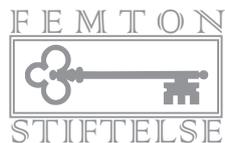


EMPLOYEE  
CO-OWNERSHIP  
*by FEMTON Stiftelse*

CONCEPT  
DESIGN  
GOVERNANCE





## *Employee co-ownership: the concept and advantages*

Employee co-ownership is the model in which the share capital of a business is partly owned by its workforce either through:

- *direct (individual) share ownership*
- *shares held in foundation on behalf of and for the benefit of employees*

The popularity of employee co-ownership is based on the growing evidence of its benefits and are characterised by their *higher productivity, greater levels of innovation essential impact on organizational performance and individual wellbeing*

## *Effects, Impact & Outcomes:*



*Employee co-ownership is a proven and most prominent alternative ownership model*

## *Employee co-ownership: reasons and benefits*

### *for Founder or Major Shareholder*

- *Greater entrepreneurship, innovation, talent attraction and retention*
- *Employee co-ownership is a way to preserve the integrity and continuity of the business, a good way to prevent a takeover*
- *Employee buy-out is one of the main business succession options for company owner*
- *Employee buy-outs tend to have a better record of sustainability*
- *A durable solution in case of handing over the family business to the next generation, acknowledging the contribution of employees*

### *for Employees*

- *Ownership with people who know the business and helped to build it up*
- *Owning company makes employee less likely to quit, more committed to work, more motivated and involved*
- *Higher levels of job satisfaction, feel a greater sense of achievement and increased wealth*
- *Improved job security*
- *Employee co-owned business tend to be better place to work*

*Sustainable business performance  
and improved customer confidence*

## *Employee co-ownership: different models*

### *Direct (individual) co-ownership*

- Each employee becomes an individual shareholder, personally holding a specified number of shares

### *Indirect (fiduciary) co-ownership*

- Shares are held collectively on behalf of employees in a foundation, which must manage the shares in the best interests of the employees

### *Hybrid co-ownership*

- Combines ownership of a strategic block of shares in a foundation with individual share ownership

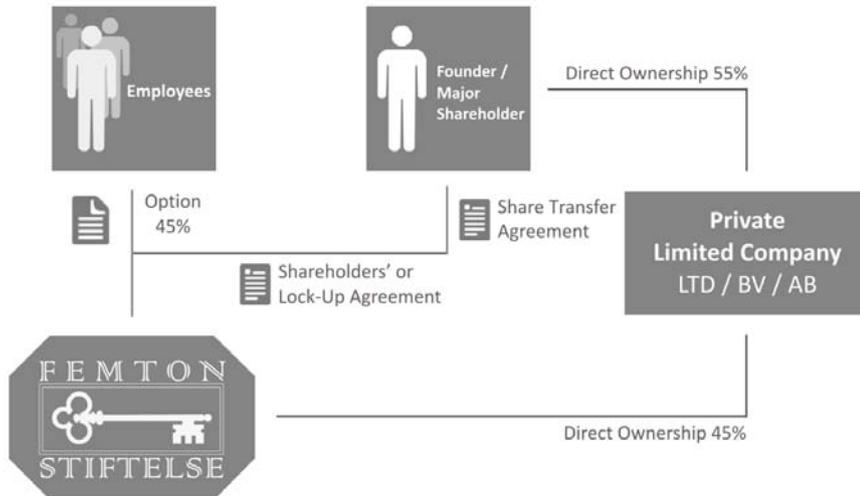
## *Indirect (fiduciary) co-ownership: how it works?*

- Founder or major shareholder (seller) transfer shares to foundation
- Company profits are paid to foundation and then used to finance payments to seller. As an option, this may be over a period of time after the foundation's purchase and the seller is not paid in full immediately
- Foundation holds shares for the benefit of employees
- Employees hold the option to buy or receive their shares
- In case employee exercise the option, foundation transfers shares to employees

## Foundation as fiduciary ownership vehicle: case study



- *In order to bring the spirit of entrepreneurship and innovation, the owner decides to sell shares to employees, acknowledging their contribution to the company*



- *Consider how many shares should be transferred to employees*
- *Engage FEMTON Stiftelse as fiduciary ownership vehicle*
- *FEMTON Stiftelse purchase shares from the founder / major shareholder and issue the call options for employees*
- *Employees are entitled to receive income from their shares through FEMTON Stiftelse and have a right to receive shares at any convenient time by exercising the call option*

## *Employee co-ownership: conclusion*

- Employee co-ownership:
  - ✓ *is an incredibly effective ownership model*
  - ✓ *is an established business model that works around the world*
  - ✓ *has been shown to boost profitability, productivity, job security and employee wellbeing*
  - ✓ *is making a vital contribution to economic growth in challenging economic times*
  - ✓ *is a model that works across a whole range of sectors and at any stage in the life of a business from start up to mature businesses seeking a viable succession route.*
  
- Employee co-owned businesses are at the forefront of innovation
  
- Employee co-ownership can be implemented easily and can be readily tailored to the circumstances of an individual organisation
  
- Employee co-ownership is a better form of business

FEMTON  STIFTELSE

3009 Föreningsgatan 28  
211 65 Malmö, Sweden

[info@femton.foundation](mailto:info@femton.foundation)  
[femton.foundation](http://femton.foundation)