GLOBAL SHARE PLAN RANKINGS REPORT 2024 - 2025

GLOBAL SHARE PLAN RANKINGS STUDY

A country-by country view of support for equity-based compensation

SPONSORED BY

KPMG

THANK YOU TO OUR FOUNDING SPONSORS

Arnold Bloch Leibler Lawyers and Advisors

Baker McKenzie.

KPMG

LUCID

RUTGERS

Tapestry

CONTENTS

INTRODUCTION

RESEARCH FINDINGS

This second edition of the Global Share Plan Rankings Report continues to explore how different countries support broad-based employee share schemes (ESS), building on the findings of our inaugural study. ESS—defined broadly in this report to include all forms of employee equity incentive arrangements, not just traditional share plans—are widely acknowledged for their positive impact on both employees and businesses. Extensive research links these programs to improved employee retention, higher engagement, increased productivity, and stronger financial outcomes such as revenue growth and return on investment.

By giving employees a stake in their company's success and a pathway to long-term wealth creation, ESS serve as a powerful tool to attract, retain, and motivate talent. However, the adoption and effectiveness of ESS depend heavily on national tax, employment and securities laws, economic and political factors, as well as cultural attitudes toward equity participation.

This study evaluates four key country characteristics to assess the level of support for, and receptivity to ESS. By ranking countries against these factors, the report highlights jurisdictions that are leading the way, identifies those where policy and regulatory reforms could strengthen the environment for employee ownership, and points to countries where it is currently easier for companies to launch and operate new plans.

METHODOLOGY

The Global Equity Organization's (GEO) Academic and Government Council (the 'Committee') conducted the research in collaboration with a project team of global equity compensation specialists (Project Team). The Project Team designed a survey of 25 questions to measure the level of receptivity of the country's operating environment to employers adopting, and employees participating in ESS (Appendix A).

Local subject matter experts involved in the design, implementation, and administration of ESS in each country were identified. They collaboratively evaluated each survey question, leveraging their country specific expertise, on a standardized scale ranging from 1 to 5, with 5 denoting the highest rating and 1 indicating the lowest, as shown below. Their ratings (as moderated and standardized by the Project Team) are published below. The list of contributing subject matter experts is published at Appendix B.

The local subject matter experts were also asked to provide a short, written essay to accompany their survey responses. These essays are published on the GEO website and accessible to GEO members.
In 2024-25, 33 countries were assessed from multiple global regions.

KEY

1 Strongly disagree	This factor needs to be significantly improved to make businesses and employees receptive to ESS.
2 Disagree	This factor needs to be improved to make businesses and employees receptive to ESS.
3 Neutral	This factor neither persuades nor dissuades businesses and employees in this country from participating in ESS. There is room for improvement.
4 Agree	This factor generally encourages businesses and employees to be receptive to ESS, but there is some room for improvement.
5 Strongly agree	There is no material room for this factor to be improved to make businesses and employees receptive to ESS.

YEAR-ON-YEAR COMPARISONS

As this report moves into its second edition, a key objective is to begin tracking year-on-year changes in country rankings and scores to identify trends in receptivity to ESS over time.

To ensure meaningful comparison:

- **Consistent core methodology:** The core structure of the survey—based on expert evaluations of a standardized set of characteristics—has been retained to allow for direct comparison between this and prior editions.
- **Refinements acknowledged**: Where refinements to the methodology have been made—such as the removal of the "Miscellaneous Considerations" characteristic included in 2023–2024—these changes are clearly documented and taken into account when analyzing year-on-year movement. Scores from previous years have not been retroactively adjusted.
- **Caution in interpretation:** Readers should interpret score changes in light of these refinements, as well as any change in the number or makeup of participating countries (for example, 26 in 2023–2024 and 33 in 2024–2025). Some variation may also result from some panels of local experts differing in the second year. This will have provided different perspectives which have led to some variance in the rankings and a re-ranking of some countries.
- **Focus on directional trends:** The report emphasizes directional movement—such as improvements or declines in a country's score or position—rather than exact point changes, especially in cases where methodological or question changes may have influenced outcomes.
- **Ongoing refinement:** As the study continues to mature in future editions, we will work toward even greater consistency and transparency to support longitudinal analysis, while still allowing for methodological evolution where needed.

It is the Committee's intention that over time, the Global Share Plan Rankings Report will offer a robust longitudinal data set, capable of revealing policy trends, regulatory shifts, and the growing or waning support for ESS in countries worldwide.

ABOUT THE 2024 - 2025 ESS FINAL COUNTRY RANKINGS

Figure 1 displays the conclusive list of countries, ranked from highest to lowest, based on the overall average scores (1 – 5) for the 25 questions assessed for each country.

Following this comparison, a summary of responses for each question is presented illustrating the range of responses from the highest to lowest rated countries. Additionally, individual rankings for each of the four Characteristics covered in this report are outlined.

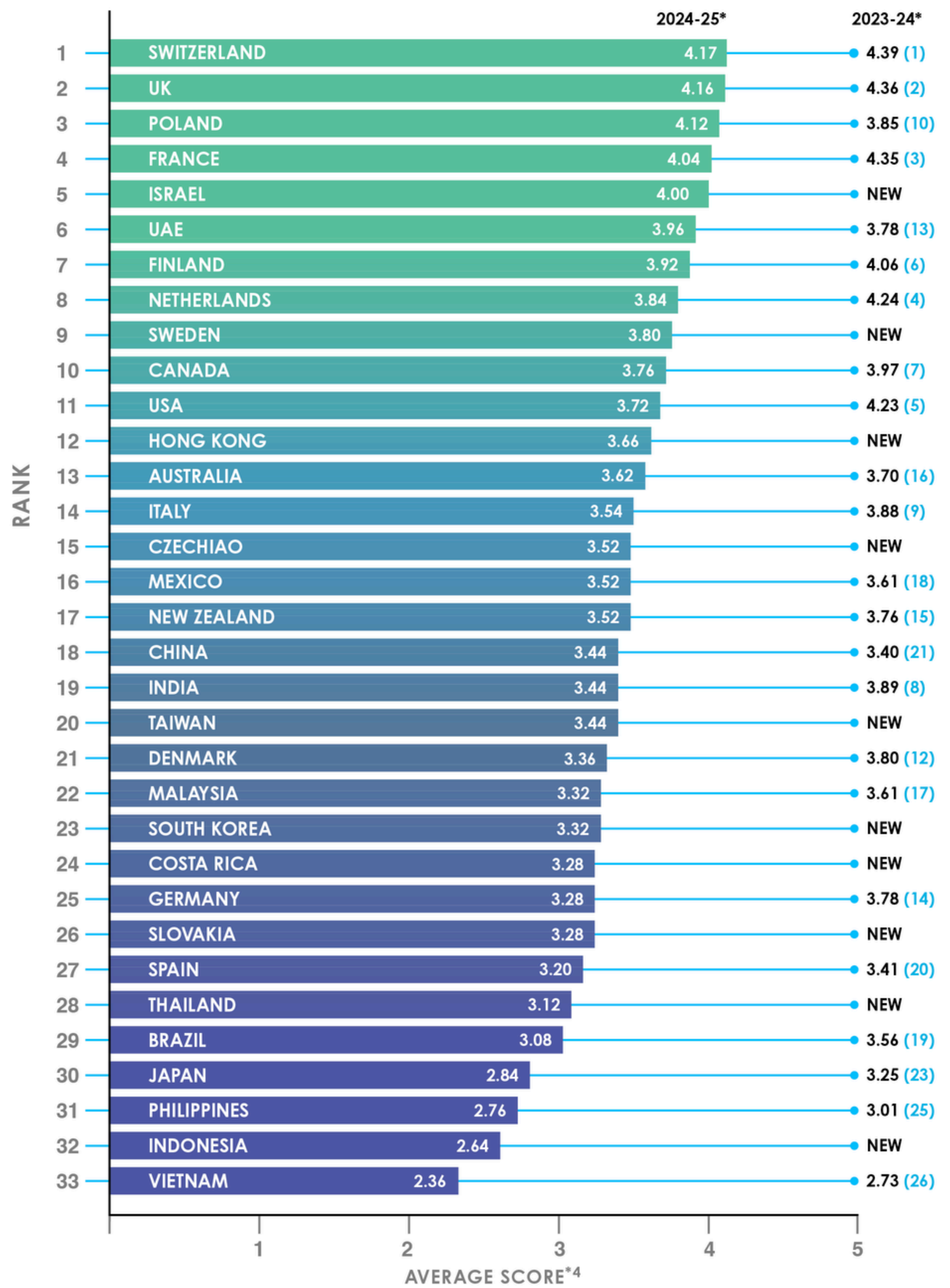
These final country rankings aim to spotlight best practices from higher-ranked countries that foster an environment that supports the creation and expansion of ESS and identify practices and policies in lower-ranked countries that can be improved. It is the Committee's aspiration that providing this research will prompt more countries to adopt policies and enact new law and regulations to stimulate the growth of ESS globally and participate in future studies.

AUTHORS

Leann Balbona, FGE, Managing Director, **KPMG LLP**
Shaun Cartoon, FGE, Partner, **Arnold Bloch Leibler**
Bill Castellano, Ph.D., **Rutgers University (Lead Author)**
Matt Connor, FGE, Director, Global Equity Management, **Lucid Motors**
Eileen Liu, Lawyer, **Arnold Bloch Leibler**
Lindsay Minnis, Partner, **Baker McKenzie**
Hannah Needle, FGE, Legal Director, **Tapestry**
Kate Scorer, Managing Director, **GEO**
Wai Wai Thway, Research Assistant, **Rutgers University**

2024 - 2025 ESS FINAL COUNTRY RANKINGS - FIGURE 1

(#) denotes ranking of country in specified year



* (#) denotes ranking of country in specified year.

GLOBAL SHARE PLAN RANKINGS STUDY

ANALYSIS OF RESPONSES

What follows is the Project Team's summary and analysis of the local country experts' survey and essay responses.

ANALYSIS OF TAXATION RESPONSES

TAX SURVEY

1. **The country offers effective and targeted concessions for grants of equity to senior executives**
2. **The country offers effective and targeted tax concessions that apply to broad-based, or all-employee plans**
3. **The country offers effective and targeted tax concessions that apply to equity incentive plans set up by start-up companies**
4. **The country does not impose any dry-unfunded tax charges on equity interests**
5. **The country provides effective tax concessions in the event of a corporate action, so that there is no immediate taxing point for the participants**
6. **The country's tax laws effectively facilitate the operation of share plans for both listed and unlisted companies**
7. **The country has effective tax reporting rules for employee share schemes**
8. **The country has effective tax withholding rules for employee share schemes that allow employers to withhold tax that may be payable by the participant**
9. **The country's tax laws in relation to equity plans are easily understood by participants**
10. **The country's tax laws accommodate internationally mobile employees (inbound and outbound)**
11. **The country's tax laws allow employers to grant equity interests to a nominee or trustee to hold on behalf of, or for the benefit of the participant**
12. **Companies operating in the country are readily able to claim tax deductions for the costs of operating share plans**

OVERALL TAXATION ANALYSIS

The Project Team considers that a country's tax regime is a significant factor which may increase the receptivity of employers adopting, and employees participating in ESS.

In the rankings, the Project Team looked at countries where there were developed tax regulations specifically related to ESS, which facilitate the design of ESS and the delivery of awards in country. It allows companies to better plan and address compliance because the rules are definitive and easier to operationalize.

Specifically, the Project Team observed that equity-based compensation would be encouraged in a country which had a tax system that offered concessionary tax treatment for equity compensation compared to other types of remuneration (e.g. cash wages). The Project Team also considers that ESS participation is particularly encouraged where tax concessions exist broadly for grants of equity to all workers including, employees, directors and contractors, regardless of their seniority, and where targeted tax concessions are available to start-up companies.

Overall, many of the surveyed countries' tax laws appeared to facilitate the operation of ESS for both listed and unlisted companies, but there seems to be a great need for improvement in general. For example, the country experts in the Netherlands noted the Netherlands levies wage / income tax on equity-based compensation at different times and different rates.

To determine the taxable moment and the tax rates that apply, it is important to assess the position of the participant (e.g. employee, independent contractor, manager working via their personal company, mobility, et cetera), and to identify the type of plan. In addition to wage / income tax, social security premiums may apply, which are capped under Dutch social security law.
There was also a large variance in responses regarding whether a country has simple tax reporting rules for ESS. The country experts for Switzerland noted the reporting obligations in Switzerland are extensive and stated in the law. However, they might be often difficult to understand, especially for international companies and foreign employees.

REPORTING AND COMPLIANCE

The Project Team further observed from the reports of country experts that ESS participation is encouraged in countries where the tax assessment and reporting rules are simple and are easily understood by both issuers and participants and where the tax system provides the issuer with the flexibility to withhold taxes on equity interests provided to employees.

The employment income deriving from such schemes is calculated by the employer and reported as part of the overall employment income of the employee.

Whereas in the USA, the country experts reported that the reporting rules are reasonably understandable for issuers but are often difficult to understand for participants. In the UK mandatory reporting must be made to the UK tax authority annually, giving details of options/RSUs awarded and shares acquired on exercise/vesting during the year. Reporting is straightforward for simple plans but can be complex for more sophisticated equity plans.

The Sweden country experts noted, in general the reporting for share-based plans follow the same guidelines of the reporting as other types of earnings and income. The reporting rules are reasonably understandable for experienced, domestic issuers. However, they may be difficult to understand for some participants and foreign issuers.

There was also a large variance in responses regarding whether a country has tax withholding rules for ESS. Finland country experts noted that in that jurisdiction, there is published guidance relating to their tax withholding rules. In Japan, the country experts noted Japanese tax law has certain complexities regarding withholding tax implications for employee share schemes. And Danish tax laws do not require or readily allow for employers to withhold income taxes related to share-based incentives.

Social taxes are another layer of taxation that has to be considered, and more countries are looking at social taxes as potential revenue raisers where we may see more uncapped social taxes on wages including equity in general.

PARTICIPANTS

Overall, there is variance regarding whether a country's tax laws in relation to share plans are easily understood by participants, there seems to be a lot of confusion and a need for better clarification. Whereas Poland's tax laws in relation to equity plans are easily understood by participants, other country experts noted that participants find it difficult to understand how their share plan income is taxed, e.g. USA, and that getting expert independent advice was often recommended, e.g. Australia.

MOBILE EMPLOYEES

There was an equally large variance in responses on whether a country's tax laws accommodate internationally mobile employees (inbound and outbound). The Netherlands country experts noted that their jurisdiction has an extensive network of tax treaties, offering relief for double taxation between the countries involved. The UK country experts noted, international mobile employees are catered for under the UK tax rules. While there may be some complexity, the rules are generally understood. However, recently introduced changes to the taxation of internationally mobile individuals based on residence rather than domicile may result in some uncertainty and confusion.

In Denmark, there are complicated tax implications associated with moving in and out of Denmark with equity grants, as Denmark operates both exit taxation and trailing tax liability. Settling tax in cross border situations requires expert tax advice. USA country experts noted that tax laws there can accommodate for internationally mobile employees.

However, these laws are difficult for participants and issuers to understand, including the USA states, which adds another layer of complexity. The USA country experts highlighted that, unlike most other jurisdictions, the USA generally taxes USA tax residents on worldwide income regardless of where that income is earned.

EXECUTIVES

Overall, in the surveyed countries, the country experts noted that tax deferrals or concessions for grants of equity given to senior executives are typically part of a broader policy applied to other employees, e.g. Poland, Australia, and UK. Some of the country experts also reported that their countries do not specifically offer tax concessions for senior executives, e.g. Brazil. In Denmark, the country experts noted that Tax concessions are available in certain circumstances subject to caps and requirements, but these are not targeted towards senior executives.

Most of the country experts reported that their countries also offered tax concessions for all-employee share plans, with some limitations, e.g. Canada.

By contrast, country experts from a few countries also noted that their countries do not offer any tax concessions for ESS, e.g. Brazil, Vietnam and Malaysia. The UAE country experts also noted that their country does not currently impose corporate tax, personal income tax or withholding taxes. As such, there are no tax considerations when considering ESS.

START-UPS

Regarding tax concessions for startups, several country experts reported that their countries do not offer specific concessions. In the USA, country experts noted there is no specific qualified tax regime targeted to start-ups, but I.R.C. Section 83(i) may provide for a deferral of tax payment on certain eligible private company grants. In New Zealand, there also are no specific tax concessions available for startups, and country experts noted the cost of compliance with the rules for startups can be disproportionately high.

In Italy, it was reported by the country experts that the employment income originating from the grant of shares, restricted stock, restricted stock units, stock options and other financial instruments by innovative startup companies to their employees and directors is exempted from employment income tax and social insurance. Country experts in Australia noted, tax concessions are available in certain circumstances, and are generally effective when applicable but that the scope of these concessions is narrow, and many start –up companies do not meet the eligibility criteria for these concessions. It was also reported by the country experts that France, and Finland (among other countries) offer tax relief in connection with ESS interests granted by eligible startup companies in certain limited circumstances.

GLOBAL SHARE PLAN RANKINGS STUDY

STOCK OPTIONS AND DEFERRALS

The Project Team also considers the timing of when a participant is taxed to be critical to promoting ESS participation. In particular, the Project Team observed that if the employees were taxed on the grant or vesting of their options and were faced with a 'dry taxing event' rather than in connection with a liquidity event (e.g., on exercise or sale), the participants would be required to find external funding sources for their tax liability. This tax treatment may discourage the participants from participating.

Looking at the timing of when the countries tax the employees on their equity interests, as expected, a majority of experts reported that tax typically occurs in connection with a liquidity event, i.e. at exercise as opposed to grant or vesting and therefore reduces the risk of a dry tax charge for participants. Interestingly, the experts in Poland stated that share options are taxed at the moment of vesting and then at the moment of sale. However, it is possible to defer the moment of taxation to the moment of sale, if certain conditions are met.

From a tax perspective, the Project Team also considered it beneficial for effective rollover relief to be offered for ESS interests in connection with corporate actions. In this regard, most of the country experts reported that their jurisdiction either does not provide effective rollover relief or does so only in certain circumstances. For example, the country experts in Australia noted the tax legislation provides for rollover relief but is not available for all share scheme interests in all circumstances, but when it does apply, it is generally effective.

TRUSTS

On the question of whether a country's tax laws facilitate the use of trusts to hold employee shares, under German tax law, employers can grant equity interests to a nominee or trustee to hold on behalf of, or for the benefit of, the participant. Italian tax laws do not prejudice the use of trusts or other fiduciary arrangements properly structured. In Brazil, the country experts reported that there is no tax rule which specifically regulates the use of trusts to hold employee shares. Therefore, from a Brazilian tax legislation's perspective, this procedure is not prohibited. Frequently, companies use a trust in Israel to achieve taxation at sale treatment.

However, many countries' tax laws either do not permit or facilitate the use of trusts or do so only under limited circumstances. It was reported by the relevant country experts that Finland, France, Malaysia and Vietnam do not permit the use of trusts as an interposed entity in connection with ESS.

Country experts in Slovakia noted, trust or nominee structures are not recognized under Slovak law, they noted that any use of such structures is subject to the regular taxation rules for employment income and equity compensation. This sentiment was also echoed by the Korean experts who noted that Korean tax law does not facilitate and provide rules for the use of trusts to hold employee shares.

CORPORATE TAX DEDUCTION

Lastly, an assessment was conducted to determine if companies in each surveyed country were able to claim tax deductions for the cost of operating ESS. The Project Team observed that employers would be encouraged to offer equity as a means of compensation, where they are able to claim corporate tax deductions for the costs incurred in operating ESS.

Australia's tax laws generally allow issuers to claim deductions in respect of some costs incurred in operating share plans depending on the circumstances. In Brazil, the expenses related to share plans are deductible from the employer's Corporate Income Tax base.

Many other countries offer a corporate tax deduction under limited conditions. For example, in Germany, the country experts noted the employing entity may only deduct expenses related to the awards if it has borne the factual economic burden of such expenses and the expenses relate to its business. If the plan is operated by a foreign entity, the expenses must be recharged to the local subsidiary to take a deduction. As another example, the country experts from Hong Kong noted companies are generally able to claim tax deductions for recharge costs subject to satisfaction of the relevant conditions.

Having the appropriate recharge agreements in place is an administration effort that typically has to be in place to secure a corporate tax deduction in many countries.

TAXATION: SPECIFIC COUNTRY RANKINGS

Based on the overall average scores (1 – 5, with 5 being the highest) for the 12 questions assessing tax policies for each country, the final list of countries listed from highest to lowest is shown in Figure 2.

TAXATION COUNTRY RANKINGS - FIGURE 2

	COUNTRY RANKING	2024-25
1	UAE	4.25
2	Poland	4.00
3	Switzerland	3.82
4	UK	3.79
5	Netherlands	3.75
6	China	3.67
7	Finland	3.63
8	Israel	3.58
9	Italy	3.50
10	France	3.46
11	India	3.33
12	Australia	3.25
13	New Zealand	3.25
14	Sweden	3.21
15	Canada	3.17
16	Spain	3.17
17	Hong Kong	3.08
18	Taiwan	3.08
19	Czechia	3.00
20	Mexico	3.00
21	Slovakia	3.00
22	USA	3.00
23	Germany	2.83
24	Malaysia	2.83
25	Denmark	2.75
26	South Korea	2.75
27	Philippines	2.67
28	Costa Rica	2.58
29	Thailand	2.58
30	Japan	2.33
31	Indonesia	2.25
32	Brazil	2.17
33	Vietnam	2.04

GLOBAL SHARE PLAN RANKINGS STUDY

ANALYSIS OF EMPLOYMENT LAWS RESPONSES

EMPLOYMENT LAWS SURVEY

1. Employees have adequate enforcement rights over interest acquired under an equity incentive plan

2. Unions and works councils are not typically involved with, and do not typically interfere with, equity plans

3. Equity participation can be readily offered to a broad range of workers, including employees, directors and contractors

4. Employment laws are not restrictive in respect of equity plans

OVERALL EMPLOYMENT LAWS ANALYSIS

The Project Team also considers that a country's employment law framework will have a bearing on the receptivity of employers adopting, and employees participating in ESS in any given country.

The Project Team also considers it is essential that employees have adequate enforcement rights over any shares that they acquire if the country wishes to encourage employee equity participation. Overall, the majority of country experts reported that employment laws in their country provide employees adequate enforcement rights over shares acquired. For example, the country experts in Denmark observed that employees are protected both by labor laws, contractual fairness clauses and shareholder rights regulations. In addition, the country experts from Costa Rica noted Labor Law and Jurisprudence have a protectionist tendency for the benefit of the worker.

However, the experts in Italy stated it depends on the design of each specific ESS. And in Vietnam the country experts noted, employees are not free to adequately enforce all their rights over shares acquired.

UNIONS AND WORK COUNCILS

The Project Team observed there was a range of responses assessing whether unions and works councils are involved with equity plans. For example, the Brazilian country experts noted unions and employee representatives do not interfere over ESS creation, grants, vesting and acquisition of shares. These are purely governed and regulated by contracts between the employer and each participant. It was also reported by the country experts that union or work council approval is typically not required in Australia, Denmark, Indonesia, Slovakia, Switzerland, UK, and USA.

In China, country experts noted the remuneration committee is generally authorised to administer the implementation of equity plans, not a union or work council. Country experts in France, noted union or works council approval is not required to set up an employee share scheme, except for broad based plans.

Country experts in Netherlands noted Dutch Works' Council has the right of involvement for equity schemes introduced by Dutch registered companies. In Belgium, the country experts reported that, depending on the industry and company, unions are rather powerful and are also involved in negotiating wages.

Country experts in Germany noted, if equity is granted by the (German) employer, the works council (if any) has an enforceable right of co-determination. If, on the other hand, equity is granted by a (foreign) entity which is not the employing entity, and it is agreed that any rights over interests acquired under the equity incentive plan are not rights under the employment relationship, no involvement of works councils or any other (German) collective bodies is required.

EMPLOYMENT STATUS

The Project Team considers that for a country's employment law framework to encourage participation in ESS as a form of remuneration, a worker's 'employment status' should not materially disadvantage their participation in an ESS, and the country's employment laws should allow for companies to offer participation in their ESS to a broad range of workers, including employees, directors and contractors.

EMPLOYMENT STATUS continued

In many countries, it was reported that ESS can be offered to a broad range of workers, including employees and directors, though some of the country experts noted that in practice ESS is not typically offered to contractors in their country. Switzerland's country experts noted that its tax, employment and securities laws allow issuers to offer ESS interests to a broad range of participants (employees, executives and collaborators). In the Philippines, Australia, Costa Rica, and Poland, the country experts also reported that share schemes can typically be broadly offered to employees, regardless of rank.

In Germany, Japan, and France, the country experts reported that ESS is broadly offered to employees, but not to contractors. Finland's country experts noted that it is burdensome to offer share schemes for contractors. Italy's country experts noted employment laws allow issuers to offer ESS interests to a broad range of people, although in practice shares are usually offered only to subordinate employees and not directors and/or contractors to avoid interfering with the autonomous nature of these latter types of employment and thus increase the risks connected with the potential reclassification of these individuals as employees.

EMPLOYMENT LAWS RESTRICTIONS

Most of the surveyed country experts reported that employment laws are not restrictive in respect of ESS, e.g. USA, Finland, Hong Kong, Costa Rica, Netherlands. In Thailand, employment law is silent on the issue of equity plans, and the parties can determine and agree on the amount, purpose, eligibility, restrictions and other conditions as they deem appropriate. This would be contractual agreement between the parties (e.g. between employer and employee).

Broadly speaking, companies in the UK can operate their ESS as they wish without employment law restrictions (except, for example, regarding minimum wage and discrimination laws). Likewise, country experts in Slovakia noted Slovak employment laws are not restrictive in respect of equity plans. However, the basic principles, such as the principle of equal treatment and the prohibition of discrimination, must be followed.

Lastly, Australia's country experts noted that Australia's employment laws do not generally place explicit restrictions on equity compensation. However, Australian labour laws are typically strict, and Australia has in place a legislative regime that sets out the minimum employment standards (including minimum cash wages). Equity compensation must be made in addition to minimum cash wages.

EMPLOYMENT LAWS: SPECIFIC COUNTRY RANKINGS

Based on the overall average scores (1 – 5, with 5 being the highest) for the four questions assessing employment laws for each country, the final list of countries listed from highest to lowest is shown in Figure 3.

EMPLOYMENT LAWS: COUNTRY RANKINGS - FIGURE 3

	COUNTRY RANKING	2024-25
1	Costa Rica	5.00
2	Switzerland	5.00
3	Finland	4.75
4	Poland	4.75
5	Slovakia	4.75
6	Australia	4.50
7	Denmark	4.50
8	Malaysia	4.50
9	UAE	4.50
10	USA	4.50
11	Sweden	4.38
12	Thailand	4.38
13	Hong Kong	4.25
14	Mexico	4.13
15	Philippines	4.00
16	UK	4.00
17	Canada	3.88

	COUNTRY RANKING	2024-25
18	Japan	3.88
19	South Korea	3.88
20	China	3.75
21	Czechia	3.75
22	India	3.75
23	Indonesia	3.75
24	Israel	3.75
25	New Zealand	3.75
26	Taiwan	3.75
27	France	3.63
28	Brazil	3.50
29	Italy	3.50
30	Netherlands	3.50
31	Spain	3.50
32	Vietnam	3.13
33	Germany	3.00

ANALYSIS OF SECURITIES LAWS RESPONSES

SECURITIES LAWS SURVEY

1. Securities laws do not significantly restrict participation in equity plans

2. The activity of the country's securities regulator is predictable with regard to equity plans

3. Where a participant acquires shares in a listed company under an equity plan, those shares are easily tradeable

4. Where are no laws that cap the maximum amount of value of equity interests that can be provided to any employees (including upon retirement) pursuant to an equity incentive scheme

5. Foreign exchange controls do not significantly restrict the movement of funds between jurisdictions with regard to equity interests

SECURITIES LAWS FRAMEWORK

The Project Team considers that for employers to be receptive to adopting, and employees receptive to participating in ESS, the securities law framework in the relevant country must be compatible with the widespread adoption of ESS.

Securities laws which do not significantly restrict companies from setting up an ESS or participants from participating in an ESS would encourage the widespread adoption of ESS. Across most surveyed countries, country experts noted that securities laws do not appear to significantly restrict participation in ESS, e.g. Netherlands, Brazil, and Canada.

In the UK, the country experts observed that securities laws for ESS are not restrictive; however, there is complexity if a company wants to extend share schemes to contractors. Likewise, the France country experts noted a share plan exemption that applies in the European Union to employee share purchase plans, while options and restricted stock units are not treated as an offer of securities for French securities law purposes. While in Germany, the country experts noted the only restrictions in share trades by employees are during lockup periods, set by the employer in the equity plan, and during blackout periods set by the employer's insider trading policy.

The Project Team further considers the importance of the predictability of a country's securities laws for advancing more equity ownership. Looking at survey responses, there is a moderate degree of variance regarding whether the activity of a country's securities regulator is predictable. A few countries observed their securities regulator are generally predictable, e.g. Canada, Czechia, and Israel. In the USA, the country experts reported that activity of the U.S. Securities and Exchange Commission (SEC) is generally predictable. For instance, to the extent that it seeks to materially update its regulatory guidance, it may consult with key stakeholders. The SEC also publishes an agenda of regulatory areas it intends to address each year.

The Project Team considers that for employers to be receptive to adopting, and employees receptive to participating in ESS, the securities law framework in the relevant country must be compatible with the widespread adoption of ESS.

Securities laws which do not significantly restrict companies from setting up an ESS or participants from participating in an ESS would encourage the widespread adoption of ESS. Across most surveyed countries, country experts noted that securities laws do not appear to significantly restrict participation in ESS, e.g.

Country experts in Hong Kong noted regulators are generally predictable in enforcing the relevant securities laws and listing rules applicable to equity plans. The Hong Kong Stock Exchange publishes guidance materials to help the market to understand and interpret the Hong Kong Listing Rules. If a listed issuer is uncertain about the application of the Hong Kong Listing Rules to its equity plans, it can consult the Hong Kong Stock Exchange.
The Project Team further noted that participants will be more receptive to equity-based compensation where participants in an ESS can readily trade the shares that they acquire pursuant to that ESS. To this end, the country experts in many countries reported that shares acquired in their jurisdiction are easily tradeable in accordance with the listing rules. Typically, there are few specific regulatory constraints which prevent the trading of shares obtained through ESS. In some countries, such as in the USA, the experts reported that some trading restrictions exist, particularly for officers and directors, but are generally manageable.

Whereas the country experts in Vietnam reported that share trading is restricted, and all activities relating to the shares acquired must be carried out through the local entity of the issuer of the ESS, which adds a level of complexity.

EQUITY AMOUNT

Generally, the Project Team observed that securities laws which limit the value of the equity interests that participants can receive or the amount of the financial outlay that participants can incur in connection with an ESS will naturally limit the commonness of equity-based compensation.

A few country experts noted there are generally no caps on the value of equity provided to employees, e.g. Netherland, Canada, Brazil, USA, and Czechia. In other countries, experts noted there are some restrictions regarding executive pay in the financial services industry, e.g. as reported by the country experts from Netherlands, Poland, Finland, and Denmark.

Likewise, country experts in Italy observed, from a securities law perspective, there are no laws that cap the maximum amount payable to any employees at any time, including upon retirement. However, certain sector specific regulations may impose restrictions on the overall amount and awarding modalities of equity incentive schemes (e.g., banking regulations impose caps and other restrictions to the variable part of the remuneration of essential employees of banks, which may include equity interests granted under an equity incentive scheme).

Country experts in China noted, there are restrictions under prevailing Chinese securities laws. For instance, in the A-shares market, the cumulative number of equity incentives granted to individuals shall not exceed 1% of the total share capital.

FOREIGN EXCHANGE CONTROLS

The Project Team noted the importance of foreign exchange controls that do not significantly restrict the movement of funds between jurisdictions with respect to equity interests. Indeed, most country experts indicated there were generally no foreign exchange restrictions, e.g. e.g. Brazil, Netherlands, Hong Kong, Switzerland, UAE, Canada, Czechia, and Denmark.

Country experts in Germany noted, at present, Germany has no currency controls. However, cross-border payments exceeding EU 12,500 need to be reported to the German central bank for statistical purposes. Country experts in Italy observed, as a member of the European Union, the free movement of capital within the European Single Market is a cornerstone of the Italian legal system. Furthermore, Italy (or the European Union on its behalf) has bilateral agreements with other jurisdictions facilitating the movement of funds. This assessment does not take into account any restrictions which may be imposed for anti-money laundering or terrorism financing purposes. Similarly, the UK has robust anti-money laundering laws, but foreign exchange laws do not materially impact the operation of ESS. However, some countries are restricted due to UK / international sanctions. In Indonesia, foreign exchange controls do not significantly restrict the movement of funds between jurisdictions with respect to share ownership or equity schemes. However, companies and investors must comply with applicable reporting and tax requirements to ensure compliance with existing regulations

Country experts in China noted, generally there are restrictions on Chinese nationals directly holding foreign stock and foreign investment. And in Vietnam country experts noted, there are strict foreign exchange controls, especially for sources of money remitted out of Vietnam. Under a new circular, no money can be transferred out of Vietnam for the equity plan purpose.

INFORMATION REPORTING

Once a company starts providing ESS to employees in certain countries, information or tax reporting is required in countries such as Australia, France, Ireland and the UK where annual or per pay period reporting is required in country.

ESS empower businesses to attract, retain, and engage their people by giving employees a direct stake in the company's success. By fostering a sense of ownership, ESS not only motivate performance but also enable employees to share in long-term value creation and wealth building.

Where supported by effective legal, tax, and policy frameworks, employee share ownership is widely recognized as a desirable practice that benefits both businesses and their workforces.

SECURITIES LAWS: SPECIFIC COUNTRY RANKINGS

Based on the overall average scores (1-5, with 5 being the highest) for the five questions assessing securities laws for each country, the final list of countries listed from highest to lowest is shown in Figure 4.

SECURITY LAWS: COUNTRY RANKINGS - FIGURE 4

	COUNTRY RANKING	2024-25
1	Brazil	5.00
2	Canada	5.00
3	France	5.00
4	Germany	5.00
5	Netherlands	5.00
6	Czechia	4.80
7	UK	4.70
8	Hong Kong	4.60
9	Switzerland	4.60
10	Finland	4.50
11	UAE	4.50
12	Israel	4.40
13	Poland	4.40
14	Spain	4.40
15	Sweden	4.40
16	Mexico	4.30
17	Malaysia	4.20

	COUNTRY RANKING	2024-25
18	New Zealand	4.20
19	Italy	4.10
20	South Korea	4.10
21	Costa Rica	4.00
22	Denmark	4.00
23	Australia	3.90
24	Thailand	3.90
25	USA	3.90
26	Slovakia	3.80
27	Taiwan	3.80
28	India	3.60
29	Japan	3.60
30	Indonesia	3.00
31	Philippines	2.80
32	China	2.60
33	Vietnam	2.40

ANALYSIS OF CULTURAL CONSIDERATIONS RESPONSES

CULTURAL CONSIDERATIONS SURVEY

1. The country has a share ownership culture

2. It is common practice for companies in your country to offer equity as a form of remuneration to employees

3. Where a company offers a broad-based equity plan to employees, there are high levels of uptake/participation amongst participants in your country

4. The country has effective peak bodies that lobby Government for the promotion of share plans and necessary reforms to law

SHARE OWNERSHIP CULTURE

There was a large variance in responses regarding whether a country has a share ownership culture and whether employers choose to adopt, and employees choose to participate in ESS. For example, the US county experts noted that their country has a strong share ownership culture including many companies in the tech and startup sectors which offer equity compensation as a significant part of their employee benefits packages at certain job levels. The French country experts noted that France's laws encourage an employee share ownership culture and provided the illustrative example that profit sharing is mandatory in France for employers with 50 or more employees with measures that encourage investments into shares of the company. Furthermore, country experts in Sweden observed there is a broad share ownership culture and employees owning shares in listed companies is fairly common.

Other countries reported there was a developing ownership culture. For example, the country experts from Denmark indicated that the share ownership culture in Denmark is growing stronger, as younger generations are showing more interest in share ownership than previous generations. Country experts in Czechia noted their country is developing a share ownership culture, particularly through the increasing adoption of equity stock option plans and other forms of share-based incentives, which are becoming more common, especially among larger corporations and start-ups. New favourable tax provisions are expected to further foster this culture. Lastly, it was reported by a few country experts that their countries did not have a share ownership culture or have a culture that prefers cash over equity, e.g. Germany, Philippines, Indonesia, and Vietnam.

Not surprisingly, given the variance in share ownership cultures, there was an equally large variance in the participation rates in countries' ESS. Country experts in Israel noted, equity awards are highly common in Israel and employee participation rates are high. Likewise, country experts in the USA observed when companies offer broad-based equity plans to employees, there are typically high levels of uptake and participation. Employees often view equity compensation as a valuable benefit that provides a stake in the company's future success and potential financial rewards. Country experts in the UK attributed the country's ownership culture to most large listed companies offering at least one all-employee share plan, and generally high employee participation rates.

The Project Team also noted the relationship between a country's ownership culture and whether a country has effective peak bodies that lobby their government for the promotion of share plans and necessary reforms to law.

There were many countries that have no or very limited lobbying activities, e.g. Brazil, Denmark, Germany, Indonesia, Spain. In other countries the lobbying activities were conducted by various industry and professional associations, e.g. Korea, Italy, France.

Country experts in the US noted, the US has effective peak bodies that lobby the government for the promotion of share plans and necessary legal reforms. In Israel, country experts noted there are several organizations lobbying to promote share ownership including the Israeli Bar Association, Association of Public Accountants, the Growth Companies Forum and many others.

In the UK, country experts noted industry bodies such as ProShare, the Employee Ownership Association and the Share Plan Lawyers Group all lobby the government where relevant. The government and tax authorities also regularly consult on existing and proposed legislation, allowing not only industry representatives but also individual companies to respond, which they often do.
Lastly, there was also variance within countries depending on industry or level of position. For example, country experts in Australia and Japan noted there is generally a limited broad-based ownership culture outside the tech and start-up sectors and executive compensation.

CULTURAL CONSIDERATIONS: SPECIFIC COUNTRY RANKINGS

Based on the overall average scores (1 – 5, with 5 being the highest) for the four questions assessing economics and political considerations for each country, the final list of countries listed from highest to lowest is shown in Figure 5.

CULTURAL CONSIDERATIONS COUNTRY RANKINGS - FIGURE 5

	COUNTRY RANKING	2024-25
1	France	5.00
2	Israel	5.00
3	USA	4.88
4	UK	4.75
5	Sweden	4.25
6	Canada	3.88
7	Switzerland	3.75
8	Taiwan	3.75
9	Hong Kong	3.63
10	Australia	3.50
11	China	3.50
12	Mexico	3.50
13	Poland	3.50
14	South Korea	3.50
15	Czechia	3.25
16	Denmark	3.25
17	Finland	3.25

	COUNTRY RANKING	2024-25
18	India	3.25
19	New Zealand	3.25
20	Brazil	3.00
21	Italy	3.00
22	Netherlands	3.00
23	Costa Rica	2.75
24	Germany	2.75
25	Malaysia	2.50
26	Thailand	2.50
27	Vietnam	2.50
28	Japan	2.38
29	Indonesia	2.25
30	Slovakia	2.00
31	UAE	1.88
32	Philippines	1.75
33	Spain	1.50

GLOBAL SHARE PLAN RANKINGS STUDY

APPENDIX A

SURVEY QUESTIONS

TAXATION

1. The country offers effective and targeted concessions for grants of equity to senior executives
2. The country offers effective and targeted tax concessions that apply to broad-based, or all-employee plans
3. The country offers effective and targeted tax concessions that apply to equity incentive plans set up by start-up companies
4. The country does not impose any dry-unfunded tax charges on equity interests
5. The country provides effective tax concessions in the event of a corporate action, so that there is no immediate taxing point for the participants
6. The country's tax laws effectively facilitate the operation of share plans for both listed and unlisted companies
7. The country has effective tax reporting rules for employee share schemes
8. The country has effective tax withholding rules for employee share schemes that allow employers to withhold tax that may be payable by the participant
9. The country's tax laws in relation to equity plans are easily understood by participants
10. The country's tax laws accommodate internationally mobile employees (inbound and outbound)
11. The country's tax laws allow employers to grant equity interests to a nominee or trustee to hold on behalf of, or for the benefit of the participant
12. Companies operating in the country are readily able to claim tax deductions for the costs of operating share plans

EMPLOYMENT LAWS

1. Employees have adequate enforcement rights over interest acquired under an equity incentive plan
2. Unions and works councils are not typically involved with, and do not typically interfere with, equity plans
3. Equity participation can be readily offered to a broad range of workers, including employees, directors and contractors
4. Employment laws are not restrictive in respect of equity plans

SECURITIES LAWS

1. Securities laws do not significantly restrict participation in equity plans
2. The activity of the country's securities regulator is predictable with regard to equity plans
3. Where a participant acquires shares in a listed company under an equity plan, those shares are easily tradeable
4. Where are no laws that cap the maximum amount of value of equity interests that can be provided to any employees (including upon retirement) pursuant to an equity incentive scheme
5. Foreign exchange controls do not significantly restrict the movement of funds between jurisdictions with regard to equity interests

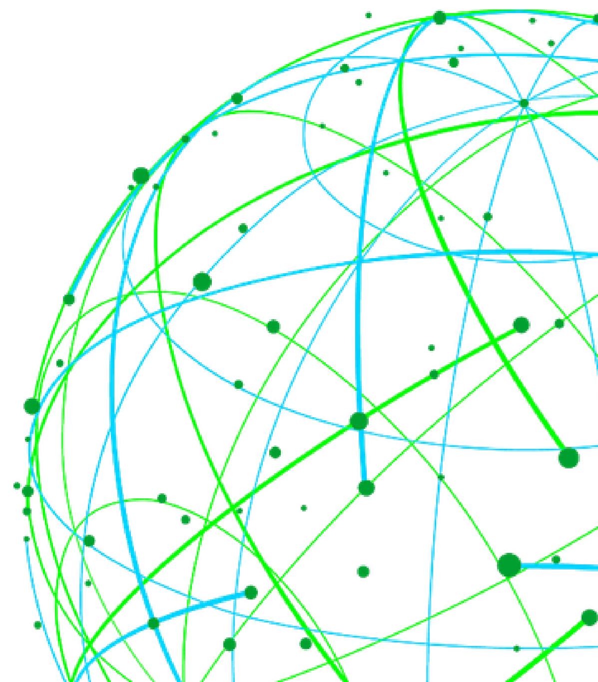
CULTURAL CONSIDERATIONS

1. The country has a share ownership culture
2. It is common practice for companies in your country to offer equity as a form of remuneration to employees
3. Where a company offers a broad-based equity plan to employees, there are high levels of uptake/participation amongst participants in your country
4. The country has effective peak bodies that lobby Government for the promotion of share plans and necessary reforms to law

APPENDIX B

CONTRIBUTING COUNTRY EXPERTS

Birgitte Arvidsen, Ascendis Pharma A/S
Joel Raymond R. Ayson, Quasha Law
Mika Felice P. Ayson, Quasha Law
Mazen Boustany,
Leanne Balbona, KPMG
Cristina Brevi, Baker McKenzie
Brendan Brown, Mayne Wetherell
Meho Cerimovic, Baker McKenzie
Pierre Chan, Baker McKenzie
Agnes Charpenet, Baker McKenzie
Matt Connor, CEP, FGE, Lucid Motors
Hans de Jong, LM Ericsson AB
Yael Elbaz-Roiter, CEP, FGE, Infinite Equity
Francesco Florenzano, Baker McKenzie
Petter Frödeberg, KPMG
Grace Fung, Baker McKenzie
Sirirasi Gobpradit, Baker McKenzie
Cecillie Groth Henriksen, IUNO Lawfirm
Chris Harker, Mayne Wetherell
Martin Christian M. Heje, Quasha Law
Liliana Hernandez-Salgado, Baker McKenzie
Soren Hessellund Klausen, IUNO Lawfirm
Mark Higgins, WPP
Luis Jimenez-Robles, Baker McKenzie
Lorna Jordan, KPMG
Diana Juarez-Martinez, Baker McKenzie
Akihiro Kawasaki, Baker McKenzie
Frantisek Kovalcik, Marek Partners s.r.o.
Ansikarn Kristsmai, Baker McKenzie
Anna Lehtomaa, Allshares Oy
Tobias Loyd, KPMG
Tess Lumsdaine, Baker McKenzie
Lubomir Marek, Marek Partners s.r.o.
Alfonso Martinez-Bejarano, Baker McKenzie
Seiji Matsuzoe, Baker McKenzie
Joanna Matthews-Taylor, Baker McKenzie
Marcus McEvoy, Computershare
Tomohisa Muranushi, Baker McKenzie
Eugenio Muschio, Baker McKenzie
Hani Naja, Baker McKenzie
Ben Phillips, Baker McKenzie
Odelia Pollak, CEP, Adv,
Shachar Porat, Adv, Herzog, Fox & Neeman
Emma Pugh, Baker McKenzie
Estefany Rojas-Valadez, Baker McKenzie
Navjeet Rosenthal-Gill, PwC
Abe Satoshi, Baker McKenzie
Maria Schultzberg,
Aleksander Settland, KPMG
Julie Shepherd, The Sage Group plc
Emilie Suryasumirat, Baker McKenzie
Alice Svensson, KPMG



APPENDIX B

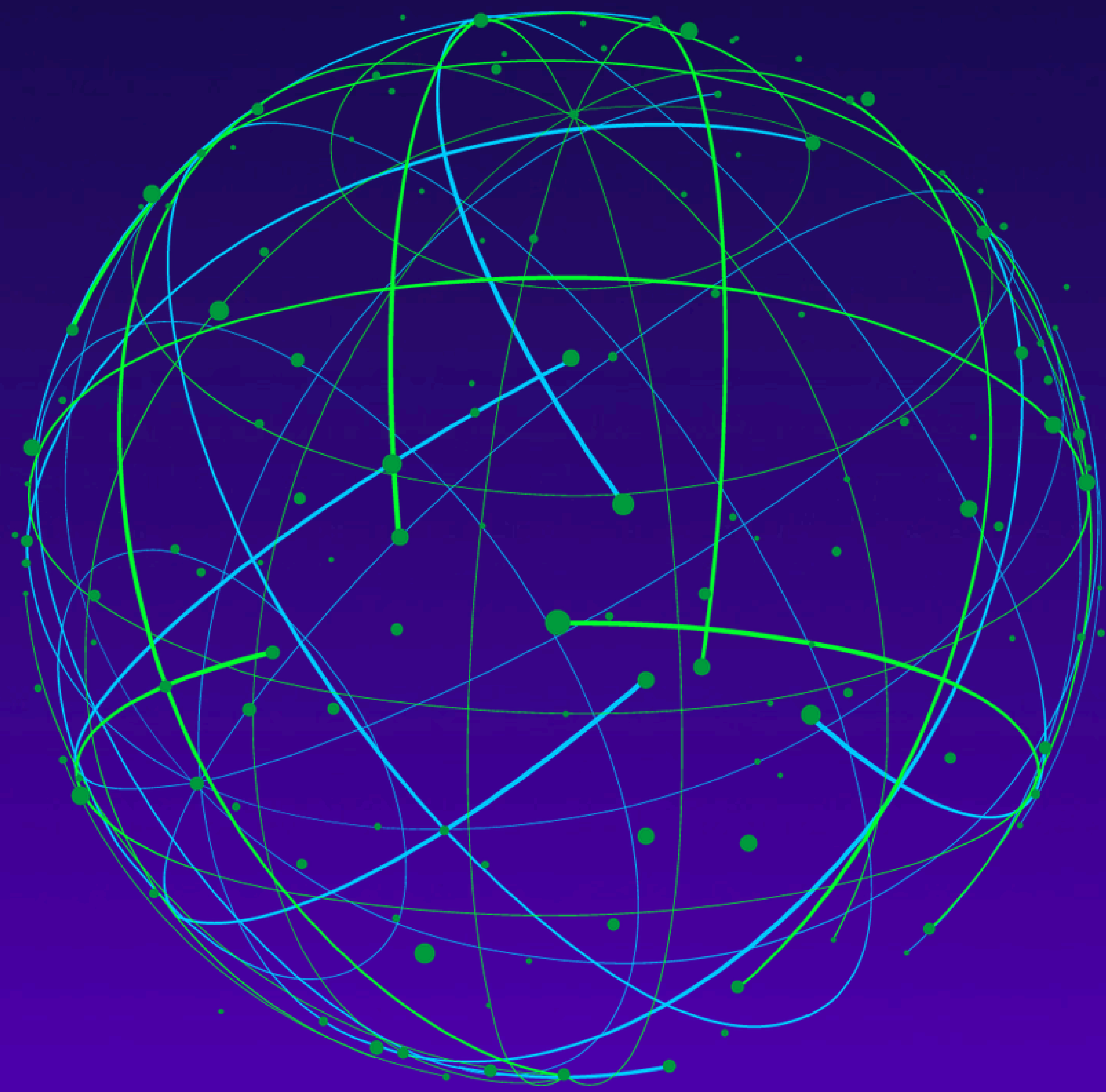
Birgitte Tandrup, KPMG ACOR Tax
Luke Tanner, Baker McKenzie
Aek Tantisattamo, Baker McKenzie
Nguyen Thanh Vinh, Baker McKenzie
Sarah Tinsley, CultureAmp (formerly)
Tran Trung Kien, Baker McKenzie
Rosemary van Giezen, Pharming Group N.V.
Kristina Wichmann, Allshares Oy

GLOBAL SHARE PLAN RANKINGS REPORT DISCLAIMER

Rankings released: April 2025
Report published: October 2025

GLOBAL SHARE PLAN RANKINGS STUDY

GLOBAL SHARE PLAN RANKINGS REPORT 2024 - 2025



GLOBAL SHARE PLAN RANKINGS STUDY