

CANADA - ABOUT ESOPS

https://www.esopcanada.ca/content.aspx?page_id=22&club_id=925161&module_id=409825

An Employee Share Ownership Plan (ESOP) allows employees, who qualify, to purchase shares in their employer's company, with or without monetary assistance from the company.

Employees can acquire shares and ownership through an ESOP that can range from one percent to 100 percent.

The key aspect is that employees have an ownership stake in the company they work for and share in the risks and rewards that accrue to it.

WHAT ARE ESOPS USED FOR?

ESOPS are an excellent tool to help recruit and retain talent, improve productivity and employee engagement (ESOP Culture).

ESOPS also represent a viable method for business owners wishing to retire or sell their business (Succession Planning).

ESOPS allow participating employees to build long term wealth and may also be a great source of capital for the company.

ARE THERE DIFFERENT TYPES OF ESOPS?

Yes. There are three main tools companies can use to create an ESOP.

These are:

- 1) Equity shares - participate in share ownership
- 2) Stock options - typically the right to purchase shares in the future
- 3) Phantom plans - many of the benefits of stock ownership without actually giving any company stock

Depending on the company and its goals, one or all three of these tools may be used.

WHICH CANADIAN COMPANIES HAVE ESOPS?

ESOPs are found across Canada, from small and medium-sized privately owned businesses to large publicly traded firms.

Some of Canada's most admired companies have ESOPS, including Friesens, PCL Construction, and Golder Associates.