

April 2017

CONFERENCES & EVENTS

Jersey share schemes and trustees seminar: May 12 2017

The Centre's annual Jersey share schemes and trustees conference held in association with **STEP** will be on Friday **May 12** at the Pomme d'Or Hotel in St Helier.

The annual half-day conference is an industry-leading networking and learning opportunity for all those interested in share schemes and EBT trusteeship.

The programme will consist of presentations on the latest taxation, legal and regulatory issues in Jersey and the UK:

Malcolm Hurlston, Esop Centre
We love the British Isles

Paul Malin, Haines Watts
Approaching HMRC with a problem is not always for the faint hearted

Stephen Woodhouse, Pett Franklin
ESOTs and EOTs: share-based trusts for private businesses

Graham Muir, CMS Cameron McKenna Nabarro Olswang
Tax treatment of EBTs: Rangers go into extra time...

David Craddock, David Craddock Consultancy Services
Takeovers and management buyouts: share scheme case studies

Chris Lowe, KPMG
Share schemes under the Common Reporting Standard

Helen Hatton, BDO Sator Regulatory Consulting

Challenges facing Jersey trustees in the post Trump, Brexit, CRS and GAA world

A no holds barred panel session will be followed by a networking lunch.

Tickets cost £350 for Centre / STEP members and £450 for non-members.

To book, email events@esopcentre.com with the names and contact details of all delegates or call 020 7239 4971.

Newspad summit: Paris, June 15 & 16 2017

The Centre has received 30 registrations to date for its inaugural *newspad summit* which takes place in the offices of global legal group **Clifford Chance** in Paris on Thursday/ Friday **June 15-16** 2017.

The new two-day summer event presents an ideal forum for leading players to consider the most recent developments and long term trends and scenarios as well as keep up to date with the latest legal, regulatory, taxation, communication and market trends in international employee share plans, as well as in executive equity arrangements.

Expert speakers include: Sian Halcrow of **Aon Hewitt**; Sonia Gilbert & Anne Lemercier of **Clifford Chance**; Richard Nelson of **Cytec Solutions**; Marco Cilento of the **European Trade Union Confederation**; David Hildebrandt, president of the **International Association for Financial Participation**; Rob Collard of **Macfarlanes**; Stephen Woodhouse of **Pett Franklin**; Garry Karch of **RM2**; David

Lee & Bastien Martins da Torre of **Solium**;
Hannah Needle of **Tapestry Compliance**;
Nicholas Greenacre of **White & Case** and
Damien Carnell of **Willis Towers Watson**.
Another key speaker is **FONDACT** chairman,
Michel Bon, former president of **France
Telecom** and supermarket group **Carrefour**.

View the event brochure – sponsored by
Ocorian – for further details, including topic
descriptions and suggested hotels.

Newspad offers the following delegate rates:

Practitioner members: £395

Practitioners non-members: £695

Plan issuers: FREE – subject to £50 admin fee

*These fees are not subject to VAT, as the event
takes place outside the UK.*

Registration entitles all delegates and
speakers to:

- Take part in all conference sessions
- Buffet lunch and refreshments during
coffee breaks
- Programme with access to speech
summaries
- Cocktail party, starting at 17:45, June 15

To register as a delegate, please email the
Centre at global@esopcentre.com or call 020
7239 4971.

London share schemes for SMEs conference: September 12 2017

The next **employee share schemes for SMEs
conference** organised by the Esop Centre and
the **Institute of Directors** will be held in
London on Tuesday **September 12 2017**.

This one-day event is designed for small
businesses and their advisers who are
considering introducing an employee share
scheme, or who want to develop existing
plans.

The event will be chaired by Esop Centre
chairman Malcolm Hurlston CBE and the
programme will include the following:

Robert Postlethwaite, Postlethwaite
Introduction to employee share schemes

Liam Liddy, Mazars
Enterprise Management Incentives (EMI)

David Craddock, David Craddock
Consultancy Services
EMI case studies

Catherine Gannon, Gannons
EMI alternatives

Beginner panel

Networking lunch

Nigel Mason, RM2 Partnership
Employee Ownership Trusts

Colin Kendon, Bird & Bird
SME share scheme case studies

Stephen Woodhouse, Pett Franklin
Share schemes and succession planning

Garry Karch, RM2 Partnership
Financing employee ownership

Advanced panel

Centre members interested in attending the
conference should contact Daniel Helen at
events@esopcentre.com or call 020 7239 4971.



Esop awards dinner 2017: Tuesday October 31

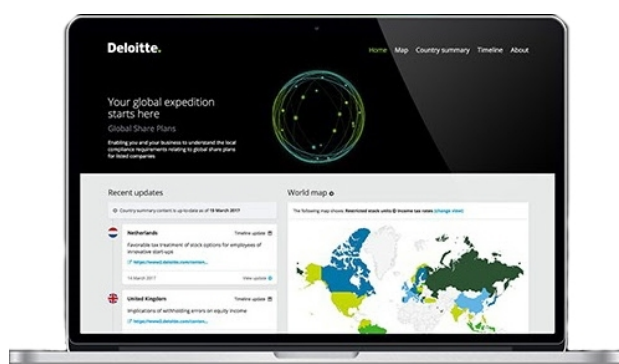
The Esop Centre's sixteenth awards dinner will be held at the Reform Club on the evening of Tuesday **October 31** 2017.

The Awards Dinner brings together members and their influential guests – representing UK and international plan issuer companies and their expert advisers – to recognise the best in employee share ownership. This stylish enjoyable black-tie event is the perfect way to celebrate the year with clients, colleagues and peers.

Save the date.

MEMBER NEWS

Deloitte launches Global Share Plan portal



Deloitte has launched a new website that aims to keep companies operating share plans globally up to date with the latest tax and legal issues around the world. The 'Global Share Plans' portal provides guidance on tax and legal issues in multiple jurisdictions for the most common employee incentive plans (stock options, restricted stock units/long term incentive plans and shares).

[Click here to visit the Deloitte Global Share Plans portal.](#)

KPMG publishes small cap remuneration report

KPMG has published *Directors' remuneration in FTSE 350 SmallCap companies* — an analysis of trends in executive pay and corporate governance in the FTSE SmallCap market. Its key findings include: median basic salary increases remain moderate at around three percent, although the data also shows that one in five chief executives received an increase of eight percent or above; annual bonus remains a significant proportion of actual variable pay delivered; and performance share plans have been implemented by all but a few companies, with earnings per share and total shareholder return being the two most prevalent performance measures.

RM2 webinar on EMI: April 25

Sarah Anderson will be presenting a [webinar on Enterprise Management Incentives](#) at 11:00 on April 25. It aims to provide an introduction to the most tax efficient and flexible share option plan in the UK.

Pett Franklin corporate governance webinar: May 23

Pett Franklin will be hosting a [webinar on the BEIS committee's corporate governance report](#) at 10:00 on Tuesday May 23.

UK & GLOBAL NEWS

UK: BEIS committee publishes corporate governance report

The Business, Energy and Industrial Strategy (BEIS) parliamentary select committee published its [Corporate Governance Report](#) on April 5 2017. Among its extensive and hard-hitting [recommendations](#) is the suggestion that long-term incentive plans (LTIPs) should be phased out given their complexity and

unpredictability. Instead, the committee recommends the use of annual share awards, not subject to performance targets, which vest on a phased basis over a period above five years.

UK: FTSE 100 ceos paid 386 times more than national living wage

Ceos of FTSE 100 companies earn an average of £5.3m each year, 386 times that of a worker earning the National Living Wage (£7.50 from April 2017), [according to analysis by The Equality Trust](#). More than two-thirds of FTSE 100 ceos are paid more than 100 times the average UK salary, and 90 percent are paid at least 100 times more than the National Living Wage.

UK: Premium on zero-hour contracts considered

British companies could be compelled to pay a higher minimum wage for workers on zero-hour contracts, if the government accepts the recommendation of an independent review led by Matthew Taylor. [Mr Taylor told the Financial Times](#), “the problem in the labour market is not security of work, it’s security of income.” The move aims to discourage “lazy employers” from pushing risk on to workers.

UK: New gender pay reporting rules come into force

Companies with 250 or more employees will have to disclose their gender pay gaps within the next year under a new legal requirement. Firms must provide a snapshot of their average employee pay – including bonuses – for men and women as of April 5 2017 by April 2018. The intention is to make the data available on a government database. Companies found to have a gender pay gap will be encouraged to publish an action plan to address the problem. The new regulations will be the subject of Macfarlanes’ Rob Collard’s talk at the [newspad summit](#) in Paris on June 15-16.

UK: Finance Bill 2017 published

The [Finance Bill 2017](#) has been published, together with [explanatory notes from HMRC](#). Although there were no major policy changes concerning employee share ownership in last month’s spring budget, a number of announcements may have a long-term effect.

USA: Encouraging Employee Ownership Act passes House

The Encouraging Employee Ownership Act passed the House of Representatives on April 4. The bill aims to make it easier for private companies to provide stock compensation to employees by increasing the cap on the amount of stock companies can award employees before certain reporting requirements apply. The bill has now returned to the Senate where it has been referred to committee.

USA: Employee ownership declining in technology companies

Employee ownership in American technology companies declined from over half of all employees in the early 2000s to around a fifth by 2014, [according to Joseph Blasi on the Fortune magazine website](#). Dr Blasi argues there are many possible reasons for this: changes in the tax code changed the incentives for public companies to maintain ESOPs; companies reacted to stock option accounting standards by providing option grants to fewer employees; and the declining generosity of employee stock purchase plans.

Iceland: Parliament considers tough gender pay law

Iceland’s parliament is considering a bill that would force companies with 25 or more employees to prove they offer equal pay to staff or face the possibility of auditing and fines for non-compliance. The legislation, supported by both the centre-right coalition government and the opposition, would

prohibit discrimination on grounds of race, religion, disability, occupational disability, age and sexual orientation.

MEMBER PROFILE

Nigel Mason is a director of the **RM2 Partnership**.



In what ways does employee share ownership serve a useful purpose?

It works on so many levels. For the individual employee, it's about recognition, reward and status as an owner. At the team level, it fosters unity of purpose and greater collaboration. For the company as a whole, it improves performance and creates resilience, from which all shareholders benefit. And for society, it spreads wealth and gives people a stake in the economy and a voice at work.

How can we widen and deepen the adoption and use of employee share ownership?

Praise the exemplars and pressurise the laggards. There are some gems amongst private companies. The worst offenders are listed companies and private equity backed companies. Most listed companies pay lip service to employee share ownership and private equity hardly ever does employee share ownership. Companies should be made to report on their adoption of employee share ownership in quantitative terms, not just in pious soundbites, and then we could pile on the pressure.

What would you tell someone on the fence about introducing employee share ownership to their company?

You'll be better off owning less of a bigger and happier business, and you'll feel better too.

What do you think will change about employee share ownership over the next five years?

It will become much more widespread in private companies, thanks to the availability of the Employee Ownership Trust.

What has been the most important development in employee share ownership during your career?

If the emphasis is on employee share ownership, I would say Gordon Brown's SIP and EMI in 2000.

Which change to employee share plans legislation, in the UK or elsewhere, would you most like to see?

Allow company contributions to Employee Ownership Trusts to be tax deductible if they are used to buy shares or repay EOT debt. Here's the justification. By allowing interest on loans to be tax deductible, the tax system encourages companies to borrow, hence we see highly leveraged private equity buyouts. This originates from a time when debt was used to buy equipment, so it was meant as an incentive for companies to invest. Nowadays, debt is introduced into capital structures to magnify the returns to existing shareholders. Think of the effect on equity in a house when the home owner has a huge mortgage and house prices rise. So the taxpayer is effectively subsidising rising returns to existing owners of capital. Instead, it should be subsidising the creation of new capital for new owners. So we should limit or eliminate the tax deductibility of interest on loans to companies, and instead allow company contributions to EOTs to buy shares or repay debt to be tax deductible. This will spread new wealth, which is politically more palatable than redistributing existing wealth. Look what happened in 2016 because we have allowed wealth to over-concentrate and too many people are losers to capitalism (for which also read "globalisation") rather than gainers.

Why do you think employee share ownership has enjoyed cross-party support in the UK?

The bottom line is that it's popular with the punters and politicians like to be popular. It's also good for society's acceptance of capitalism, which we need to keep the lights on, albeit heavily reformed.

Which aspect of the Esop Centre do you most value?

It's a broad church.

Which aspect of the Esop Centre would you most like to change?

Its profile. It's too low.

What is your idea of perfect happiness?

They say the happiest people don't pursue happiness as a goal. So I would climb a remote Scottish Munro and see what happens.

What is your most marked characteristic?

I'm quite focused. My friends call me a "one trick pony" because I keep returning to employee ownership. I'm quite happy with that.

What do you consider your greatest achievement?

Everyone is immensely proud of their kids but I should say something distinctive. I would say advising HMRC on the design of SIP and EMI in 1999, and founding Co-operative Energy in 2010.

What historical figure do you most identify with?

I think Karl Marx will be proved right about the

end of capitalism unless we radically reform it. I'm not sure I identify with him, though.

Which living person do you most admire?

Admire? Staying with Germans, I would say Angela Merkel. Now there's a surprise. Sorry Mrs Mason. Her stance on refugees was amazing if not politically costly. There's a deficit of leadership in public life because we put our leaders on very high pedestals and take sadistic pleasure in kicking them off. We need to be kinder and less hypocritical. I doubt that will happen.

Who are your heroes in real life?

I love satirists and comedians. Humour is an amazing gift and a powerful weapon. So I'll choose Randy Newman, Dr John Cooper Clarke and Peter Kay.

Which word or phrases do you most overuse?

It's health and safety gone mad.

What is your most treasured possession?

Honestly, I don't give a monkeys about stuff. It clutters up the cupboards and you can't take it with you. If I had to save one object in a fire it would be my iPhone. I wouldn't miss much else.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members only mid-month publication edited by Daniel Helen. Contact the editor to submit a story for the next issue.

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