

## **Fieldfisher exports the UK's employee ownership success**

Employee ownership, especially the employee ownership trust (EOT) model, is a successful UK concept. It is a business succession idea that can work incredibly well for a business, its employees, the communities in which the business operates and the former owners. In 2012, the UK Government asked Fieldfisher partner, Graeme Nuttall OBE's advice on how to grow UK employee ownership. Since the ['Nuttall Review of Employee Ownership'](#) and the Government's acceptance of his recommendations, especially those to support the trust model, the UK sector has grown from about 140 to over 1,650 employee-owned companies (EOCs). The findings of the ['EO Knowledge Programme'](#) provide clear evidence of the benefits of employee ownership. This success is encouraging other countries to look more closely at developing employee ownership policy. The most recent example is Canada which has announced a tax incentive for sales to an EOT. Its November 2023 [Fall Economic Statement](#) proposes to exempt the first \$10 million in capital gains realised on the sale of a business to an EOT from taxation, subject to certain conditions.

Fieldfisher partner Graeme Nuttall OBE has written about ['How the UK is encouraging employee ownership internationally'](#) (Fieldfisher, 2022). In this interview with John Hoffmire, Graeme explains more about exporting the UK's employee ownership success and Fieldfisher's role in this public policy work, alongside its Employee Ownership Solutions advisory practice.

*Q. Fieldfisher is a European law firm. Why is Fieldfisher supporting the export of the EOT model to Australia, Canada and other countries?*

A. Promoting employee ownership in countries where Fieldfisher does not have offices should add to our overall "EO" reputation. It also fits in with our approach to wider corporate purpose. As our managing partner, Rob Shooter, says in relation to our 'ESG' aims. "As a law firm, we are in a privileged position of having the resources, skills and influence to make a difference". This is particularly true in relation to the insights we have from promoting employee ownership policy in the UK and advising clients for 40+ years on creating and sustaining employee ownership.

*Q. What are recent examples of Fieldfisher supporting employee ownership policy work?*

A. First, I can give examples of helping with research, to explain what's happening in the UK to an international audience. I contributed to an important comprehensive academic article on the healthy state of ['Employee ownership in the UK'](#), by Professors Andrew Pendleton and Andrew Robinson. This was published in the international Journal of Participation and Employee Ownership (JPEO) and is available on an open access basis. I have joined the editorial team of this journal as an Associate Editor. I presented at a Rutgers University-Kellogg College joint international employee ownership [research event](#) in Oxford in September 2023 on 'What research can do to improve the health of EO'. I am also on the UK Employee Ownership Association's 'EO Knowledge Programme' Oversight Board, a research programme where Fieldfisher is a Supporting Partner.

Second, speaking at events to attract and develop momentum on "EO" policies, especially to new audiences. I spoke at this year's [World Complexity Science Academy](#) Conference in Brussels on employee ownership's associations with wider corporate purpose as part of a session on the Implications of Extended Corporate Governance and Economic Democracy on Sustainability. I gave a key note talk in Ireland at Irish ProShare (IPSA)'s [event](#) to celebrate [Employee](#)

[Share Ownership Day 2023](#). IPSA has added EOTs to its agenda and I supported the launch of that initiative.

Third, is practical assistance, explaining the EOT model and developing and adapting it for use in other countries alongside a local “working group”, such as the one I belong to in Australia. Employee Ownership Australia has a wealth of explanatory materials on EOTs on its website: [Employee Ownership Trusts - Employee Ownership Australia](#). This includes 'A practical guide to preparing for employee ownership in Australia' co-written by Fieldfisher and King & Wood Mallesons. A lot of this guidance applies to employee ownership in any country. My Fieldfisher colleagues co-wrote guidance on employee ownership bonuses with Cwmpas for [Employee Ownership Wales](#). Geoffroy Galea, a Fieldfisher Belgium partner is in discussion with the European Federation of Employee Shareholders on introducing the EOT model in Belgium using a Foundation.

Fourth, is supporting the development of employee ownership policy ideas. This is where networking helps and bringing together government officials and other policy makers. The USA has had regulatory support for employee ownership as a business succession solution far longer than the UK. Other countries, such as Spain, have their own approach. There's a lot to learn and share. This is the role of the Oxford Symposium on Employee Ownership which is co-organised by the Center on Business and Poverty, Employee Ownership Foundation and Fieldfisher. This Summer [government officials convened at Fieldfisher's London HQ](#) to prepare them for two days of collegial discussions at the Oxford Symposium on Employee Ownership 2023. This preparation included, among other talks, overviews of the legal and tax aspects of employee ownership in the USA and UK, respectively, from Ken Serwinski, Chairman and Co-Founder, Prairie Capital Advisors, and Mark Gearing, Partner, and Jessica Kilkelly, Associate, in Fieldfisher's Employee Ownership Solutions Team. The full London preparatory programme is [here](#). In Canada, for example, when it looked as though the Canadian Government would

introduce EOTs, but without extensive tax support, I joined with the President of The ESOP Association, Jim Bonham, in writing an opinion piece in the Toronto Star called ['Canada's federal budget takes a step toward employee business ownership, but they need to get it right'](#). We made the case for a tax benefit and said, in particular, that it "legitimizes what for most in the business community is an unknown business model, and forces advisers to mention employee ownership trusts when a client asks about succession options or risk dereliction of their professional duty".

Q. What are the key things needed to grow employee ownership in a country?

A. In my [One Year On Report](#) for the UK Government I provided a checklist. There are, however, two essential elements in that checklist for growing employee ownership:

- The first is to have the necessary champions of employee ownership in each country, and
- The second is to have a clear idea of the employee ownership model or models that work in that country.

Everything else in my checklist fits in around these two pillars. This was the theme of my closing address at the Oxford Symposium on Employee Ownership 2023. If a government expresses interest in promoting employee ownership, it will want to know what model or models of employee ownership to support and whether there are any regulatory obstacles.

Q. What are the prospects for more countries adopting employee ownership policies?

A. The prospects for more countries adopting employee ownership policies are really good. The growth in employee ownership in the USA and UK is driven by the success of employee ownership as a business succession solution. Other countries need this solution. What works in the USA and the UK can, essentially, work elsewhere. As Canada has shown, there's no need to re-

invent the wheel. Although, inevitably a country will develop their own employee ownership model. I look forward to seeing what happens in Slovenia, which is well-advanced with its "[SloESOP](#)" and was represented at this year's Oxford Symposium by its Institute for Economic Democracy and Igor Feketija, The State Secretary, Minister of Labour, Family Social Affairs and Equal Opportunities. There were 10 countries represented at the inaugural Oxford Symposium on Employee Ownership in 2022. In 2023 over 20 countries were represented. The support network is building to grow employee ownership internationally. The feedback is, we helped inspire new champions to take employee ownership forward in their country.

Interviewer John Hoffmire is Vice-Chairman of the Center on Business and Poverty and a Research Associate at the Oxford Centre for Mutual and Co-owned Business, Kellogg College, University of Oxford.

Fieldfisher partner Graeme Nuttall OBE is on the Center on Business and Poverty's International Board of Advisors, an Executive Fellow at Rutgers Institute for the Study of Employee Ownership and Profit Sharing and a Visiting Fellow of Kellogg College.