

# Employee share ownership plans

**BOOST YOUR EMPLOYER BRAND AND STRENGTHEN YOUR CAPITAL STRUCTURE**

Employee Share Ownership Plans (ESOPs) are incentive programmes which allow your employees to acquire shares of your company. ESOPs enable listed companies to incentivise their employees with regard to the company's results by allowing them to become shareholders. In addition to improving your company's corporate culture, ESOPs also reinforce the shareholding structure and increase employees loyalty.

## Incentivise your employees and boost your employer brand

- ESOPs are welcomed by employees as they send a positive signal and increase loyalty towards the company
- Employees are incentivised in the company's results which increases organisational commitment
- ESOPs align the interests of employees, shareholders and the company's management

## Raise capital within an attractive tax regime

- ESOPs can be a tool used to raise additional capital to finance the growth or strengthen the balance sheet of the company
- ESOPs often enjoy lighter tax schemes for both employers and employees, with conditions varying depending on the country
- Profit sharing from the company to the employees can take the form of free shares

## Optimise and consolidate your shareholding structure

- Employee share ownership reinforces and stabilises your shareholding structure
- ESOPs can contribute to strengthening the loyalty of long-term investors

## POINTS TO NOTE

- Beyond certain thresholds, shares allocated to employees can reduce the number of shares available for trading
- Benefitting from tax shields often implies constraints on the holding period for employees
- The risk of immediate sale of shares by employees can be managed through the use of lock-up mechanisms
- Depending on the size of the deal, employee shareholding plans might have a marginally dilutive effect on the company's capital

## HOW TO IMPLEMENT ESOPs

ESOPs can be put in place in various forms, such as:

- Capital increase reserved for employees
- Free share allocation plan
- Stock option scheme

**€10bn**

raised by 168 issuers through

**488 ESOPs**

on Euronext markets since 2016.

Among these deals, more than 38% were initiated by SMEs.



## CASE STUDIES



### Listed on Euronext Paris

In 2018, as part of the public launch of its 2030 goals, Danone announced its “One person, One voice, One share” program, under which each employee will be granted one Danone share, in combination with an annual, amplified dividend-based incentive scheme. Since 2016, the company has raised €215,3M through six deals. As of March 2020, 1.30% of Danone’s capital was held by employees.<sup>1</sup>

### Equity (€M) raised on Euronext

2019		76
2018		47
2017		47
2016		46



### Listed on Euronext Amsterdam

Following its merger with Dutch Star Companies ONE, four ESOP plans will be established in the future. After the completion of the business combination on 21 February 2020, 36.836 shares were granted to CM.com staff representing 0.1% of CM.com’s capital. On Euronext Amsterdam, CM.com raised €500k.<sup>2</sup>

### Equity (€k) raised on Euronext

2020		501
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### Listed on Euronext Brussels

To strengthen ties with them, KBC Group NV carries out on a yearly basis a capital increase reserved for its employees and the employees of certain Belgian subsidiaries. Hence, in the last five years, KBC Group increased its capital by €72.78M through five ESOPs.<sup>3</sup>

### Equity (€M) raised on Euronext

2020		16
2019		15
2018		27
2016		14

## CONTACTS

### Your dedicated Listing contact

Euronext’s dedicated listing specialists are happy to answer any questions your company may have regarding your day-to-day life as a listed company on Euronext markets and your financing projects.

Please find your dedicated contact here:  
<https://www.euronext.com/contact-us>



### Your Corporate Actions specialist

The Euronext Corporate Actions team embraces all financing or reorganisation events that might affect your stock price. Sitting at the heart of execution for key European deals, our Corporate Actions team has developed a unique expertise in managing and successfully delivering the most complex deals on the Continent. Leveraging on this high-calibre know-how, we offer high availability in a variety of languages to cater to your needs.



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Sources: [1] Danone 2019 Annual Report & Cofisem 26 March 2020, [2] Dutch Star Companies ONE 02/20/2020 Press Release 20 February 2020 & DSCO Shareholders Circular from 9 January 2020, [3] KBC Annual Report

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