



newspad awards 2018

The *newspad* 2018 Awards, for the best employee equity plans, either already operating, or about to launch, are now open to nominations.

This competition presents an opportunity for friends, share plan advisers and their clients to show off their best all-employee equity plans to their friends, competitors and the wider world through *newspad's* unique international distribution.

Framed award certificates, kudos and publicity await the winners, so help ensure that every member submits at least one entry for a *newspad* award this year.



The award categories are:

1. Best all-employee international share plan (companies with more than 5,000 employees)
2. Best UK centred all-employee share plan (companies with fewer than 5,000 employees)
3. FinEd award: Best employee financial education programme
4. Comms award: Best share plan communications
5. Video award: Best use of video communication

6. Technology award: Best use of technology in employee share plans
7. Diversity award: The most creative solutions to employee cultural, jurisdictional or social diversity issues when launching international all-employee share plans
8. Laurie Brennan award: for astounding achievement

You can enter share plans in more than one category.

Entries involving employee share plans in non-member companies will be accepted directly or through advisers, but advisers must be Esop Centre members in order to submit entries.

Entries involving executive/managerial equity reward schemes will be accepted at the editor's discretion, provided at least 250 executives/managers participate.

For details how to enter see:

www.esopcentre.com/awards. The process is simple.

The judges of the 2018 *newspad* awards will be: Damian Carnell, director at Willis Towers Watson, specialist in executive reward and employee share plans; Anna Watch, head of executive share plans (governance & compliance) at member firm BT, Robert Head, director of Neo Reward and formerly head of global share plans at Pearson with Malcolm Hurlston CBE chairing.

Winners and commentary will be published in a special edition of *newspad*.

Sponsorship opportunities: The *newspad* awards will be published in the paper, which has an influential audience worldwide. In addition, members are encouraged to propose a celebratory event to host the awards, in association with the Centre; contact Juliet Wigzell at Centre HQ. Email: jwigzell@esopcentre.com telephone: +44 (0)20 7239 4906.

EVENTS

Third British Isles symposium: March 7 2019

Speaker bids are invited from Centre members for the third British Isles share schemes symposium, which will be hosted by Travers Smith in its London offices on Thursday March 7 next year.

This full-day event will include talks and debates on: employee equity plan case histories with focus on both large and SME UK companies; regulatory & compliance issues: GDPR and Mifid II; EMI: Why is EMI such an El Dorado for key employees in SMEs? How best could the government improve it? Exit-only EMIs; Employee Ownership Trusts: What kind of businesses are using EOT and why? Are EOTs really employee share plans?; latest developments in international share plans; interactive share plan communications – what works best?; the likely impacts of Brexit on employee share schemes; are employee share schemes worth the effort and expense of setting up and operating?; how to re-energise other tax-approved share plans - the Company Share Option Plan (CSOP); SAYE-Sharesave and the Share Incentive Plan (SIP); executive equity reward packages: new design parameters, performance share plans & shareholder activism; employee equity trustee matters.

Speaker slots will cost Centre practitioner members c. £240 each, delegates £395. Non-member service provider delegates will pay £595 for admission. Speakers and delegates from plan issuer companies will be admitted free of charge. Mahesh Varia, who is head of incentives and remuneration at Travers Smith will help the Centre draw up the programme. The symposium, a highlight of the Centre's calendar, will include a buffet lunch and finish with an informal drinks reception in the late afternoon.

If you would like to make a topic presentation or share plan case study, please contact Fred Hackworth at fhackworth@esopcentre.com or call the team on +44 (0)207 239 4971.



Guernsey seminar: November 30

This year's Guernsey seminar, held in partnership with STEP Guernsey, will be hosted at the Old Government House Hotel, St Peter Port, on November 30.

Given recent developments, such as the introduction of the UK Trusts Register and the growth in the establishment of employee ownership trusts (not to mention Brexit), it has never been more important for those interested in employee share schemes and trusteeship to stay informed with expert views and enjoy the continuing education which our seminars offer.

The year's programme will include a talk on Joint Share Ownership Plans and the role of the trustee. The seminar will conclude with a networking lunch.

Experts include: Elaine Graham, Zedra - Alison MacKrell, STEP/Appleby - Graham Muir, CMS - Paul Malin, Haines Watts - David Pett, Temple Tax Chambers - David Craddock, David Craddock Consultancy Services - Charlotte Fleck, Pett Franklin. The seminar will be chaired by Malcolm Hurlston CBE, who founded the Esop Centre.

Prices: Esop Centre/STEP members: £375
Non-members: £480

Book and pay before October 19 to choose one of the following early-bird discounts for this unique half-day event:

- ◆ 50 percent off a third delegate
- ◆ 10 percent off total

Only one early bird offer can be used for each organisation, whichever gives you the larger discount.

To book email events@esopcentre.com or call the admin team on 020 7239 4971.

STAR PROFILE



John Spiers, chief executive EQ Investors

What motivated EQ to offer its employees shares?

My past experience at Bestinvest showed that employee ownership has a beneficial impact on staff motivation, commitment and retention.

What type of employee share scheme does EQ run?

A share purchase scheme, including a SIP.

Are EQ employees subscribing to buy shares at assumed market price?

There is a share price agreed at each issue date with HMRC. The share price applies to shares purchased directly and those via the SIP. We offer 1-to-1 matching free shares under the SIP.

Is there anything you would like to say to companies on the fence about employee share ownership plans?

I'd encourage other companies to embrace it. There are numerous variables and options. We found it very useful to have meetings with an experienced professional (Ewan Jones at Baxendale).

Do you think employee share ownership should be promoted in the UK?

Yes.

An article in the Standard once described EQ as addressing "the embodiment of today's issue du jour: the forehead-creasing questions facing people retiring". Would you advise others to invest in buying shares in the company they work for prior to retirement?

It depends on each individual situation. Purchasing shares in private companies is high risk – if the company fails you lose your investment and your job.

Following the introduction of the Finance Act 2014, it is now possible for companies to be sold to their employees via an Employee Ownership Trust (EOT). Given EQ is releasing 50 percent of its equity, did you consider selling this equity to an EOT?

We did consider an EOT but it was not the optimal choice in our case, partly because we have a linked registered charity (EQ Foundation) that in due course is likely to become the controlling shareholder.

Given your experiences with 3i, if you were to sell Bestinvest again do you think selling it to an EOT is something you would seriously consider?

Yes, but each situation is different. Management succession is a vital issue to be considered.

EQ has been described as a company that invests heavily in its staff. How important is staff investment to EQ and do you agree with the assessment that companies often fail to engage with their employees in key areas?

Our staff are our key asset, so helping them to become more involved in the business and more knowledgeable is highly beneficial. I also believe that it's important to include ALL staff, not just senior management.

What is your idea of perfect happiness?

Being with my soul mate on a fine summer's day in the middle of nature

What is your most marked characteristic?

Impulsiveness

What do you consider your greatest achievement?

Helping to rear my two sons. In the tangible world showing at EQ that an ethical approach to business does not conflict with financial success

What historical figure do you most identify with?

Sir Ernest Shackleton

Which living person do you most admire?

Bill Gates

Who are your heroes in real life?

People working in MSF and similar organisations

Which word or phrases do you most overuse?

Say that again please

What is your most treasured possession?

Lister Jaguar sports racing car

CENTRE AND MEMBER NEWS

'Egalitarian Capitalism' with Gavin Oldham

Gavin Oldham, the founder of Centre member the Share Centre, is giving a talk on "Egalitarian Capitalism" for the Economic Research Council on September 11. Having established Barclays Stockbrokers,

Gavin founded The Share Foundation in 2005 and in 2014 Share Radio. He received the Editor's award for services to private investors from the FT/Investors Chronicle in 2013. He is an elective lay member of the General Synod, a Church Commissioner and a member of its Assets Committee.

The Economic Research Council event is at the Royal Overseas League, St James's Street, SW1A 1LR. 6.30pm – 8pm. Non-members of the ERC can book Early Bird tickets [here](#) for £15 (£10 for students).

Share Centre: workers fear robots

Commenting on a [recent Twitter poll](#), the Share Centre said: "Research has shown nearly a quarter of UK workers are worried about robots taking their jobs. As more and more businesses turn to automation to cut costs and improve accuracy, our question today is: are you worried about a robot someday taking your job?" Of the 446 voters, 31 percent said they were worried and 69 percent said they weren't worried. Economics commentator Michael Baxter took the opportunity to advise employee shareholders to diversify, since in the near future 'ownership of capital will be more lucrative than working'.

Unity Trust Bank reports growth

Unity Trust Bank, the trades union bank devised by Centre chairman Malcolm Hurlston (who remains a shareholder), posted an underlying pre-tax profit increase of £0.9 million in H1 2018 compared to H1 2017. The bank's lending rose by 27 percent to record levels, with loan approvals of £54 million. Ceo Margaret Willis said: "Unity has achieved responsible growth in line with our plans to support socially responsible organisations who share our values, as well as deliver sustainable returns for our shareholders."

UK AND WORLD NEWS

Workers set for pay rise in coming year

The UK is set for a pay rise, according to the [British Chambers of Commerce and Indeed](#) with one in two businesses planning to give staff pay rises of over two percent in the next year.

The survey of over 1,000 businesses of all sizes and sectors reveals that six percent of firms will increase pay by more than five percent, 32 percent by two to five percent, 12 percent in line with consumer price inflation, and 18 percent by one to two percent.

Only two percent of firms say that they expect to decrease salaries — set against a backdrop of increasing upfront business costs.

In response to increases in the National Living Wage over the next three years, around one in six say that they will increase investment in automation, and the same proportion say they will recruit on flexible contracts, such as the self-employed.

Jane Gratton, head of business environment and skills policy at BCC, said: “Growing and pervasive skills shortages are making it harder than ever for firms to fill job vacancies — so it is little surprise that they are pulling out all the stops to keep hold of the ones they have.”

Company share schemes ‘broaden financial awareness’

Phil Ainsley, director of employee services at financial services firm Equiniti, told iMoney: “Perhaps the biggest [unexpected bonus of employee share schemes comes from the broadening of financial awareness](#) that it provides. For many, stocks and shares are a scary prospect. Employee plans can create that ‘lightbulb moment’ and encourage people to take their first steps on the wider investment ladder, providing a gateway for better informed, positive financial decisions.”

Tom, 24, works for Travis Perkins, which is part of construction company Caterpillar. He told iNews, “I opted in to SAYE because I’m useless at saving money, so it’s good for option for me as have no control over it – it just comes out before my salary gets paid into my account. It’s a long process to withdraw it, too, so I can’t just dip into it for a night out.”

Employee ownership is growing support in business circles

An article in the [Harvard Business Review](#), [calls for the “use of worker buyouts](#), in which ownership of a company transfers from a single person or a small number of people to the workers of the company” as a means to reduce wealth inequality.

Lead author Peter Walsh, whose first job was with Thomson McLintock in Glasgow and who now works for Oliver Wyman, argues that a growing number of funders, both social impact funds and traditional institutions, are “recognising that the superior resiliency and performance of worker-owned firms can improve their returns”.

Walsh points to the promise of what he calls “hybrid ownership forms” that sit somewhere between traditional worker cooperatives and ESOP companies. Such hybrid structures are still unusual in the US context. However, in Great Britain, 64 percent of employee-owned companies employ a hybrid structure similar to the kind that Walsh proposes, including Employee Ownership Trusts.

Staff share in Amazon profit

Staff have shared [in Amazon’s record quarterly profit](#) of \$2.5bn (£1.9bn).

Amazon UK’s warehouse and logistics staff and management enjoyed a bumper \$164m (£125m) payout from the company share scheme – a rise of almost a third on 2016’s £95m bonanza – thanks to the company’s surging share price.

On average the thousands of staff who handle orders received about £3,000 per person last year. Senior staff will have taken home considerably more.

Amazon’s share price has surged 84 percent in the last two years. Last year the shares vested at an average stock price of \$992, in 2016 it was \$704 and in 2015 \$467.

The payouts will have reduced Amazon’s tax bill because under UK tax law companies are required to deduct the vest value of the shares provided to employees.

Siemens sets the benchmark for ownership culture

Four-fifths of Siemens [employees are now Siemens shareholders](#) after the company distributed a total of €400 million from a profit sharing pool to eligible employees in 102 countries, primarily in the form of Siemens AG shares. In total, approximately 300,000 of the company's 377,000 employees worldwide now hold Siemens shares and have a vested interest in the company's success.

The Siemens profit sharing programme was established in 2015 and enables all eligible employees below management level to receive shares at no cost following particularly successful fiscal years and with no personal investment on the part of the employees.

In addition to profit sharing, Siemens' global Share Matching Programme forms the core of its equity culture and is one of the world's largest employee equity programmes. This share plan has been implemented in annual tranches since 2008.

Allocating \$7 million profit share in Canada, local ceo Faisal Kazi said: "This ownership culture at Siemens has always been an integral part of our organisation and is one of our biggest strengths around the world and here at home."

New Zealand: Proposal to tax blockchain like employee share schemes

A recent paper from New Zealand Inland Revenue has started to consider [cryptocurrencies as part of employee remuneration](#). This is only a first shot and members who made submissions (before August 3) are invited to share them with newsbrief.

USA: DoL files brief in ESOP valuation case

On July 24, the US Department of Labor (DOL) filed a friend-of-the-court brief in support of the plaintiffs in a suit against [Wilmington Trust, the trustee of the ESOP at Constellis Group, Inc.](#) The DoL's brief follows an earlier brief from the American Society of Appraisers. In the case, *Brundle v. Wilmington Trust*, the district court for Eastern Virginia ruled that Wilmington Trust was liable for an alleged \$30 million overpayment by the ESOP for company shares in 2013. The case is now on appeal in the Fourth Circuit.

USA: SEC increases limit on rule 701 exemption

With effect from July 23, the SEC adopted [new rules](#) to increase from \$5 million to \$10 million the amount companies can offer in stock to employees without having to meet the reporting requirements applicable to public companies. The change is pursuant to a section in the Economic Growth, Regulatory Relief, and Consumer Protection Act, which was signed into law earlier this year.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members-only mid-month publication.

To submit a story for the next issue of newsbrief, sponsor the publication, or to propose someone for a member profile, contact Juliet Wigzell:

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