



## **MEDIA RELEASE**

### **SHARE PRICE OF EMPLOYEE-OWNED COMPANIES** **OUTPERFORMS ASX200**

***New index shows employee-owned companies command a higher share price and have better environmental, social and governance standards***

**SYDNEY, FEBRUARY 14, 2017:** Companies with a strong employee ownership culture command a significant share price premium over their publicly listed peers, according to the Employee Ownership Australian (EOA) Index launched today.

An initiative of Employee Ownership Australia, the EOA Index tracks the share price of listed companies with high levels of employee ownership (EO) and compares it to the ASX200.

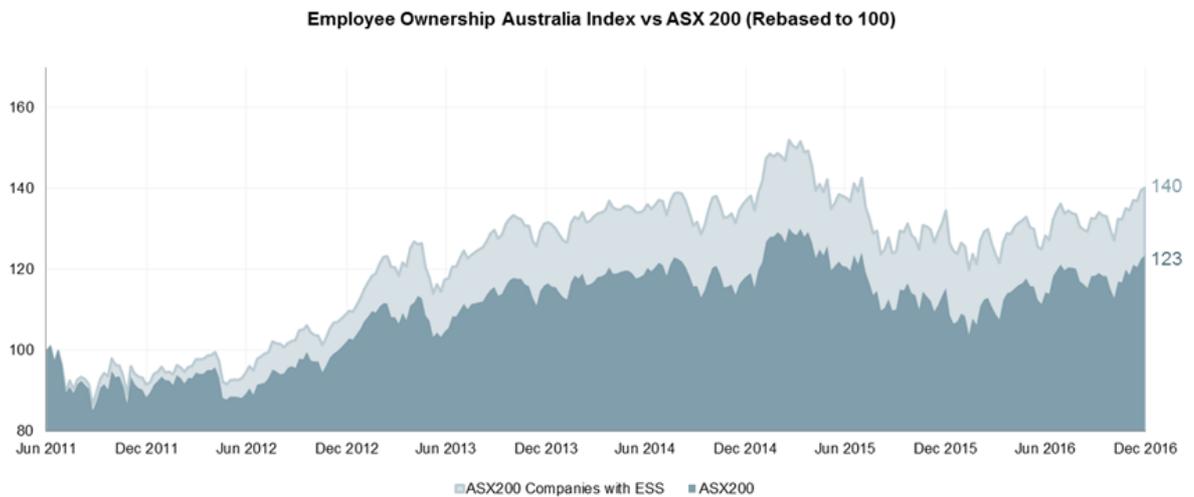
#### **Key findings**

- Employee-owned companies command a 17% share price premium
- They are twice as likely to show clear evidence of equal opportunity systems
- They outperform or match the ASX 200 in 3 out of 5 social sustainability factors

#### **EO companies command a 17% share price premium**

In the last five and a half years, the share price of the EOA Index companies increased by 40 per cent, compared to just 23 per cent for the ASX 200. This means companies with high levels of employee ownership command, on average, a 17 per cent price premium over their listed peers.

Table 1: The EOA Index v ASX 200 - June 2011 to December 2016



Ms Angela Perry, Chair of Employee Ownership Australia and New Zealand said investors and companies should look favourably on any company that promotes employee ownership.

“Employee ownership delivers numerous advantages to companies and this research shows clear productivity improvements. Investors also benefit from employee owners that are more engaged more focused on gender and diversity, training, job security and sustainability.”

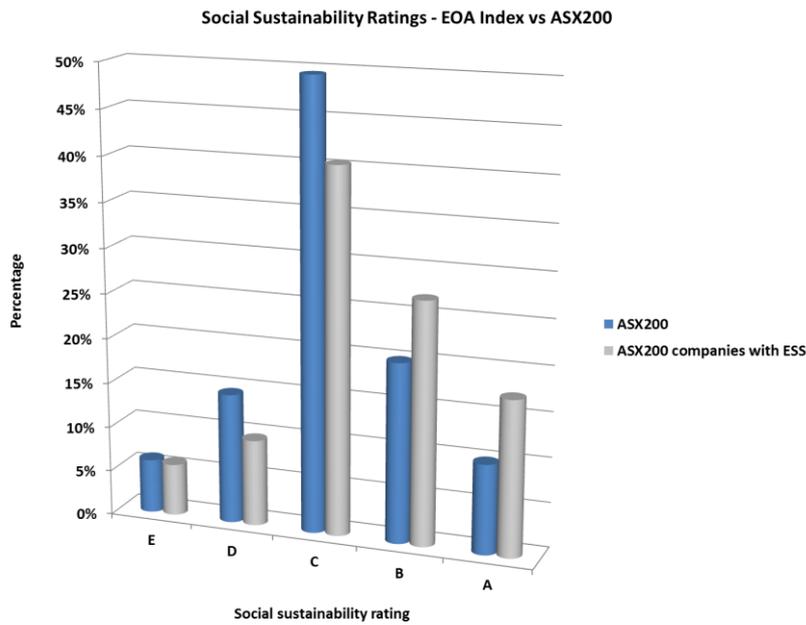
“Employee ownership also helps employees become owners of the companies they work for and in doing so creates saving and spreads wealth,” Ms Perry said.

### **Strong link between EO and ESG**

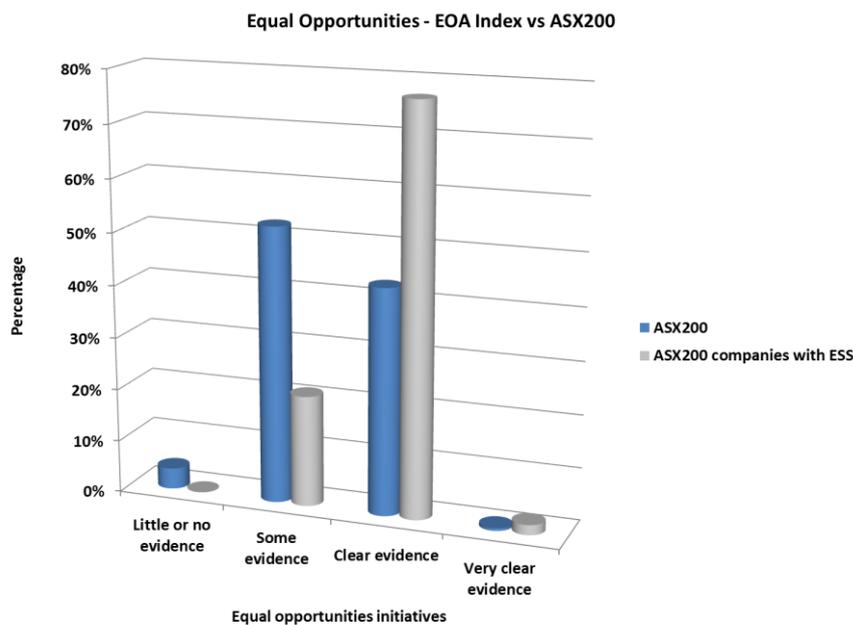
There is a strong link between companies with a robust employee ownership culture and their environmental, social and governance (ESG) standards, according to independent research conducted by CAER.

The CAER research shows EOA Index companies outperformed the ASX200 on social sustainability as well as equality of opportunity.

**Table 2: Employee ownership and social sustainability<sup>1</sup>**



**Table 3: Employee ownership and equality of opportunity**



Ms Julia Leske, CEO of CAER said a healthy employee ownership culture is attractive to responsible institutional investors.

<sup>1</sup> The ratings range from 'A', indicating market leaders to 'E' indicating laggards. The social sustainability rating considers issues including corporate risks, commitments, communications and performance relating to employees, external stakeholders (communities, customers, suppliers) and human rights.

“CAER’s research shows companies with employee ownership schemes also have better social and equal opportunity standards.”

“This is particularly important to fund managers that incorporate ESG into their investment considerations.”

“Responsible investors should be looking for companies with high levels of employee ownership because their broader social sustainability performance is better ” Ms Leske said.

### **Methodology**

To be included in the Index a company needs an employee ownership scheme that is open to all its workforce, with at least 30 per cent of employees participating. Fifty two companies from the ASX200 meet this criteria. The share price of this cohort of companies is then tracked against the full ASX200.

Like the ASX 200 index, the EOA Index is weighted by market capitalization. The index was designed to ensure a large company or a single industry could not overly influence the results.

The EOA Index will be calculated monthly and published bi-annually.

### **MEDIA CONTACT:**

Erin Clare ph:0405 258 868, [media@thoughtbroker.com.au](mailto:media@thoughtbroker.com.au)

Parnell McGuinness ph 0412 22 82 82, [parnell.mcguinness@thoughtbroker.com.au](mailto:parnell.mcguinness@thoughtbroker.com.au)

### **ABOUT EMPLOYEE OWNERSHIP AUSTRALIA AND NEW ZEALAND**

Employee Ownership Australia and New Zealand (EOA) was formed in July 2011 to be the voice on employee share ownership issues and a centre of excellence for companies seeking to implement or support employee share ownership.

The EOA is an organisation focussed on engaging with and helping companies that have or want to implement employee ownership or employee share plans. EOA is independent and entirely member funded.

For more information, please visits: <http://www.employeeownership.com.au/>

## **ABOUT CAER**

CAER is an ESG research house established in 2000. CAER's mission is to raise the level of awareness of responsible investment in Australia through providing tailored, independent, quality research services, enabling informed investment decisions. Through CAER's exclusive partnership with Vigeo Eiris, investors can access a broad range of environmental, social and governance (ESG) criteria and related analysis. CAER also operates the Corporate Monitor platform, a service for financial advisers and SMSFs.

For more information, please visit: <http://caer.com.au/>