FCPE, much better ensures the stability and continuity of an employee buyout operation and thus provides more security to potentially interested external investors and stakeholders.

French cousin of the Employee Stock Ownership Plan (ESOP)

In essence the “FCPE de reprise” – both, with regards to legal structure as well as financing mechanism – is very similar to its Anglo-American cousin the Employee Stock Ownership Plan (ESOP):

- Both are share ownership schemes, where the acquisition of shares via a trusteed fund (as intermediary entity) is financed by a profit share paid in addition to wages.
- Both may use borrowed funds on a leveraged basis.
- Both have the capacity to create substantial employee ownership and can be used to finance ownership succession plans.

- Just as the ESOP, which is primarily popular as a business succession vehicle for SMEs, the French “FCPE de reprise” creates a market for retiring shareholders’ shares, which is of major importance to unlisted SMEs having no other ready source of liquidity.

Perspectives – “FCPE de reprise”

The French “FCPE de reprise” creates a market for retiring shareholders’ shares, which is of major importance to unlisted SMEs that have no other ready source of liquidity. There are three types of companies likely to be interested in using a “FCPE de reprise” in the future:

- Subsidiaries of large groups which are subject to plans to be sold;
- SMEs whose retiring founder has no children wishing to take care of the business (which is the core target for this type of device);
- Companies owned by investment funds that do not perform exceptionally well and thus are difficult to resell to another fund.

The market in France is potentially large, with an estimated number of companies to be sold of around 50,000.

- The scarce incidence of “FCPE de reprise” is probably due to limited knowledge of its existence among professionals in the concerned financial sector
- An increase of the incidence of “FCPE de reprise” is most likely just a matter of time and successful pilot projects.

Table: Comparison of non-diversified FCPE with a view to business succession in SMEs

FCPE (type) Characteristics	**„Classic” FCPE** Art. L.214-40 Monetary & Financial Code (MFC)	**„Simplified“ FCPE** Art. L.214-40 MFC and Art. L3332-17 Labour Code	**FCPE „de reprise“** Art. L.3332-16 Labour Code
Governance, i.e., supervisory board	(1) Election by employee shareholders; or (2) appointment by enterprise representatives and (on behalf of employee shareholders) social partners		Election by all employee shareholders
Vesting period	Five years		Until completion of buyout; min. five years
Specific fiscal incentives for a buyout	Exemption from PIT and SSC / instead reduced 8% social tax and 13,5 on returns for: - Employee contributions up to 25% of yearly pay role - Monies from Profit Sharing (Participation / Intéressement). - Matching contribution of up to 5.000 € / year - Contribution of free shares. Company contributions in turn are tax deductible: - Matching contributions, - Free shares, - Discounts in capital increases. Invested employee earnings & matching employer contributions must be transferred to mutual funds (FCPE)		As for the other FCPEs (contributions to buyout holding company financing the issuance of new shares are tax deductible expenses for the company) additionally: - Art. 220 ninth General Tax Code, Tax credit in the amount of the interest paid to finance acquisition; - L3332-15: FCPE not compulsory to manage investment;
Exceptions for early exit	Nine: death, disability, retirement, cessation of employment, insolvency, marriage, birth of a third child or divorce while keeping custody of at least one child, purchase of a principal residence, founding or acquisition of an enterprise by the employee		Three: death, disability, retirement
Minimum requirements for liquidity	33.3% in high liquidity stock	None, provided: (1) a mechanism guarantying the liquidity (e.g., by the company); or (2) the company buys back 10% of its own shares	5% in high liquidity stock
Thresholds for non-quoted employer stock	33.3% to 66.6%	33.3% to 100%	33.3% to 95%
Enterprise savings plan (PEE) carrying the FCPE	Set-up: (1) as a result of negotiations, or (2) unilaterally on initiative of the employer		Set-up as a result of negotiations (exclusion of compulsory plans)

Source: Own research with the support of FONDACT and partners.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

7e. The European Employee Stock Ownership Plan (ESOP): A Vehicle for Sustainable Employee Ownership and Business Succession

Strategic employee shareholding via an intermediary entity

Employee ownership can give employees a voice, which further strengthens the relationship between them and their firm. Employee shareholders are concerned with the long-term performance of the business, not just short-term movement of share prices. This focus on the long-term interests of the firm can help shift executive remuneration policy towards long-term incentives. This is an important potential for better corporate governance and thus directly relevant to the 2012 Commission Action Plan to modernise EU company law and corporate governance.

There is a European trend towards using intermediary entities as a vehicle for share transfer in employee share ownership plans (ESOP schemes) because they limit risk of investment for employee shareholders, allow to implement leveraged investment and to pool voting rights after the shares are acquired. On the macroeconomic level, ESOPs support productivity and growth as well as strategic stabilisation of ownership contributing to the aims of the Europe 2020 strategy.

Contributing to resolving the business succession problem

A Commission Communication from 2006[1] stated that with the aging of Europe's population, "one third of EU entrepreneurs, mainly those running family enterprises, will withdraw within the next ten years". This portends an enormous increase in business transfer activity, which could affect up to 450,000 small and medium-sized enterprises and 2 million jobs *every year*. Every year, there is a **risk of losing approximately 150,000 firms and 600,000 jobs** due to inefficiency in transferring businesses.[2] It is anticipated that as a consequence of the new forms of business finance now coming into use, transfers within the family will decrease, while sales to outside buyers will rise. The entrance of international investors into what used to be primarily domestic markets will broaden the range of potential buyers for European small and medium-sized enterprises and is likely to threaten the successful regional structure of European (family-owned) businesses.

A full or partial ESOP buy-out provides an ideal vehicle to facilitate transitions in ownership and management of **closely-held companies**. An ESOP usually involves a loan to an employee benefit trust, which acquires company stock and allocates it through periodic contributions to each employee's ESOP account. The loan is serviced by payments from the company out of company profits and out of dividends paid on the stock held by the ESOP. This field of action has been highlighted as one of the main objectives of the Council Recommendation of 7 December 1994 and recently by the European Commission, explicitly stressing the importance of ownership transfers to employees as a specific measure for facilitating business succession in SMEs.

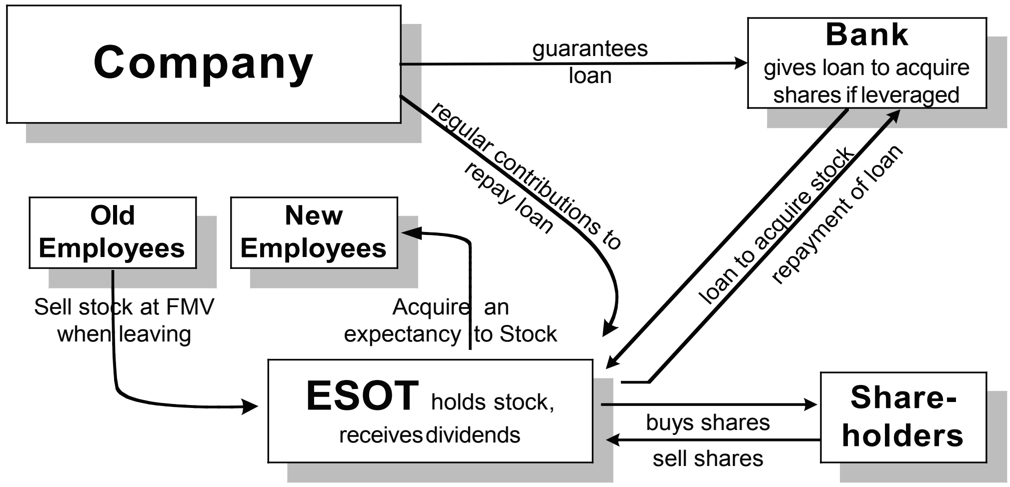
Creating a market for retiring shareholders' shares

ESOPs may easily buy-out one or more shareholders while permitting other shareholders to retain their equity position. Furthermore, there is no dilution in equity per share of current stockholders since no new shares are issued and all shares are bought at fair market value. In this way the ESOP creates a market for retiring shareholders' shares at a price acceptable to the owner - a market which otherwise might not exist. At the same time, when a change of control is appropriate, ownership is transferred to motivated employees who have a vital interest in the company's long-term success.

Thus the ESOP may be an attractive alternative to selling the business to outsiders, especially when there is a desire to keep control of the business within a family or a key-employee group. **As a trusteed plan,** the ESOP is designed to pool employee's voting rights. The trustee exercises the voting rights while the employees are the financial beneficiaries of the trust. Of course, most ESOPs make some arrangement for the presence of employee representatives on the plan committee.

[1] Implementing the Lisbon Community Programme for Growth and Jobs, on the Transfer of Businesses – Continuity through a new beginning, from 14.03.2006 COM (2006) 117 final.

[2] See „Business Dynamics: Start-ups, Business Transfers and Bankruptcy" *(2011)*, final report for DG Enterprise, p. 95, 96 and 100.



Avoiding additional risk while increasing motivation and competitiveness

While share ownership generally involves additional risk for employees, the ESOP avoids this consequence. Although employees, as in other share ownership schemes, are encouraged to allot part of their wealth into the shares of their own companies rather than those of other companies, resulting in concentrated rather than diversified risk, there is this fundamental difference: ESOP debt is funded by appropriately timed contributions from the company to an employee trust (ESOT). Thus the scheme provides an additional benefit to basic wages. The employee's salary remains unaffected.

Furthermore, ESOPs make employees more motivated and productive while at the same time making enterprises more competitive.[3] Finally, there is an additional advantage to the company: shares are not sold to outsiders; thus there is no risk of loss of control and the company remains local. As such ESOPs could **strengthen bonds between enterprise and community**, while keeping jobs local and more wage income spent at home.

Boosting SME lending to finance business successions in SMEs

A public bank such as the European Investment Bank (EIB) could step in focussing its efforts more on providing senior and/or mezzanine capital for the transmission (buyout) of established mature companies. Providing loans to established mature companies is by definition less risky than for example providing loans for start-ups and newer SMEs. Further, providing loans for the transmission of established mature companies would enable the EIB to invest larger sums of money. As the experience from the U.S.—where this type of lending has become part of the texture of corporate America—shows, loans made for ESOP buyouts have a much lower default rate than is the case with other types of loans. A related SME loan facility could be embedded, for example in the EIB's JEREMY programme.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

[3] For a recent, comprehensive overview of the positive economic evidence (esp. for ESOPs) see *J. R. Blasi, D. Kruse, A.* Bernstein, "In the Company of Owners", Basic Books, New York 2003; they find an average increase of productivity level by about 4%, of total shareholder returns by about 2% and of profit levels by about 14% compared to firms without PEPPER schemes.

7f. Proposition to the European Investment Bank to modernise SME lending

Promoting Employee Stock Ownership Plans (ESOPs) as a vehicle for business successions in SMEs

by Prof. Jens Lowitzsch and John D. Menke[1]

When the owner of an SME desires to retire and exit from the business, he generally has three alternatives. He can sell the business to a competitor (a strategic buyer), he can sell the business to his key employees (a management buyout), or he can sell to his staff through the mechanism of an employee stock ownership plan ("ESOP") buyout.

Promoting European ESOPs is particularly timely, as on initiative of Commissioner Michel Barnier in December 2012 the European Commission has placed the promotion of employee share ownership (ESO) on its Action Plan to reform European company law and corporate governance.[2]

In a parallel move the Commission has made business transfers one priority of the Entrepreneurship 2020 Action Plan.[3] The Small Business Act (SBA) and the 2011 Review of the SBA for Europe have specifically addressed the area of business transfers.

Modernising EIBs products while supporting long-term investment

In 2008 the EIB adopted an initial series of measures to boost SME lending aimed at modernising products. Among intangible investments eligible for financing were the costs incurred in the transfer of an enterprise enabling the continuation of economic activity (when financing the transfer does not exceed EUR 1m).

With regard to the COSME and the HORIZON program – both expressly supporting SMEs – promoting employee buyouts should be included as an option to finance business successions. Both offer equity and debt instruments building on the same platforms: COSME to all SMEs, Horizon 2020 to innovative SMEs and mid-caps.

On 25 March 2013, the Commission published a Green Paper on long-term financing in Europe. Private households are found to be the main source of funds for financing investment, although they generally prefer liquidity and easy redemption. Employees holding stock in their employer company have a different perspective; they tend to have a commitment to long-term investment. Therefore, promoting ESO contributes to achieving the Green Paper objectives.

Shifting the focus to business succession buyouts of mature firms by their employees

Based upon more than 30 years of experience in ESOP financing, we argue that the EIB should focus its efforts on providing senior and mezzanine capital for the transmission (buyout) of established, mature companies by their employees:

First, providing loans to established mature companies is by definition less risky than providing loans for start-ups and newer SMEs. “These businesses are 'going concerns' with established products, markets and customers and so have a higher probability of survival than new firms” (see p. 15 of the Entrepreneurship 2020 Action Plan).

Second, providing loans for the transmission of established mature firms would enable the EIB to invest larger sums of money. Loans for growth capital are usually quite small compared with loans for the transmission of mature firms where the new owner needs financing, not only for the purchase price, but also working capital loans and loans for further growth and expansion.

Third, “successful transfer of business preserves more jobs on average than those created by new start-ups. The transfer of business should therefore be given the same support as setting up a new business. Recognition of the special role of SMEs in Europe and in particular family-based firms, their typically local base, socially responsible attitudes and capacity to combine tradition with innovation, underpins the importance of simplifying the transfer of businesses” (p. 5, SBA).

A SME loan facility could be embedded, for example in the EIB’s JEREMIE programme.

---

1 The technical propositions of this text co-authored by John D. Menke, reflect over 30 years of broad experience in investment banking, mergers and acquisitions, and private equity transactions. Mr. Menke is the founder and president of Menke & Associates, one of the oldest and most prominent firms specializing in ESOP buyouts. He has supervised or participated in over 2,500 ESOP transactions, representing over 20% of the ESOPs in existence.

2 See „Action Plan: European company law and corporate governance - a modern legal framework for more engaged shareholders and sustainable companies“ 3.5. Employee share ownership, p 11 ff, COM (2012) 0740.

3 COM(2012) 795 final of 9 January 2013; see 3.4. Easier business transfers, 15 pp.

Annex – Overview of the ESOP concept

The sale of a business to its staff (ESOP buyout)

The sale of a business to its staff (ESOP buyout) is the one type of buyout that supports sound public policy, and it does so in a number of ways, including the following:

- ESOPs support the public policy of keeping companies small independent and local. Employee-owned firms are seldom "flipped" to large public companies and employee-owned firms are seldom relocated to a foreign country.
- Employee-owned firms tend to grow faster, and tend to withstand economic downturns better than non-employee owned firms.[4]
- Employee-owned firms help to broaden the ownership of capital rather than to concentrate the ownership of capital. ESOPs serve, better than any other technique available, to substantially increase the purchasing power of low and middle income workers, and this can be a major contributor to the growth and stability of a nation's economy.

Given the social and economic benefits of ESOP buyouts, providing financing for ESOP buyouts should become a focus of EIB lending. In fact, the EIB might announce to give preference to those who request loans for ESOP buy-outs over those who request loans for other purposes. An additional advantage to the EIB is the fact that the EIB will have little or no competition from regular commercial banks for this type of financing. Furthermore, loans made for ESOP buyouts will have a much lower default rate than is the case with other types of loans.

The U.S. experience – Interim balance in 2012

As of 2012 there were approximately 11,000 ESOPs in the U.S., covering around 10 million employees.[5] The vast majority of ESOPs are sponsored by privately-held firms, of which about 4,500 are majority and about 3,000 100% owned by the ESOP. An estimated 7,000 companies have ESOPs that are large enough to be a major factor in the corporation's strategy and culture. Only about 330 ESOPs are in publicly traded companies (employing just under 50% of the 10 million employee owners). Total assets owned by U.S. ESOPs were estimated to be $901 billion at the end of 2007. At least 70% of ESOP companies are or were leveraged, meaning they used borrowed funds to acquire the employer securities held by the ESOP trustee. An overwhelming majority of ESOP companies have other retirement and/or savings plans, such as defined benefit pension plans or 401(k) plans, to supplement their ESOP.

The ESOP is now a part of the social and economic fabric of corporate America. Over half of all the Fortune 500 companies now sponsor ESOPs. Over 40% of Inc. magazine's 100 fastest growing private companies sponsor ESOPs. Now that ESOPs have existed in the U.S. for over 30 years, there is a wealth of data to support the conclusions that:

- ESOPs have been more successful than any other technique of corporate finance in extending the ownership of productive capital to people who would otherwise remain non-owners.
- ESOPs have, on the average, provided a much higher level of retirement benefits than other types of pension and profit-sharing plans.
- ESOPs have helped to eliminate the "us versus them" attitude in the great majority of ESOP companies. ESOPs have, in fact, brought about an unparalleled reign of labour-management peace and cooperation.
- ESOPs have been successful in increasing employee productivity and company profitability.
- ESOPs have been very successful in providing for business succession and continuity.

Contact: Prof. Dr iur. Jens Lowitzsch, European University Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

4 For a comprehensive overview of the positive economic evidence (esp. for ESOPs) see J. R. Blasi, D. Kruse, A. Bernstein, “In the Company of Owners”, Basic Books, New York 2003; they find an average increase of productivity level by about 4%, of total shareholder returns by about 2% and of profit levels by about 14% compared to firms without EFP schemes.

5 Source: http://www.nceo.org/articles/statistical-profile-employee-ownership; according to a 2004 survey completed by the General Social Survey, out of 108 mln. private sector employees in the U.S., 21% own company stock, and the median value of the employees’ company stock ownership is over one-fifth of their annual pay.

7g. "29TH REGIME ON EMPLOYEE FINANCIAL PARTICIPATION (EFP)"
– DEFINING BEST PRACTISE FOR EFP SCHEMES ACROSS EUROPE

The EP resolution on EFP of 14 January 2014[1] suggests an entirely new approach based on the so-called "29th Regime". As an optional European EFP regime would be **conceived as a "2nd regime" in each Member State,** thus offering employers and employees **a choice between two alternative EFP schemes,** one originating in national legislation and the other in European legislation.

No „race to the bottom", no "cherry-picking"

The "29th regime" would **not require compromise on the lowest common denominator**, thus **preventing the lowering of standards**. It offers a choice between two entire instruments, either the national or the supranational regime "cherry-picking" is avoided.

As a **compilation of „best practise"-rules from the EU-29** for the main forms of EFP, as a rule, it offers a **higher level of protection to employees** in comparison to the existing national rules. It can be expected that foremost progressive employers with a good work environment will tend to make use of this instrument.

Eliminating barriers to the Single Market

An optional European concept for EFP also would create increased co-operation among Member States, especially through the mutual recognition of schemes. By **eliminating barriers to the Single Market**, e.g., legal risks and costs arising from differences in national legal models, it could make the EU economy more competitive:

- It would allow employers to **operate an EFP scheme throughout the EU on the basis of a single legal regulation**. Among firms implementing these schemes, employees would be assured of full portability across the EU.
- It would **leave the decision on its application to the market** and would, therefore, only be chosen where interested parties considered it to be an advantage.
- The **individual legal culture of each Member State would be left intact**, making it more politically acceptable.
- Implemented by EU regulations, companies could **utilise it even in purely domestic situations**; this is of primary importance, especially in SMEs, since these plans could later easily be extended across borders as the firm grows and expands.

National tax and labour law are left untouched

An optional instrument covering only private law issues the "29th Regime on EFP" cannot cover problems of tax law, it does not apply to labour law or employment contract law in force in the Member States. Of course, it **could contain an "opt-out" clause**.

The 29th Regime on EFP is established by means of EU Regulation in order to avoid any national discrepancies due to transposition work. However, it **applies only to contractual arrangements between private parties**, i.e., EFP schemes (similar to EU Insurance Contract).

Contents of a 29th Regime on EFP

Among the issues defined in the "28th regime" are for example:

- **Range of application:** *What type of firms*: Ltd, JSC, etc. / *Eligibility:* e.g., 1-year waiting period; non-discriminatory, i.e., also part-time employees (e.g., minimum of 500 hours worked per year).
- **Mechanism**: *PS* – pre-defined formula; broad-based; deferred; *ESO* – blocking period; financial assistance; voting rights; *ESOP* – holding company; blocking period; voting rights.
- **Employer contribution**: *Discretionary*; but possible ceiling, e.g., 25 per cent of payroll; matching contribution possible, etc.
- **Vesting**: conditions of forfeiture; vesting period, etc.
- **Distribution (form/timing)**: For each scheme *PS / ESO / ESOPs* – retirement, death, termination; payments in five annual instalments; repurchase obligation;
- **Investments**: Catalogue of (authorised) instruments; diversified vs. non-diversified.

Contact: Prof. Dr iur. Jens Lowitzsch, Europa-Universität Viadrina Frankfurt (Oder), lowitzsch@europa-uni.de

[1] 2013/2127(INI) - 18/12/2013 (http://www.europarl.europa.eu/oeil/popups/summary.do?id=1329782&t=d&l=en) Own-Initiative Report on financial participation of employees in companies' proceeds.

Providing transparency for fiscal treatment and taxation

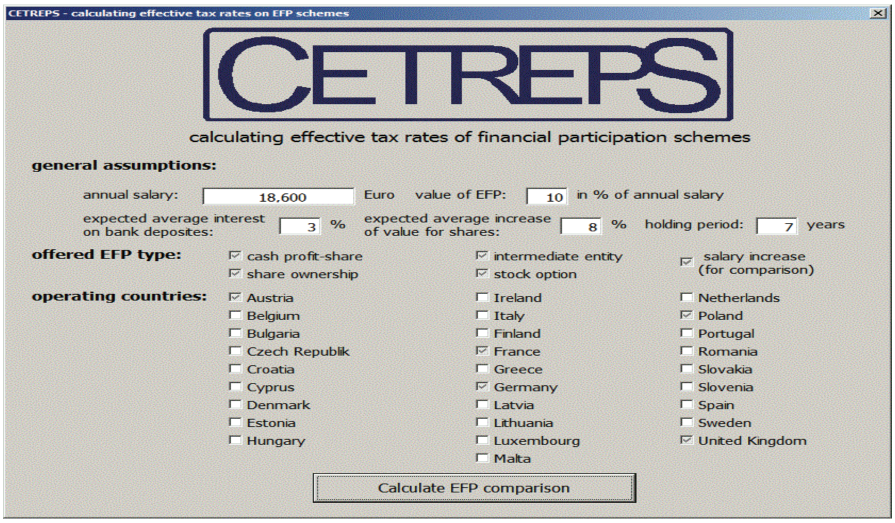
In the area of tax incentives, it is crucial to **avoid double taxation and discrimination**. A calculator for effective tax rates should accompany the "29th regime on EFP" as a soft tool.[2] Up-to-date information on **general taxation, social security contributions and specific tax incentives** relevant for different EFP schemes from all 28 EU Member States are used to calculate effective rates **for different taxes, personal status and situations**. This is allows to quantify the tax burden and gives a representative comparison of tax systems and of specific tax incentives.

CETREPS – Eliminating Barriers to the Single Market

CETREPS provides **enterprises at the firm level** with information needed to decide whether or not to introduce an EFP scheme. Calculating the different fiscal burden (taxes & social security contributions) for their employees facilitates plan communication.

CETREPS provides **governments** with information to simulate (1) the fiscal impact of tax incentives for EFP -> contributes to regulatory impact analysis and (2) fiscal effect of recognition of an EFP scheme -> facilitates mutual recognition

I. A User Friendly Concept: The Front End

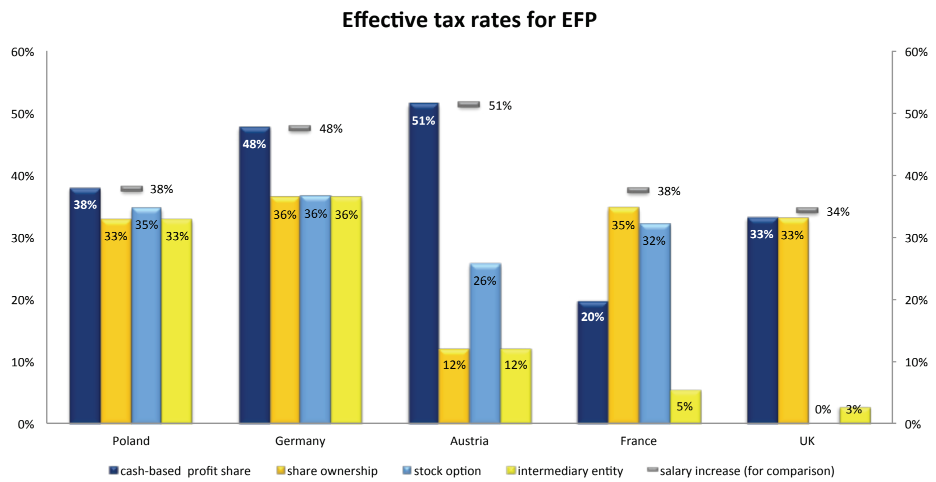


The user mask of CETREPS (Front End) allows inserting a set of parameters modelling the economic and other circumstances of the planned EFP scheme(s).

This regards esp. the employee's situation (average annual salary), the value of EFP granted (as a percentage of salary), general assumptions (average interest rate, increase in value of shares, holding period), countries of operation.

II. Sample Output: The Resulting Overview

The result is a comparative overview of the effective tax burden on different EFP schemes (incl. social security contributions and other levies - here for 2010) in per cent of the final benefit across the EU. Any other scenario as the one described here can be calculated.



To deliver comparable data, simplifications are inevitable; such the comparative overview represents an approximation. The calculator can, of course, be extended to other areas, e.g., pension schemes.

Instead of buying expensive expertise just to assess the feasibility of the introduction of an EFP scheme, European SMEs receive a quick and up to date EU overview online. Once the decision to introduce an EFP scheme is made – using the underlying database – their consultants and accountants can calculate the exact values for the chosen EFP scheme.

2 This dynamic tool developed under the CETREPS project launched at Viadrina in 2010, is currently being tested. CETREPS (Calculating Effective Tax Rates for Employee Participation Schemes).

8. Summary of the EP own-initiative report on financial participation of employees in companies' proceeds

(2013/2127(INI) - 14/01/2014 Text adopted by Parliament, single reading)[1]

The European Parliament adopted by 562 votes to 62, with 60 abstentions, a resolution on financial participation of employees in companies' proceeds.

Parliament recalled that employee financial participation (EFP) schemes can offer employees direct financial benefits above and beyond agreed basic remuneration structures. These schemes mainly take three forms:

- profit sharing (cash-based, deferred or in shares),
- individual employee share ownership (employee shares or stock options),
- employee stock ownership plans (ESOPs).

For a reconciliation of existing EFP schemes without harmonisation: Parliament recalled that EFP is affected by national taxation rules and it is not appropriate to develop a comprehensive 'one size fits all' model for EFP at EU level. However, barriers to the adoption of EFP should be **lifted** in the European Union, notably the **transnational obstacles** facing both companies offering schemes to employees in several Member States, and for employees, for whom double taxation may represent an infringement of the right to freedom of movement.

It emphasised that in some cases it might be useful to bring about the **gradual convergence of existing financial participation schemes** and the related national legislation so as **to enable employers in future to offer schemes in the same or a similar form in all Member States** where they have employees.

It called for a strengthening of the information on the financial participation schemes in place especially in SMEs as well as greater transparency in tax matters. Members particularly stressed the need to implement measures preventing double taxation when employees work in various Member States. **Guidelines on the taxation of EFP** should therefore be presented by the Commission.

Recommendations: Members made a series of recommendations calling on the Commission and on Member States to consider appropriate measures to encourage companies, acting voluntarily, to develop and offer EFP schemes, open to all employees, in association with social partners. They anticipated the results of the Commission's pilot project on the Promotion of employee ownership and participation.

For a potential opt-in 29th regime: Parliament viewed with interest a potential opt-in 29th regime as **an optional single legal framework open to employers throughout the EU**, which would respect areas of Member State competence on fiscal and labour law, based on a market-based approach, improved transparency and access to information to facilitate equal implementation in different Member States. This model would be applicable at the national and/or EU level when needed and not being restricted to cross-border companies.

It encouraged the Commission to present an independent impact assessment on such a regime. Following the publication of the independent impact assessment, Members called on the Commission to consider developing a set of basic guidelines for successful EFP schemes encompassing the following elements:

---

[1] http://www.europarl.europa.eu/oeil/popups/summary.do?id=1332275&t=d&l=en (Accessed 26.01.2014). For the provisional full edition see http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2014-0013 (Accessed 26.01.2014).

- objective-led: companies should determine the objectives of an EFP scheme in order to select the model that is most appropriate for them;
- flexible in operation and **voluntary**, operating differently in different sectors, companies of different sizes and types and offering employees a choice about how to benefit from a closer financial relationship with their employer;
- additional/complementary to contractual remuneration;
- negotiated by social partners;
- clear information must be given to employees on the risks and rights attached to opting into an EFP scheme.

Involvement in governance should also be noted with workers enabled to become directly involved in the governance of a company.

In any case, **the EFP should not aim to replace the wages of the workers**.

Parliament considered that, in order to promote financial participation for the purpose of creating a new form of company financing and enabling employees to be more connected to the company that employs them, employers should be given the opportunity to offer employees **share capital subscriptions or specific debt securities** (bonds). It took the view that the capital subscriptions should be voluntary for the employees, acting either as individuals or as a group, as well as for the company.

Better employee awareness of the advantages of EFP: lastly, Parliament called on the Commission and the Member States to better organise information campaigns and to encourage the cross-border transferability of best practice schemes among Member States. It encouraged Member States, in cooperation with social partners, employee ownership organisations and the Commission, to use existing single information portals – one stop shops – accessible to employers and employees, or to develop new ones, in order to explain the benefits and advantages as well as risks of EFP, the national incentives available and the different models which exist.

9. List of Participants

Surname	First Name	Organisation	Position
ABAD RIGLA	Francesc	CONFESAL	Coordinador General
AMONDARAIN	Joseba	Gipuzkoa Regional Government	Knowledge and Entrepreneurship Promotion Responsible
ANDERSON	Danyle	Global Equity Organization	Executive Director
ANTOLINI	Guido	Dircredito	Corporate Governance Officer
ARMITAGE	Alexy	Allen & Overy	Global Share Plans Associate
ARMITAGE	Hannah	Financial Reporting Council	
BÁLINT	Adrienn	MGYOSZ (BUSINESSHUNGARY)	Director for social affairs
BASSI	Ugo	EC - DG MARKT	Director, DG MARKT
BENNION	Phil	MEP (ALDE)	EMPL, Rapporteur
BERÈS	Pervenche	MEP (S&D)	Chair EMPL
BERGER	Armin	3pc GmbH Neue Kommunkation	CEO
BERKE BERGA	Anzelika	Riga Stradins University	Lecturer and Researcher
BIANCHI	Stéphane	Thales Alenia Space Belgium	Chief Financial Officer
BIEBEL	Reinhard	EU Commission	Policy COordinator Financial Services
BIOT	Myriam	EFES	Director
BORRONI	Andrea	Seconda Università di Napoli	Professor
BOSCHINI	Stefano	Cisl Venezia	Segretario generale Cisl Venezia
BRAB	Niels	FTI Consulting	Director
CATANA	Laura	Randstad - European Commission	Policy Officer Social Entrepreneurship
CEZARY	Maliszewski	Ministry of Economy	Expert
COLLISON	John	ifs ProShare	Head of Employee Share Ownership
COOPER	Janet	Tapestry Compliance LLP	Partner
COYLE	Donna	Wales Co-operative Centre	
CZARNECKA	Natalia	Afore	Consultant
CZAYA	Axel	Helmut-Schmidt-Universität Hamburg	Research Associate
DANCOT	Philippe	Daphnias	CEO
DARSKUVIENE	Valdone	Vytautas Magnus University	Professor
DE MANUEL ARAMENDIA	Mirzha	CFA Institute	Director Capital Markets Policy EMEA
DE SÁ	Mafalda	College of Europe	
DEBAS	Jean-Philippe	Equalis Capital	President
DIERCXSENS	Christophe	FTI Consulting	
DORMAL	Matilde	Regione Veneto	
DOVGAN	Diana	CECOP	Policy Officer
DR. BEYER	Heinrich	AGP - Bundesverband Mitarbeiterbeteiligung	Director
ENCISO SANTOCILDES	Marta	Deusto University	Lecturer and Researcher
ENGLUND	Evelina	Government Offices of Sweden, Ministry of Justice	Legal Adviser
FIALOVÁ	Lenka	Ministry of Justice	
FREEMAN	Richard	Harvard University	Herbert Ascherman Professor of Economics
FREUNDLICH	Fred	MIK-Mondragon Innovation & Knowledge	Researcher

Surname	First Name	Organisation	Position
FUCHS	Miroslav	Permanent Representation of the CZ to the EU	Labour and Social Policy Attaché
GOEBEL	Katarzyna	European University Viadrina Frankfurt (Oder)	Research Associate
GOMANN	Elisaveta	Confederation of German Employers' Associations BDA	
GOMIERO	Alberto	Fim Cisl Venezia	Segretario
GRACIA	Philippe	AUCHAN	Director of Human Ressources
GUERSENT	Olivier	EC - Cabinet of Commissioner Barnier	Head of Cabinet of Commissioner Barnier
HANISCH	Stefan	Europa-Universität Viadrina Frankfurt (Oder)	Research Associate
HASHI	Iraj	Staffordshire University	Professor of Economics and Director of the Centre for Research on Emerging Economies (CREE)
HIPSZMAN	Marcel	Recma	
HOOIJER	Jeroen	EC - DG MARKT	Head of Unit F2
HOULIHAN	Aoife	Kreab Gavin Anderson	Director
HUSSEIN	Qassam	Knowledge bases for all	
HUYGHE	Monique	AUCHAN	Responsable de l'actionnariat salarié
IERA	Jean Baptiste	AUCHAN	Chargé de l'animation
KAMERLING	Josina	CFA Institute	Head of Regulatory Outreach
KEREMIDCHIEV	Spartak	Economic Research Institute, BAS	Associate Professor
KLIMCZAK-NOWACKA	Magdalena	Permanent Representation of the Republic of Poland to the EU	Counsellor
KOCSIS	Gyula	Europa-Universität Viadrina Frankfurt (Oder)	Research Associate
KODBA	Ivana	Centar za mir, nenasilje i ljudska prava	
KOZIOL	Katarzyna	Student	Student
KOZŁOWSKI	Maciej	University of Lodz	Assistant Professor
KRZAKLEWSKI	Marian	NSZZ Solidarność	Member EESC and Coordinator of EU legal affairs at Solidarność
KUHN	Norbert	Deutsches Aktieninstitut	Head of Corporate Finance
LAJTAI	György	MOSZ (National Confederation of Workers' Councils)	Economic expert
LARSEN	Vicki Erfurt	ESMA (European Securities and Markets Authority)	Officer
LATKOVSKIS	Aivars	Ministry of Justice	Legal Adviser
LAURA	Barbici	Permanent Representation of Romania to the EU	First Secretary
LEE	Joseph	University of Exeter, Law School	Lecturer
LEMMENS	Dave	Europa-Universität Viadrina Frankfurt (Oder)	Online Marketing and Social Media Manager
LEWIS	Nia	Welsh Government	Policy Manager
LIAUZU	Patrice	European Investment Bank	Adviser, Institutional Strategy & SME expert
LIGTHART	Paul E.M.	Radboud University Nijmegen	Assistant Professor
LOWITZSCH	Jens	Viadrina & Freie Universität Berlin	Kelso Professor and Director of INTERCENTAR
LÜCKING	Stefan	Hans-Böckler-Stiftung	Head of Priority Support Area "Changes in codetermination"
LUCOT	Sylvie	FAS \/ FRANCE	Member Federal Board

Surname	First Name	Organisation	Position
LUKAŠEVIČIUS	Robertas	Permanent Representation of Lithuania to the EU	Social Security and Labour attache
MAGALIOS	Antonios	European Economic and Social Committee	
MAILLARD	Paul	Fondact - IAFP	Honourary President
MALVOLTI	Luciano	fiba-cisl	Head of International Dept
MANGIARACINA	Matteo	Fim Cisl Venezia	Ricercatore
MANZANO	Nagore	Gipuzkoa Regional Government	Knowledge and Entrepreneurship Promotion
MARTINEZ DIEZ	Maria Luisa	Euralia	Consultant
MENKE	John	Menke & Associates, Inc.	President
MERTIN	Iwona	Eurochambres	Advisor EU Affairs
MITROVA	Regina	Ministry of Justice of the Slovak Republic	
MOGENSEN	Ulrik Hyrup	DK Perm. Rep. to EU	Counsellor for Business and Growth
MUELLER	Carolina	BDI	
NEMCOVA	Martina	Permanent Representation of Czech Republic to the EU	Attaché for company law
NIEUWLAND	Pascale	SNPI Netherlands Participation Institute	Director
NOLTE	Jone	Agrupación de Sociedades Laborales de Euskadi (ASLE)	Lecturer and consultant
NUTTALL	Graeme	UK Government's independent adviser / Field Fisher Waterhouse LLP	Head of Tax and Structuring Practice at Field Fisher Waterhouse LLP
O'KELLY	Kevin P	International Association for Financial Participation	Executive Committee Member
OLAERTS	Mieke	Maastricht University	Assistant professor
PACELLA	Cristina	European Commission	
PALINSKA	Aleksandra	EuropeanIssuers	Policy Adviser
PASTORELLI	Gianluca	Diesis Coop	President
PENDLETON	Andrew	University of York	Professor of Human Resource Management
POUTSMA	Erik	Institute for Management Research, Radboud University Nijmegen	Professor
PROVAZNÍK	Martin	bnt attorneys-at-law	Attorney-at-Law
RADOMIROV	Alexander	Fleishman Hillard	
REYNOLDS	Sinéad	Department of Finance	Higher Executiven Officer
RICHEZ-BAUM	Béatrice	ecoDa	General Secretary
RIŽNIK MIKLAVC	Barbara	Ministry of economic development and tehnology, Republic of Slovenia	Head of Company law and Intellectual property law Division
ROBERT	Noémi	FEE	Project Manager
ROELANTS	Bruno	CECOP	Secretary General
ROGGEMANN	Herwig	Freie Universität Berlin	Professor emeritus of law
SALEMBIER	Francis	EDC	Délégué régional
SAN JOSÉ	Javier	CONFESAL	Responsable de las empresas participadas
SANDON	Chiara	FleishmanHillard	
SCHNEIDER	Sabine	Europa-Universität Viadrina Frankfurt (Oder)	EU Policy and Public Relations Manager
SHARMA	Madi	EESC	UK Member

Surname	First Name	Organisation	Position
SIMEONE	Camilla Maria	Studio legale Borroni-Grasso	Project Manager
SINUSAITE	Vaida	Ministry of Economy	Head of Company Law Division
SLAPNIK	Tadej	Slovenian Social Enterprise Forum	Secretary General
SOLDAN	Vera	ECAS - European Citizens Action Service	Deputy Project Manager of Your Europe Advice (YEA)
STECKIENE	Ruta	Perm Rep of LT to the EU	Attache
STELZER	Max	voestalpine Mitarbeiterbeteiligung Privatstiftung	Management Board Executive
STETSON	Pam	Global Equity Organization	Managing Director, Events
SUARSANA	Denis	European University Viadrina, Frankfurt (Oder)	Research Associate
TEIXEIRA	Ana	KU Leuven	Research Master Student
TETLEY	Anthony	European Commission	Bluebook Trainee
THORN	Cecilia	Financial Reporting Council, UK	Hed of Intrnational Relations
TOUYA	Pierre	FAS \/ FRANCE	Member Federal Board
TSAGAS	Georgina	University College London	Postdoctoral Associate
UOTINEN	Marianna	Ministry of Finance	Specialist Counsel
USETXI	Oscar	Gipuzkoa Regional Governement	Innovation and Knowledge Promotion General Director
UVALIĆ	Milica	University of Perugia	Professor of Economics
VAN DE VYVER	Christopher	European Small Business Alliance - ESBA	Policy Assistant
VAN DEN BURG	Ieke	Dutch Corporate Governance Monitoring Ctee	Member
VAN GYES	Guy	KULeuven-HIVA	Research Manager
VAN TOL	Hans	MonIdee	Co-founder and Head of Business Development
VECOZOLS	Kaspars	Ministry of Justice	Legal Adviser
VEKEMANS	Ludo	EUROCADRES	Policy Officer
VIVER	Juan Manuel	EuroFinUse	Policy Officer
VOYEUX	Nelly	International Association for Financial Participation (IAFP)	
WECKES	Marion	Hans-Böckler-Stiftung	Referatsleiterin Wirtschaft III
WIELCHUDA	Aurélie	EHF	Policy Officer
YAREMCHUK	Anton	Loud Film Collective	Co-Founder
ZIFCIAKOVA	Jana	Confrontations Europe	Policy Analyst