

PUBLIC HEARING IN THE EUROPEAN PARLIAMENT

A EUROPEAN POLICY FOR EMPLOYEE OWNERSHIP AND PARTICIPATION

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REPORT



EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP

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INTRODUCTION



The financial crisis has brought renewed political awareness on employee ownership. Employee ownership is regarded as a vital contribution to healthier corporate governance, long-term vision and stability. It is currently in a strategic, determining or controlling position in more than 27% of all largest European companies.

Employee share ownership developed strongly among European companies during the last decade. 83 % of all large

companies now have employee share plans, compared to 40 % ten years ago. In most cases, such plans are now designed for all employees rather than just for a small number.

However, the brakes and obstacles are still strong and they are sources of discrimination and poor governance in companies. Some countries lack information and appropriate legislation. This goes in particular for the South of Europe and in Central and Eastern European countries.

The European Economic and Social Committee (EESC) recently launched a call for a new European initiative on employee financial participation in Europe. EESC made practical proposals in its Own-initiative Opinion Soc 371.

The EESC requests the European Parliament a designated budget-line to support the promotion of employee ownership and participation in the EU. This money will help to set up a European Center for Employee Ownership in each European country. These centers will provide for information, education, training and advice to employees, enterprises and the public at large. They will promote employee ownership and advice countries on implementing appropriate legislation for better development of employee ownership.

DEBATE - SUMMARY

On March 22nd a public hearing was held in the European Parliament in Brussels. At the hearing the European Federation of Employee Ownership (EFES) presented a budget proposal to the Parliament. The hearing was held on invitation by Mrs. Pervenche Berès and supported by the Group of Socialists and Democrats. More than 100 representatives of enterprises, trade unions, universities and members of the European Parliament attended it.

EFES proposes an annual budget amounting to € 2.5 million, to be spent on setting up employee ownership centers and programs in each member state. Important

aspect of the proposal to the Parliament was that the future budget should be a well-dedicated budget heading, instead of just a sub-program.

EXPECTATIONS AND PROPOSALS FROM ENTERPRISES AND SOCIAL PARTNERS

At the public hearing representatives of enterprises and representatives of social partners explained what they expect from a European policy. Many keynote-speakers said to be looking forward to a basic EU-model for employee ownership. Such a common model, said Mr. Stelzer of Voestalpine, should provide a framework that could be recognized all over Europe. Vivendi proposed a tax-deferred system in all countries. The Commission should promote a European tax system on employee ownership in which taxes on shares are paid at the end of the process and not at the beginning. This should be very favorable to the employees, Mr. Welcomme said. Both said Europe needs more simplicity in regulations and mutual recognition of the models.

From the side of the social partners, Graf von Schwerin (EESC) observed that multinationals operating in different countries are confronted with different tax legislations on employee ownership. He proposed all partners to create a legal framework that allows these companies to implement workers participation. This way, workers would have a concrete say through their shares. In his view employee ownership could be a driving force for European competitiveness. In that way they would play a decisive role and not the role of a spectator. Employee ownership should particularly involve small and medium sized companies (SME's), and not only the major economic industries. Trade unions could prove to be helpful, he concluded.

NATIONAL PROMOTION CENTERS FOR EMPLOYEE OWNERSHIP NEEDED

At the public hearing representatives of promotion centers for employee ownership emphasized the necessity to open similar centers in all member states. At this moment they exist mainly in the Northern European countries. Representatives from Belgian, Spain, German and UK-centers elaborated on that topic.

Marc Mathieu (European Federation of Employee Share Ownership, Belgium) said that there are now 10 million employee-owners in Europe. But the quality of the models differs per country.

Countries that have moved ahead are the United Kingdom and France, followed by the Northern countries such as Sweden, Finland, Switzerland and Norway. Unfortunately, Southern countries like Italy, Portugal, Greece, Spain and many Eastern countries lag behind.

Marc Mathieu presented some eye-catching best practices. Recently the British Department of Business, Innovation and Skills appointed Mr. Graeme Nuttall as Government Advisor on Employee Ownership. Furthermore, in a number of countries promotion-centers have emerged. One of them is ifs Proshare in the UK and another is AGP in Germany, while such center is also in project in Spain. These centers provide good examples of how employee ownership can be implemented.

Heinrich Beyer of the German promotion-center agreed with Marc Mathieu. Even in Germany there's little information available where employee share ownership is concerned. Germany needs more know how, specifically aimed at small and medium-sized companies, Mr. Beyer concluded.

According to Javier San José of Confesal the instrument of benchmarking can prove useful. To promote employee ownership, best practices must be made visible. This requires a European benchmarking-system, he said. The results of this benchmarking should then be explained in all European countries. Such a task calls for a national kind of EFES in every country, he said.

Graeme Nuttall, UK Government Advisor, called on the European Parliament to increase resources and to remove all complexity regarding implementing employee ownership. He asked the Parliament to facilitate creation of a basic employee ownership model that can operate across all European jurisdictions.

EURO-POLITICIANS: A EUROPEAN POLICY AND A DEDICATED BUDGET LINE

At the public hearing two major Euro-politicians gave their views on a European policy on employee ownership.

Many countries show indifference to tax-incentives on employee ownership, said Michel Barnier, European Commissioner for Internal Market & Services. Therefore Mr. Barnier is not sure if the Commission shall be able to present a homogenous legal framework for employee ownership. For the moment, mutual recognition of the national legislations on share-ownership is more realistic. Mr. Barnier said to understand the request for a specifically dedicated budget heading. He promised to urge for "a dedicated and significant budget to support the EFES' efforts in favor of promoting employee ownership".

For Mr. Barnier, there is no sustainable economic performance possible without social cohesion. To achieve that regulation of supervision is of the utmost importance, he remarked. The European Commission is very much involved in social entrepreneurship and employee-ownership, Mr. Barnier said. Employee ownership is a symbol of the social cohesion, which Europe needs in this time. It has to be supported at all levels, he concluded.

Within the European Parliament members share different opinions on employee ownership, Pervenche Berès said. She is Chair of the Committee for Employment and Social Affairs. This is because employee ownership covers many fields, entrepreneurship, the shape and the size of the company, tax-legislation and retirement pension schemes. On these points the members have different points of view, she remarked. That is why she called the public hearing essential. She promised to relay the EFES' point of view "into our own discussions". Employees and management should play a central role in deciding the strategy of the company. "I think employee ownership leads us in that direction".

→ All presentations, documents and pictures of the hearing are available on page [http://www.efesonline.org/EUROPEAN PARLIAMENT/Public Hearing 2012.htm](http://www.efesonline.org/EUROPEAN%20PARLIAMENT/Public%20Hearing%202012.htm)

GUIDO ANTOLINI: NOW IS THE TIME TO ACT

(GUIDO ANTOLINI IS PRESIDENT OF THE EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP)



Mr. Antolini thanked Mrs. Berès for the invitation and the opportunity to appear at the public hearing.

Employee ownership is not only social dialogue. It has also positive effects on sustainable corporate governance, said Mr. Antolini. That is why employee ownership should be feasible and practiced throughout Europe. But even where the instruments of employee ownership exist, many people are not aware of its existence. At the public hearing many speakers

agreed on one thing: there is an urgent need to organize education and information. "The period of academic study may well be over. Now it is time to act. That means all studies and experiences should be used to put together a simple employee ownership model that can be applied throughout Europe." Mr. Antolini: New tax legislation in the European framework would be welcomed. Mutual recognition of employee ownership schemes would also be an important way ahead.

He briefly remarked on the EFES-activities. The EFES is an open organization set up to unify those who want to promote employee ownership. The EFES' members are companies, employee owners, institutions, experts, researchers and trade unions. In 2008 the EFES launched its "Political roadmap for the promotion of employee ownership in Europe". A year later this document was translated in a "Manifesto for the 2009 European Parliament election". This Manifesto was offered to all political groups. Finally, the European Economic & Social Committee presented an "Own-Initiative Opinion" in 2010. This was the broadly shared outcome of a strong debate on employee ownership.

[Download introduction by Guido Antolini](#)



MAX STELZER: PROPOSALS FOR A EUROPEAN POLICY

(BY MAX STELZER, MANAGEMENT BOARD EXECUTIVE VOESTALPINE MITARBEITERBETEILIGUNG, AUSTRIA)



Voestalpine is an international company in steel production and steel processing with 40.700 employees in 300 companies in fifty countries worldwide and with revenue of € 10.95 billion. Employee participation at Voestalpine contributes to the security of the development of the company and defends against hostile takeovers, Mr. Stelzer said.

Employee share ownership at Voestalpine means also that employees can participate in decision making, in case of fundamental questions of the company. Moreover, employees as core shareholder have voting rights at the annual shareholder meeting and have their own representative in the Supervisory Board of the Group.

Voestalpine uses two employee share ownership models. A local, collective one, based on Austrian legislation and an international model. The latter is applied in the United Kingdom, Germany, The Netherlands and Poland. Belgium and Sweden will soon follow. The international

model invites employees to participate on individual basis. We think however, the offer should be the same in every country.

Proposal: remove fiscal barriers – create a common European model

Employee share ownership needs further promoting and fiscal obstacles in the various countries have to be removed. This calls for an own budgetary line because financial participation must also be introduced to the numerous small and medium sized companies. Still many of these companies are reluctant to deal with the topic of employee ownership. Mainly because they are not familiar with the subject and because they think the participation models are far too complex for them. Furthermore, not every company has the expertise to implement the models. This requires exchange of a new, basic European model. Such a common model could, next to existing and country specific models, provide a framework, recognized all over Europe. This model should then be introduced to all member states.

[Download presentation by Max Stelzer](#)

DOMINIQUE WELCOMME: A NEW COMMON EUROPEAN MODEL ON EMPLOYEE SHARE OWNERSHIP

(BY DOMINIQUE WELCOMME, EMPLOYEE SHARE PLANS, VIVENDI, FRANCE)



The French Vivendi is a large communication group in which employee share ownership has a history of twenty years. Vivendi (media, videogames, television, telephones, cinema) operates in seventy countries. Vivendi has the same problems as Voestalpine, that is, it cannot offer the employees a uniform employee ownership scheme in the various countries, said Mr. Welcomme. Like Voestalpine Vivendi would welcome a common European model.



More mutual recognition of the national systems

Welcomme: Employee ownership has a long history in France. Tax incentives made it possible for employee ownership to flourish within Vivendi. The obstacles that are still ahead however are national regulations and tax legislations.

Although there are fewer rules in Europe, thanks to the progression of directives, the mutual recognition of the national systems is not working very well. Outside Europe the situation is even worse. But even in Europe, our French model is not easy to export. One has in fact to invent a different model for every country, which is of course too complex and far too expensive. So when we implement a new plan in a country we are often running against time consuming legal discussions with local and market authorities. Many times we decided not to implement the model at all, due to legal problems.

Proposal: A tax-deferred system in all member states

Vivendi would like to see a more equal and fairer situation. Mr. Welcomme: What is needed in Europe is more simplicity and mutual recognition of the models. In our opinion employees should have equal access to shareholding. The main obstacle however, the various fiscal legislations, is very difficult to tackle. For instance: the period of time in which shares are frozen varies from country to country. It's not very attractive to pay taxes on shares that cannot be sold and very unfavorable for employees with a small salary.

Mr. Welcomme: Therefore we propose to create a tax-deferred system in all member states. We should promote a European tax system in which taxes are paid at the end of the process and not at the beginning. This should be very favorable to the development of share ownership in Europe.

[Download presentation by Dominique Welcomme](#)

GRAF VON SCHWERIN: LEGAL FRAMEWORK FOR WORKERS FINANCIAL PARTICIPATION

(BY ALEXANDER GRAF VON SCHWERIN, EESC RAPPORTEUR, GERMANY)



For many years I've found that workers participation is important for the future and stability of Europe. Furthermore it is particularly helpful in times of crisis. Therefore it must be promoted using the strong political argument of securing stability. This can be done for instance by gathering best practices. These can be shown to organizations and institutions, in order to promote workers participation at their respective national levels.



European Economic and Social Committee

The Own-Initiative Opinion – the initiative of the European Economic and Social Committee (EESC) - has already led to a greater awareness on the subject. With the Own-Initiative we wanted the European Council to renew its promise of 1992 and have them on our side in order to get the system of workers financial participation to flourish. Together with the Commission we already have organized a number of important and successful events at various places.

In our view the implementation of workers participation should be based on a number of common principles. For instance, it should also involve small and medium sized companies (SME's), and not only the major economic industries.

Implementing workers participation is still hindered by many obstacles. Although we have successful initiatives in some countries, in many we don't have any at all. For instance, there are many problems where succession in family businesses is concerned. The younger generation shies away from company succession. We would like them to realize that worker participation can help to stabilize and save the small company. This means we will have to inform them properly. Because trade unions play a minor role in SME's it takes a lot of time to reach their employees. The system of worker participation should be organized by the trade unions. Workers participation is obviously also about payment and financial compensation and if it is to be introduced it should be done in a democratic way, he said.

→ The Own-Initiative Opinion of the European Economic and Social Committee can be found in all EU languages on page <http://www.efesonline.org/EESC/EN.htm>

A legal framework for the system of workers participation

The Council of Ministers has to revitalize the subject. The Commission should get involved in creating a legal framework for the system of workers financial participation. This framework should be able to deal with the obstacles mentioned by Voestalpine and Vivendi.

[Download presentation by Alexander Graf von Schwerin](#)

MARC MATHIEU: A DEDICATED BUDGET FOR THE PROMOTION OF EMPLOYEE OWNERSHIP

(BY MARC MATHIEU, EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP, BELGIUM)



Within large European companies employee share ownership develops widely, said Marc Mathieu. Soon 100 % of all large companies will have employee share plans. At the moment there are more than 10 million employee-owners in Europe. But the quality of the models differs from country to country. This is because many member states lack proper legislation on the subject or lack proper incentives.

Countries that have moved ahead are the United Kingdom and France, followed by the Northern countries such as Sweden, Finland, Norway, as well as Switzerland.

Unfortunately, Southern countries like Italy, Portugal, Greece, Spain and many Eastern countries lag behind. This situation hasn't changed or improved in the last twenty years. "We cannot, of course, oblige governments to adopt new laws, but we can organize information and education."

Fortunately such information and education centers have already emerged in some countries. They provide good examples of how employee ownership can be promoted. One of them is ifs Proshare in Great Britain and AGP in Germany. Confesal in Spain is also working on such promotion center for employee ownership in Spain. Moreover, the British Department for Business, Innovation and Skills recently appointed Mr. Graeme Nuttall as Government Advisor on employee ownership.

Information and education are the keys to success

Marc Mathieu: To the European Parliament we propose a precise budget. We ask for a dedicated budget of € 2.5 Million, introduced in the European Budget in 2013. This is necessary to finance the funding of employee ownership centres and programs in each member state. We have found that the keys to success are information, education and promotion. The reason that many countries still fall behind is the lack of information in their own languages. That is the reason why we ask for a dedicated budget line, instead of just a sub-program, as has been the case for the last twelve years. So that we can be certain that the money goes to where we want it to go.

[Download presentation by Marc Mathieu](#)



HEINRICH BEYER: SUPPORT FROM THE EUROPEAN UNION NEEDED

(BY HEINRICH BEYER, DIRECTOR OF ARBEITSGEMEINSCHAFT PARTNERSCHAFT IN DER WIRTSCHAFT (AGP), GERMANY)



AGP is a non-profit organization with more than 200 members. Most of them are small and medium-sized companies. AGP promotes the development of all forms of employee financial involvement. Furthermore it facilitates the exchange of information and best practices and encourages a supporting tax and legislation environment.

The situation in Germany is as follows: At the moment about 4000 companies have implemented a financial participation-model. They represent 2 percent of all the companies and two million participating employees, one half being employee shareholders. The other million are employees from SME's who are not participating in the equity of their companies but who are either silent partner or holders of dividend certificates, said Mr. Beyer.

As far as employee share ownership is concerned, Germany is still a developing country. There is very little information at hand specifically aimed at small and medium-sized companies. Many companies still don't know what can be achieved with employee ownership.

The same goes for trade unions. Many entrepreneurs fear they will lose their independence and their strong position in the market when they are forced to be more transparent.

In Germany improvements are on their way

We keep advising our Government to create financial incentives. This goes for employees in order to allow them to participate in the company's capital as well as in decision-making. We have brought this up with the German Ministries of Labor and Economy. The German tax legislation doesn't make it easy for companies to introduce employee share ownership. But we have reasons to believe there will be future improvements regarding the law on capital, said Mr. Beyer.

Our members are particularly interested in the new initiative in the European Union, the Own-Initiative Opinion of the European Economic and Social Committee on employee financial participation.

"We are grateful to notice that much effort has been taken in Brussels and in the European institutions to re-animate the topic of employee ownership. It's very important to get support and promotion from the European Parliament. Not only for Germany, but for all European member states."

[Download presentation by Heinrich Beyer](#)



ARBEITSGEMEINSCHAFT
PARTNERSCHAFT IN DER WIRTSCHAFT e.V.

JAVIER SAN JOSÉ: EUROPEAN BENCHMARKING ON BEST PRACTICES

(BY JAVIER SAN JOSÉ, CONFEDERACIÓN EMPRESARIAL DE SOCIEDADES LABORALES DE ESPAÑA, CONFESAL)



The levels of financial participation in Spain are below the European rate, said Mr. San José. Spain has two important models: the Sociedades Laborales (12.720 companies) and the Cooperativas (13.465 companies). Unfortunately, the majority of the Spanish companies lag behind. There are few fiscal incentives and there is a lack of education on employee ownership. On December last year the total capital in the hands of the workers was 1.46 percent, which is very much below the European level.

"Various initiatives have been developed by Confesal and the EFES to promote employee ownership. They have boosted new projects. These initiatives have caught the attention of the Spanish Government and the trade unions."

National organizations on employee ownership in every country

Mr. San José: Our arguments are: Financial participation shields an enterprise against hostile takeovers and invokes new initiatives to cope with the present financial situation. Many studies have shown that companies with financial participation schemes perform better than companies without.

This however, requires a national organization in every country. Such a promotion center should further financial participation in companies, offer information and education and present best practices. Education must boost the spirit of entrepreneurship amongst the employees and reinforce the culture of participation. To make best practices visible, a European benchmarking-system should be created. The results could be transmitted to all the European countries. This would call for a national kind of EFES in every country. It furthermore could urge politicians to restructure the fiscal legislation and create national incentives for sustainable employee financial participation.

[Download presentation by Javier San José](#)



GRAEME NUTTALL: UNPRECEDENTED POLITICAL SUPPORT IN THE UK

(BY GRAEME NUTTALL, GOVERNMENT ADVISOR FOR EMPLOYEE OWNERSHIP, UK)



Employee ownership currently has unprecedented political support in the UK, said Mr. Nuttall. In January 2012 Deputy Prime Minister Nick Clegg announced a Government thrive to put employee ownership in the mainstream of British economy. Business-Minister Norman Lamb appointed Graeme Nuttall as his independent advisor on the topic. Mr. Nuttall is charged with identifying barriers to employee ownership in the UK and to finding the solutions to knock those down.

European Parliament can raise awareness on employee ownership

"There are many great examples and a vast support network on employee ownership in the UK. Nevertheless employee ownership is still a small part, only two percent of the UK-economy. It is my challenge to find out why."

Mr. Nuttall: Problems I'm identifying so far in the UK come under three headings: Lack of awareness, lack of financial resources and complexity of implementation.

Excluding possibly politicians and academics there is a complete lack of awareness of the broader concept of employee ownership amongst entrepreneurs, managers, professionals, educational and financial institutions. Moreover, development of employee ownership is hindered by a lack of resources and money. Finally there is the complexity of implementing and operating an employee-owned business and a complex tax- and legal system.

Focus is on employee-owned and co-owned companies

Mr. Nuttall: Employee ownership, for the purpose of my review, goes far beyond employee financial participation and employee share schemes. My focus is very much on employee-owned and co-owned companies. These are companies in which all employees have a controlling or a significant stake in their business. This may be through shares held personally or it may be through a collective entity.

A basic model that can operate across all European jurisdictions

In the UK we typically use the employee trust as the method for owning shares on behalf of employees. I'm pleased to hear that the European Parliaments concept of employee ownership extends that far. I'm also pleased to note the change in emphasis over the years. The early reports were about promoting share schemes in large companies and I'm delighted to see examples emerging that have my concept of employee ownership promoted.

Mr. Nuttall: "I would welcome any initiative of the European Parliament to promote measures to increase resources and to remove complexity. It should be possible to create a basic model that can operate across all European jurisdictions. A basic model that can cope with any scale and depth of employee ownership. That would be a great achievement."

MICHEL BARNIER: A DEDICATED AND SIGNIFICANT BUDGET

(MICHEL BARNIER IS EUROPEAN COMMISSIONER FOR INTERNAL MARKET & SERVICES)



Currently there is a strong call for a legal framework on employee ownership. This may prove difficult to achieve, said Michel Barnier. Many countries show reservations or indifference towards employee ownership. "I don't know if we will be able to present a homogenous legal framework. For the moment a realistic solution could be mutual recognition of the national legislations related to employee ownership." Mr. Barnier promised to discuss the idea with Euro-parliamentary Mrs. Pervenche Berès.

Budget proposal

Mr. Barnier shall assess the legal feasibility for the budget-request. He said to understand the EFES needs a specifically dedicated budget to further promote employee ownership. What must be done to get this specific budget is to shift the topic from a negative to a positive priority. Currently, in the huge machine of the European Commission, employee ownership is not considered a priority. To change this, the help of the designated Commissioners as well as all the actors

involved is needed. We must use the political momentum and the political willingness, said Mr. Barnier. He promised to urge for a dedicated and significant budget to support EFES' efforts in favor of employee ownership.



Mr. Barnier called employee ownership a very important issue for Europe. As European Commissioner for the internal market and regulation of the financial services I'm deeply convinced that sustainable economic performance couldn't be achieved without social cohesion. In the society in general and in companies in particular, he observed.

Regulation of supervision

Mr. Barnier: Regulation of supervision is of the utmost importance. There must be more supervision, external and internal. This is a lesson to be learned from the financial crisis.

I just have completed 25 proposals and draft bills on this subject. No actor, no partner, no product will escape regulation and efficient control. We've not yet completed our job but in 2013 we will have completed the regulation agenda. If all goes well the financial markets will perform their main task again: Offering service to the countries and the people.

There is another lesson learned from the financial crisis, said Mr. Barnier. We have to protect the diversity of the companies and the corporate and banking landscape. We must make sure transparency returns where it has disappeared. "I'm attached to diversity of the banking landscape in Europe, counting 8.300 banks. Nearly 4.000 of them are mutual and cooperative banks. I'm deeply convinced that regulation, supervision and diversification of banking as well as coherence inside the companies are the keys for a better resistance of Europe to a future crisis."

"On the topics of social entrepreneurship and employee-ownership we have done a huge job during the last twenty years. The European Commission is very involved. Some members however remark on the risks of employee ownership in case of crisis. There is also some reluctance from certain trade unions. On the other hand, some liberals say that the new model of companies in which employee ownership is being developed, goes against the traditional model of company management. According to me these arguments are not sufficient to prevent us from working on it."

Green Paper - Mapping legislations

Mr. Barnier: An important tool in the context of employee ownership is the follow-up on the Green Paper on Corporate Governance we presented in June 2011. The conclusions in the Green Paper were not unanimously positive regarding a legal framework to facilitate employee ownership.

However, there were much positive remarks. They constitute a good basis for the follow-up on this Green Paper and the preparation on the package of governance and business law. We have started mapping the different legislations on employee ownership and the good practices in various countries. No country is in the position to give lessons to the other one but in some countries legislation is more advanced, said Mr. Barnier.

He invited the EFES to help the Commission in mapping the various legislations.



PERVENCHE BERÈS: CORPORATE GOVERNANCE ESSENTIAL FOR A COMPETITIVE EUROPE

(PERVENCHE BERÈS IS CHAIR OF THE COMMITTEE FOR EMPLOYMENT AND SOCIAL AFFAIRS OF THE EUROPEAN PARLIAMENT)



Mrs. Berès spoke of a useful exchange of ideas at the public hearing, being also "the first time I can welcome you in the European Parliament". Due to the financial crisis we have been very busy extinguishing the fires she said. Hence employee ownership and corporate governance were not the first priorities.

Mrs. Berès: Some member states are reluctant to deal with the topic of corporate governance. This is because it touches on social cohesion, which varies from country to country. The topic of collective bargaining also varies per country.

"I think however that, if we want to build a competitive Europe, corporate governance is fundamental and may be the only way to advance".

"As far as employee ownership is concerned, we have to take precautions, she said. We should not substitute salary by profit-sharing systems." What we must do is create the possibility for companies to have more feasibility and transparency, as far as the control of the

capital is concerned. Furthermore we have to facilitate systems that make it possible for employees to play a central role in the company's strategy, said Mrs. Berès. "In my opinion employee share ownership really leads us in that direction."

Social dialogue

During the 20th century there was more social dialogue between the workers and the representatives of the capital in the company. The financial crisis has shown that this is not the case anymore in many enterprises. Employee share ownership creates the possibility to discuss matters within the enterprise again, said Mrs. Berès.



BUDGET PROPOSAL

A new budget heading 04.03.03.04 should be introduced in the EU budget, with 2.5 million Euro going annually for setting up and funding an Employee Ownership Centre and Program in each member state, delivering information, education and promoting employee ownership practices. This is our proposal as the European Federation of Employee Share Ownership.

WHY?

1. **Information and education are clearly the key points in this matter.**

It is a fact that employee share ownership developed strongly among European companies during the last decade. 83% of all large companies have employee share plans now, compared to only 40% ten years ago. In most cases, such plans are now designed for all employees rather than just for a small number. This way, employee ownership is now in a strategic, determining or controlling position in more than 27% of all largest European companies. However, the brakes and obstacles are still strong and they are sources of discrimination and poor governance in companies. Some countries remain reluctant, lacking of information and of appropriate legislation. This is particularly true in the South of Europe and in Central and Eastern European countries. As a consequence, the democratization ratio of employee ownership appears to be more and more divergent between European countries (see graph in appendix).

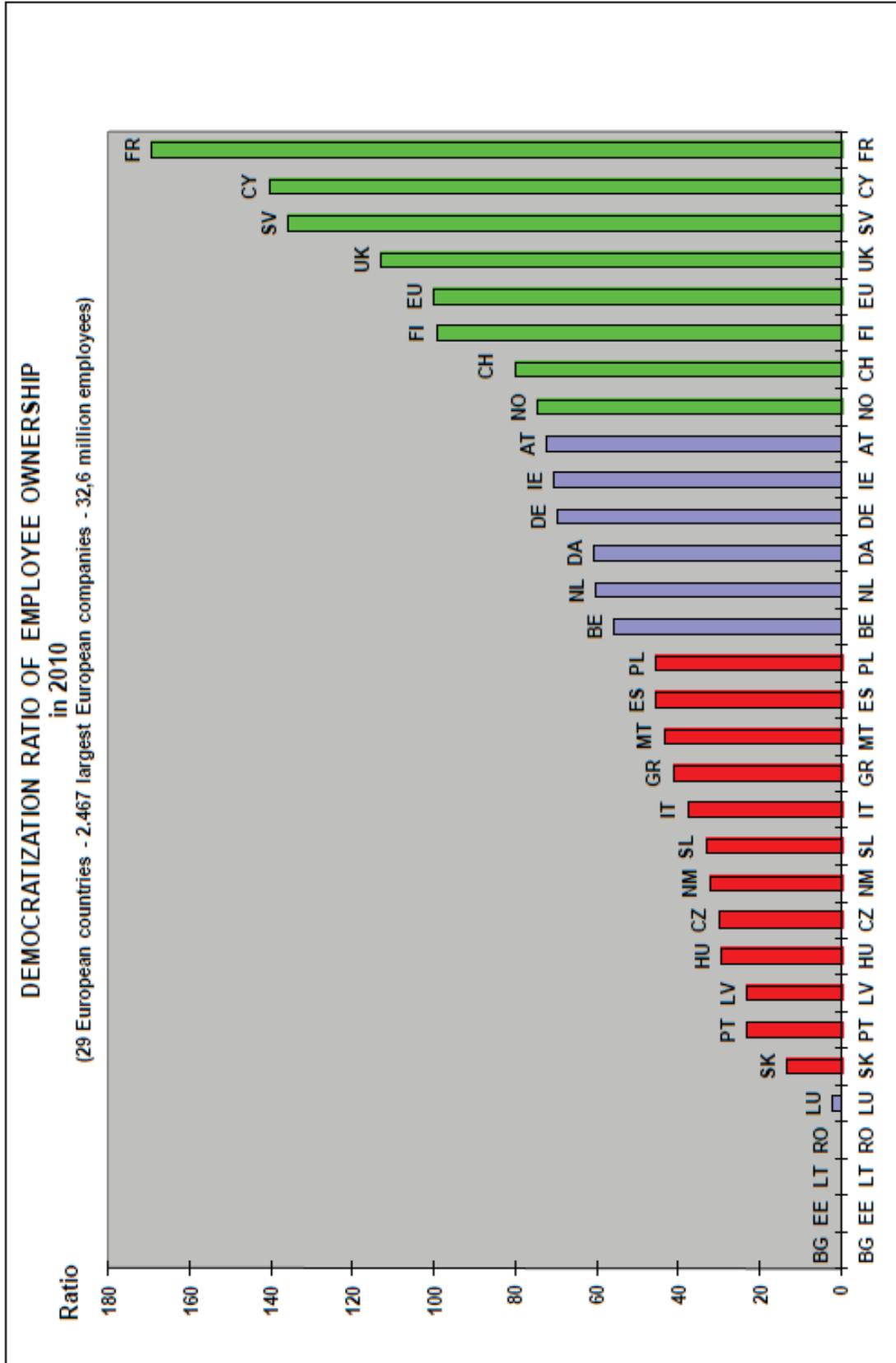
2. **The European Economic and Social Committee had a deep discussion about employee financial participation, leading to its Own-Initiative Opinion SOC 371 on Employee Financial Participation in Europe, on October 21, 2010. In its opinion, the EESC calls on the European institutions and governments for a renewed initiative in this matter "supported by the EU budget through a dedicated budget heading".**

3. **A first decision was already taken in this sense in 1999.**

At this time, the Parliament decided to add a third sub-program for employee financial participation (EFP), beside the sub-programs dedicated to Social Dialogue and to Industrial Relations within budget line B3-4000. During the discussions within the Parliament, it was said that some 2 million Euro should go to this new sub-program annually. In addition, a fourth sub-program appeared in 2000, for Corporate Social Responsibility. The sub-program for EFP was later moved from heading B3-4000 to headings 04.04.01.03 and later again to 04.03.03.01.

The fact is that sub-program EFP was continuously discriminated compared to other ones and the 2 million Euro were never duly allocated (see table in appendix).

4. **A well dedicated budget heading in place of just a sub-program will express the will to pay higher attention and transparency to employee ownership and financial participation.**



LETTER OF INVITATION



ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
PARLEMENT EUROPÉEN PARLAIMINT NA HEORPA PARLAMENTO EUROPEO EIROPAS PARLAMENTS
EUROPOS PARLAMENTAS EURÓPAI PARLAMENT IL-PARLAMENT EWROPEW EUROPEES PARLEMENT
PARLAMENT EUROPEJSKI PARLAMENTO EUROPEU PARLAMENTUL EUROPEAN
EURÓPSKY PARLAMENT EVROPSKI PARLAMENT EUROOPAN PARLAMENTTI EUROPAPARLAMENTET

Brussels, 7th February, 2012

Dear Colleague,

With the cooperation of the European Federation of Employee Share Ownership (EFES), I am delighted to invite you to a public hearing in the European Parliament, about:

"A European policy for employee ownership and participation"

The hearing will take place on March 22, 2012 from 9:00 to 12:00 in Brussels.

It is a continuation of the Own-initiative Opinion of the European Economic and Social Committee (EESC) which recently called for a new European initiative on this topic.

It will bring together representatives of the Parliament, the Commission, the European Economic and Social Committee, social partners, enterprises and experts.

Please find enclosed a short presentation and the draft programme.

For the practical organization, would you please confirm your participation, before March 8 through the EFES' secretariat (efes@efesonline.org).

Pervenche Berès

PUBLIC HEARING IN THE EUROPEAN PARLIAMENT

A EUROPEAN POLICY FOR EMPLOYEE OWNERSHIP AND PARTICIPATION

BRUSSELS, 22 MARCH 2012
PROGRAM

- 9.00 – 9.30** **Welcome and registration**
- 9.30 – 9.45** **Opening and welcome speech**
The Parliament and employee ownership organizations
- Pervenche Berès, Chair of the Committee for Employment and Social Affairs
 - Guido Antolini, President, European Federation of Employee Share Ownership, Italy
- 9.45 – 10.15** **Companies**
What companies expect from a European policy.
- Max Stelzer, Voestalpine Arbeitnehmer Privatstiftung, Austria
 - Dominique Welcomme, Vivendi, France
- 10.15 – 10.30** **Questions and debate**
- 10.30 – 10.45** **Social Partners**
What social partners expect from a European policy – the initiative of the European Economic and Social Committee (EESC).
- Alexander Graf von Schwerin, EESC Rapporteur, Germany
- 10.45 – 11.15** **Promotion of employee ownership and participation in Europe**
Several countries already set up promotion centers.
- Marc Mathieu, European Federation of Employee Share Ownership, Belgium
 - Heinrich Beyer, Arbeitsgemeinschaft Partnerschaft in der Wirtschaft, Germany
 - Javier San José, Confederación Empresarial de Sociedades Laborales de España
 - Graeme Nuttall, Government Adviser for Employee Ownership, UK
- 11.15 – 11.30** **Questions and debate**
- 11.30 – 12.00** **A European policy and a dedicated budget line**
- Michel Barnier, European Commissioner – Internal Market & Services
 - Pervenche Berès, Chair of the Committee for Employment and Social Affairs

COLOPHON

ORGANIZATION:

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Secretary General
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