



EVENTS

Esop Sofa: hot topics in employee share ownership - newspad review

April 20 2021 11:00(BST).

In our next regular *newspad review* **webinar**, YBS Share Plans' Darren Smith and guest panellists: Jonathan Sturman, governance manager – public service pensions & share schemes at Kier Group; Jennifer Rudman, industry director (employee share plans) at EQ; and Matthew Hunter, managing associate at Tapestry Compliance, discuss in depth, their pick of articles featured in recent editions of the publication.

The role of employee share schemes in achieving the UN Sustainable Development Goals

April 27 2021 15:00(BST).

At the core of the UN's sustainable development agenda are the 17 Sustainable Development Goals which are an urgent call to action for all countries, whether developed or developing, in a truly global partnership.

The 17 Goals recognise that to bring to an end deprivations in the world, whether poverty or otherwise, the approach must include strategies that improve health and education, reduce inequality, encourage economic growth and, at the same time, tackle climate change and work to protect the environment, particularly working to preserve the oceans and the forests.

The question is: **How can employee share**

ownership help?

Although the particular Sustainable Development Goal that this employee share schemes talk is addressing is Goal 10: "Reducing inequality within and among nations", the goals interact with each other and the solutions that employee share schemes offer are integrated in their impact on a range of Sustainable Development Goals.

In this webinar, share schemes expert David Craddock will explain the role of employee share ownership in macro-economics; the application of employee share ownership to any national economy; the economics credentials of employee share ownership; the analogy between the company economy and the national economy; and why employee share ownership recommends itself to support the UN Sustainable Development Goals.

Building back better with your employees through shared ownership

May 27 2021 18:00(BST)

Esop Centre joint web event with City of London Institute of Directors. Aimed at SMEs, this on-line panel discussion aims to explain why Employee Share Ownership is a "good thing" and why it is good for business; How it can be used to build better relationships with employees – how employee share plans can play a key part in rising to challenges, such as those caused by the pandemic, by contributing to employees' savings, morale and

engagement. The session will look at the pros and cons of Employee Share Ownership, how it works and what the options are.

Here is our library of broadcasts:

Beyond Brexit: EU-UK Social Security Contribution Rules; Esop Sofa: Hot Topics – newspad Review; The Share Valuation Worked Examples Group In The Changing Valuation Landscape ; Looking Ahead To 2021: Moving Beyond Brexit In Financial Services Regulation; Insights Into Share Valuation for Employee Share Schemes: Revealed Through Dynamic Case Studies; Lessons From Lockdown: Re-Assessing How You Manage Share Plans In A Digital Way; Employee Share Schemes: Innovative Communication Strategies Guaranteed To Increase Employee Take-Up ; Selling Your Company To An EOT - How It Differs From An MBO; Institutional Investors' Views On The Use Of Share Plans; Esop Sofa – Hot Topics; Employment-Related Securities: The Complexity Unravelling Into Practical Application; Employee Ownership & The Future Of Capitalism; Could Equity Be Used To Replace A Portion Of An Employee's Salary?; The Case For Employee Share Ownership: The Heart Of The Matter Revealed; Esop Sofa Lockdown Stories; Share Valuation: The Wisdom On Price-Setting For Your Employee Share Schemes; Tools Of Engagement: The Power Of All-Employee Plans; Awarding Shares To Employees In A Covid-19 World; The Employee Share Trust: Establishing A Dynamic Market For Your Employee Share Schemes; How To Ensure All-Employee Share Plans Remain Relevant; Esop Sofa - What Are Today's Big Employee Share Ownership Questions?; Enterprise Management Incentives (EMIs) – Powerful Lessons From Five Practical Case Studies; Enterprise Management Incentives (EMIs) – Igniting Your Business By Sharing Success; Esop's Tales: The Foundation Of The Esop Centre.

Broadening horizons, Z/Yen Group Limited is hosting a range of webinars over the coming weeks. For a full listing of Z/Yen, Long Finance, FS Club, and Esop Centre webinars look here - <https://fsclub.zyen.com/events/webinars/> - or sign up for mailings - <https://fsclub.zyen.com/#Subscribe>

CENTRE & MEMBERS' NEWS

Esop Awards “recipient of the year”

Congratulations again to winners, commended and all the finalists in the newspad all-employee share plan awards 2020. The judges commented that they were an overall “excellent group of nominations”.

Annica Lau of HR policies & strategy, LPKF Laser & Electronics celebrated the LPKF Employee Share Plan's *special commendation* in the Best International All-Employee Share Plan category by posting a video clip to her [LinkedIn page](#). LPKF's plan was nominated by Global Shares.



RBC cees becomes JTC Employer Solutions

The sale of the Royal Bank of Canada's CEES business to JTC plc completed on April 6 2021.

Rebranded to **JTC Employer Solutions** the business forms part of JTC's ongoing growth strategy of blending organic growth of the core business with disciplined inorganic growth governed by clear acquisition criteria and supported by a strong track record of thorough and successful integration. The acquisition is complementary to JTC's existing corporate and trustee services and significantly enhances the group's employee benefits offering, expanding a service line that has good growth potential due to market trends that support the increasing adoption of employee benefit programmes.

Employees based in Jersey, Guernsey, London and Edinburgh, including the senior management team, have transitioned to JTC to become part of the company's Institutional Client Services (ICS) Division.

Centre membership contact is Mark Le Saint, director, employer solutions. Office telephone: +44 (0)1534 700 000, email: mark.lesaint@jtcgroup.com

Jersey post-Brexit: Uniquely positioned for a supporting role – VG insight

Brexit was reported as an **unpleasant shock for the Channel Islands' Trust industry**, with concern sited that jurisdictions may find themselves caught between a transparency rock and a privacy hard place.

While Brexit undoubtedly has implications for many aspects of Jersey's relationship with the EU, its effect differs from that in

the UK. Although closely connected to the UK, Jersey is not subject to the laws of the UK and never has been member of the EU. Being outside of the EU, Jersey has always been able to readily adapt to the market conditions and work effectively with both the UK and EU Member States. Jersey already has strong existing relationships with both the UK as well as intermediaries across the EU, with little direct impact on Jersey's financial services industry resulting from Brexit.

Uber drivers could be out of pocket in the short run, says IEA expert

Responding to the news that Uber will now pay drivers a minimum wage, holiday pay and pensions, friend of the Centre, Professor Len Shackleton, editorial and research fellow at free market think tank the Institute of Economic Affairs, said:

"Uber has, as expected, accepted the Supreme Court judgment and is offering the benefits to which worker status entitles drivers. This will be costly to the company, and fares may ultimately rise by about 30 percent.

"Although they will be entitled to sick pay and holiday pay, drivers may well end up out of pocket in the short run. The entitlement to National Minimum Wage hourly rates is an illusory benefit, as most were earning more than this anyway.

"Despite Uber's claims to the contrary, drivers may end up paying higher tax and national insurance if the tax authorities query their self-employment status. The pension scheme possibility may seem attractive, but analysts have argued that those on low pay gain very little from auto-enrolment as management charges are disproportionate to the small amounts invested.

“If prices rise, the number of hires may recover from lockdown levels more slowly, which also could leave drivers worse off. Many may end up doing more work for less regulated and cheaper minicab firms.

“More generally, a signal is sent out that innovative employment possibilities must increasingly be shackled with regulations and higher costs. This is a worrying message at a time when we face the biggest employment challenge in decades.”

The future is now: The new world of work in the UK

CMS Cameron McKenna Nabarro Olswang writes in *Lexology*: The Covid19 pandemic and the measures put in place in response in countries around the world – including the United Kingdom – have compelled employers and employees to adopt a new vision for work. Countless businesses have survived during the crisis by having employees conduct their work from home. Now, one year after the pandemic began, home-office remote work has proved so effective, it is being considered for the post-pandemic future. But remote work raises a host of legal and administrative challenges. This article – based on the December 8 2020 webinar **The Future is Now: The New World of Work in the UK** – discusses how telework and home-office work impact the traditional workplace, and explores the challenges that these forms of employment pose for workers and companies, both now and in the years to come.

Bird & Bird, also for *Lexology*, writes about the **impact of the vaccine and rapid testing on returning to the workplace**, concluding that employers find themselves back where they started a year ago, planning for

another reopening of workplaces and safe return of staff who have been furloughed or working from home. But there are some key differences this time around. Most employers are now well-versed in operating Covid-secure workplaces and have the additional option of mass rapid testing as part of the potential range of measures. The rollout of the vaccine is also cause for huge celebration and optimism. It also presents employers with a number of novel practical and legal challenges to navigate.

If experience from the last year has taught us anything, it is that we are not out of the woods yet. Even if the government meets its vaccination target of July 31 2021, the effects of Covid are likely to be felt long afterwards. Social distancing will be with us for months, if not years. Little is known of the longer-term health impact of Covid but statistics just published by the ONS indicate that those aged 35-49 are mostly likely to report symptoms of ‘long-Covid’, potentially impacting their ability to return to work. Further research is also awaited on the impact of the vaccine on transmission and new variants. A slow, phased return is inevitable and employers will need to take a flexible approach and be ready to adapt their plans at short notice as both the public health - and legal - situation evolves over the coming months.

Lewis Silkin’s article provides **guidance on going back to the office**. The government has published new Covid-19-secure guidance for office settings which includes updated guidance on who should go to work. This article looks at what it means for office reopening plans.

UK NEWS

NatWest surprises with buyback news

Shares in NatWest Group rallied 1.5 percent to 193p after the bank announced it had agreed to buy back just under five percent of its shares from HM Treasury at market prices according to *Shares Magazine*.

The bank paid the government £1.125 billion for 590.73 million shares, or 4.86 percent of its outstanding capital. That works out at 190.5p per share, which was closing price on March 18 2021.

The agreement, which comes several months earlier than most analysts had expected, leaves the government with just under seven billion NatWest shares, equivalent to 59.77 percent of its capital. The bank will cancel 390 million shares and hold the remaining 200 million as treasury stock, which it can **use for employee share ownership schemes**.

HMRC publishes HS305 employment-related shares and securities - further guidance (2021)

The helpsheet **supplements the Additional information notes**, deals with some less common circumstances giving rise to tax liabilities relating to the award or ownership of employment-related securities.

Why traditional HR is dead

The number of companies without classic HR departments is rising. Andrew Mulder, head of people at MVF, tells *Reward Strategy* why **he agrees the function is no longer fit for purpose**:

"The billion pound company without a HR department" declared various mainstream

news outlets recently, shining a spotlight on the traditionally sedate world of HR. That was until Covid-19 dragged our profession kicking and screaming into the public discourse. The articles and interviews referred to Octopus Energy and its founder and chief executive, Greg Jackson, who believes HR departments don't make employees happier or more productive.

As someone who has spent around 15 years within the HR space, this struck a professional nerve. I came up with a list of at least 30 reasons why this was total rubbish, just for fun. I had a full on amygdala hijack and let my animal brain run riot, I felt like these articles were personally attacking myself and my wonderful team.

Putting my outrage aside, I read the articles. As I did, I realised, begrudgingly, that I was far from disagreeing with Octopus Energy and thought they had a point. Then the penny dropped: I too was working in a business that did not have an HR department. For those who have not seen the media about Octopus Energy, the premise of their idea is simple: Don't hire creativity only to stifle it with bureaucracy. Train employees to deal with issues and support them to find their own solutions.

Campaign group calls for cross-party financial services clean up

The Transparency Task Force (TTF) has written an open **letter to the prime minister calling for a clean up of the UK's financial services sector**. TTF founder Andy Agathangelou wrote: "our financial sector has a problem ... Cleaning up our financial sector isn't a party-political issue, just as it wasn't to get rid of asbestos in our buildings, or lead in our petrol, or candy

cigarettes in our sweet shops; and I can't imagine the issues being properly dealt with unless there is solid cross-party support for change. With that in mind I have cc'd the leaders of all the political parties plus parliamentarians that are known to have a keen interest in protecting the public from harm, especially investors and pension savers."

WORLD NEWS

South Africa: Blow to MTN staffers accusing execs of swindling them of millions

The High Court has removed the case in which former and current MTN staff members were accusing the company's senior executives of swindling millions of empowerment shares.

In November last year, ITWeb reported that about 400 MTN employees had filed an application for condonation at the High Court, pleading to have the matter heard in an open court.

The staffers were demanding over 200 million shares **allocated to them over a decade ago in an employee share ownership scheme**, saying their portion of shares was misappropriated in a trust. The trust, Alpine, was set up by MTN as an investment vehicle for the employees.

India: Agritech startup Bijak introduces Esop scheme worth Rs 65 Cr

According to *Entrakr*, agritech startup Bijak has **introduced an Employee Stock Ownership Plan for its eligible employees** worth around Rs 65 crore, regulatory filings show. With this, the two-year-old company joins the league of a select few early-stage startups who have created such a significant Esop pool in the recent past.

According to its filing, the board at Bijak has passed a special resolution approving the adoption and implementation of its Esop and will issue 1,765 options with one option parallel to one equity share. Any person from the promoter group, any directors or any such person who holds more than 10 percent equity stake in the company has been left out of such purview. The company has kept the minimum gap between the date of granting of such option and vesting at one year.

India: Cashify launches Esop buyback plan worth \$1 million for its employees

Cashify announced an **employee stock ownership buyback plan** worth \$1 million. Under the scheme, employees will have an option to liquidate up to 35 percent of their Esops in the company.

The company noted that it was its first Esop sale initiative. It added that the move would help the company recruit new talent while retaining existing employees.

"Cashify has thrived on the entrepreneurial spirit and sense of responsible ownership that our employees bring in their approach. The Esop buyback is our way of acknowledging and rewarding their efforts. We believe that this will help unlock value, and create wealth for our high-performing talent," said Mandeep Manocha, founder and ceo of Cashify in a statement.

USA: Starkey Laboratories settles stock plan fraud suit for \$173,000

Bloomberg Law reports that Minnesota hearing aid company Starkey Laboratories Inc. will pay \$173,000 to settle a federal lawsuit by current and former employees who say the **company failed to protect their employee stock ownership plan** from a \$30 million fraud scheme committed by certain former executives.

USA: Own a newspaper for \$1 per month

Dominic Moore-Dunson never expected to own a journalism outlet.

Moore-Dunson, a dancer and choreographer living in Akron, Ohio, doesn't exactly have the background of a newspaper baron. So it was a surprise when Chris Horne, publisher of the local arts and culture magazine *The Devil Strip*, texted to ask if he had time to meet up and talk about a new business model. Devil Strip editor in chief, Rosalie Murphy, and its director of membership, Jessica Goldbourn pitched Horne on joining the publication's first board of directors and becoming one of its first co-owners—a distinction he would share, they explained, with anyone in Akron willing to pay at least \$1 a month.

It's a model that was **partly inspired by a trend of co-op microbreweries that started cropping up** around the US in the 2000s, allowing drinkers to own shares and even help decide which beers make it to market. "I like the parallels between craft beer and the thoughtful craft news that we're trying to do," Horne said. "It's directly responsive to the wants and needs of our community."

Centre chairman, Malcolm Hurlston CBE asks "Who will bring it here?"

USA: Rutgers online library dedicated to employee ownership - Free for all...

Over the years, scholars have generated an enormous amount of evidence suggesting that employee ownership can strengthen firm performance, firm survival, and job stability, and improve employee economic well-being. Rutgers University's School of Management and Labor Relations' **Curriculum Library for**

Employee Ownership (CLEO) now organises and makes this large body of research-informed information accessible to researchers, teaching faculty, and the public.

CLEO is an online library of scholarly research and teaching materials on employee share ownership, featuring more than 600 resources—including company case studies, links to research articles, and policy reports. Designed to help college professors teach about employee ownership in their classes, this digital library is freely available to anyone interested in employee share ownership in its many forms.

Canada: Opinion - Employee ownership trusts should be an option in Canada

This month's federal budget gives the government an opportunity to provide Canadians with a clear picture of its economic outlook and its spending priorities as it begins its post-pandemic recovery. The budget is the perfect vehicle to offer employers, employees and the middle class some much needed support and opportunities to grow through policy and fiscal changes.

While worker co-operatives and employee stock options plans, are available, **one model that does not exist in Canada is the employee ownership trust (EOT)**. In the United States and the United Kingdom, EOTs have become increasingly more popular, particularly with business succession being top-of-mind for many owners who might find an EOT appealing as a transitional ownership option to their employees.

EU making 'very slow progress' on decent work

No EU country has a sustainable and fair economic model, and the EU as a whole is making “very slow” progress on decent work, the ETUC (European Trade Union Confederation) has charged.

Greece, Italy, Spain, Bulgaria and Romania were the worst performers when measured against the organisation's index of decent work and sustainable development, it said.

The performance of Greece was worse in 2019 than in 2010, while the performance of Luxembourg and the UK was worse than it was in 2015. The index also underlines how GDP has little bearing on decent work: Ireland, which has experienced high levels of GDP growth in recent years, performed badly in the Decent Work Index because its GDP is based on extremely low corporation tax and government expenditure on social protection, the organisation says.

EOT ROUND-UP

Building services contractor **Briggs & Forrester** ownership shifts to employee trust.

Digital, marketing, tech and sales recruiter **Better Placed** completes its transition to become 100 percent employee owned.

Napper Architects has established a new Employee Ownership Trust, sharing the ownership of the company with its 16 employees.

Fancy dress, toys and games merchant, **Dazzle & Inkspot**, becomes 100th Scottish business to adopt employee ownership trust.

£200m turnover **Readie Construction** has become the largest contractor to be sold to an employee ownership trust.

Rubicon Recruitment Group has become employee owned after transferring ownership of 100 percent of the business to an EOT.

Software company **GTMaritime** has secured funding to become employee owned.

Specialist photographic retail chain, **London Camera Exchange** is moving to employee ownership.

Change consultancy **Curium Solutions** has announced it will be majority owned by its new Employee Ownership Trust.

Property management and urban regeneration business, **Creative Space Management**, has moved to employee ownership.

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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