



EVENTS - GO AHEAD FOR JERSEY

Book now for Jersey live! - September 25

The Centre's Jersey share schemes and trustees seminar, held in partnership with the Society of Trust & Estate Practitioners (STEP - Jersey branch), will take place on **Friday September 25**. The programme includes sessions on the Eso response to Covid, the loan charge, case law and Esops updates, plus "*A day in the life of a tax inspector*" - looking at the knock-on effect of the pandemic for those working at HMRC.

The seminar will conclude with a lunch for delegates and speakers. Rt Hon. Mark Field, who was a strong supporter of the Crown Dependencies when a Minister of State at the Foreign and Commonwealth Office, will be guest of honour. Experts include: Katherine Neal, Ogier; Graham Muir, CMS; David Pett, Temple Tax Chambers; David Craddock, David Craddock Consultancy Services and Paul Malin, Haines Watt. The extended half-day event will be chaired by Centre founder and chairman, Malcolm Hurlston CBE. Book your seat(s) now. **Delegate prices:** Esop Centre/STEP members: **£375**, Non-members: **£480**. To reserve your place, email juliet_wigzell@zyen.com or call the Centre on +44 (0)20 7562 0586. It will be a great opportunity for mainland members to enjoy meeting people again.

British Isles share plan symposium: March 24

The Centre's fourth annual share plans symposium and *newspad* awards presentation will take place on Wednesday March 24 2021 in central London. Delegates from share plan issuer companies are welcome to attend **FREE OF CHARGE**. The revised programme will be as posted on the Centre website for the original event with topic slots updated.

Our thanks to Ocorian, the independent

provider of corporate and fiduciary services, for sponsoring the symposium. Ocorian offers guidance on installing and operating employee equity schemes in companies of all sizes.

A challenging programme segment dealing with executive remuneration, post pandemic, is tabled too. Speakers wishing to update their presentations should inform Fred Hackworth at: fred_hackworth@zyen.com. For all other enquiries about this event, contact Juliet at juliet_wigzell@zyen.com or call +44 (0)20 7562 0586. Admission prices will remain as advertised: £395 + VAT for delegates from member practitioners and £595 for non member practitioner delegates.

WEBINARS

There is an international focus to our first two webinars for September – first, on September 3, an international panel from White & Case will discuss the pros and cons of substituting pay with equity to help maintain cash-flow and the legal ramifications of doing so. Then on September 7, Centre chairman Malcolm Hurlston CBE will talk to Corey Rosen, who founded the National Center for Employee Ownership about what we can learn from US Esops.

The City of London & smaller international financial centres – cooperation, competition or collaboration?

September 2, 10:30am

Today's international & off-shore financial centres contain good and bad, from money launderers and tax evaders to long-term planners and legitimate but complex wholesale financiers. For years they were

presumed to trade on tax minimisation and secrecy. That presumption has been unfair on most of them for some time: they are valued by many for providing stable long-term financial arrangements with regulatory simplicity.

In this webinar, former Minister of State at the FCO and Jersey seminar guest of honour, **Mark Field will explore**, with Sheriff and Alderman Professor Michael Mainelli, the rapidly changing trade and economic environment and how it affects financial centres. Mark Field represented the central London constituency of the Cities of London and Westminster in the UK Parliament between June 2001 and November 2019. He is an acknowledged expert and advocate for international financial centres in their relationships with the UK.

Could equity replace a portion of an employee's salary?

September 3, 16:00

Given the current economic outlook, companies are concerned with **maintaining cash flow and cutting costs wherever possible**. Our panel of White and Case experts from France, Germany, the UK and the US will discuss whether it would be possible, and advisable, to replace a portion of an employee's salary with equity grants, and cover the related employment, securities and tax law considerations.

Employee ownership and the future of capitalism

September 7, 17:00

Companies can perform better and employees end up with substantially more wealth with employee share ownership. But **it is still the exception**. Share plans in the UK aim to replicate US Employee Stock Ownership Plans, but, unlike in the US model, the focus is short to medium term and employee ownership trusts in the UK are not set up so that employees typically benefit from the growth in share value in their accounts over time. The US model encourages focus on long-term growth. This webinar will look into what can be done to move employee ownership forward, what lessons can be learned from US Esops, and

what companies can do to make their own employee ownership plans more effective.

Employment-related securities: the complexity unravelled into practical application

September 17, 12:00

This term *employment related security* generally relates to shares of your company but also includes debt, derivatives and interests in investment partnerships. Tax and NIC may be payable where the right or opportunity to acquire the securities (or an interest in securities) is made available by your company (or by a person connected with your company) to a director or an employee by reason of the employment of the person acquiring the securities (or interest). Any company with tax-approved share plans must register these arrangements online and file returns. In this webinar, share schemes expert David Craddock will guide you through the twists and turns of Employee Related Securities.

Here is our library of broadcasts:

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>.

Our weekly Employee Share Ownership Bulletin tracks research institute and other thinking round the world - <https://fsclubcrm.zyen.com/newsletter/1966>.

CENTRE AND MEMBER NEWS

How can employers make share schemes attractive in the current climate?

In an [interview with Centre member David Craddock](#), *Employee Benefits Magazine* shares with its readers the ways in which share schemes can be used to engage employees during the pandemic.

Share schemes are an effective initiative to engage employees with business success and encourage loyalty to the organisation. But in the current climate with job insecurity and pay cuts, are they still an attractive proposition?

Employee share schemes have an important role to play during the pandemic, says David Craddock. "There are constructive ways to respond to the current climate, it's a question of microeconomics of the [organisation] and recognising the best way to respond. Employee share schemes could have an integral part in this."

National Center for Employee Ownership Fall Forum

NCEO is hosting its [fall Esop forum: Best practices in employee ownership](#), on-line from September 14 to 16.

Registration gives you access to: Forty expert-led breakout sessions created to give you the information and tools you need to ensure the health of your Esop in the wake of Covid-19 and beyond; Themed networking events designed to connect you with your peers; Meet other participants by industry, job title, ESOP concern, and more; Opportunities to meet Esop experts one-on-one and get the guidance you need; Peer networking events in one-on-one and small groups; Access to all Forum

sessions for thirty days after the Forum is over. The National Center for Employee Ownership is the world-leading support organisation with thousands of members and the Esop Centre works closely with it. With an online event you have the rare opportunity to join in on equal terms and we are arranging a special discount for members who want to take up the offer. You can express interest by emailing juliet_wigzell@zyen.com.

KKR's Pete Stavros shares his employee engagement strategy

You can hear Pete Stavros' [interview with Impact-Alpha](#) in its recent episode of Agents of Impact.

Travers Smith advises Investec on one of the first European ESG-linked subscription line facilities

Travers Smith has [advised Investec Bank on an environmental, social and governance \(ESG\) linked subscription facility](#) provided to Investindustrial, one of Europe's leading independent investment groups. The facility is one of the first ESG-linked subscription lines in the European fund finance market.

Investec is the arranger and sustainability coordinator of the €600 million facility, which is backed by a syndicate including State Street Corporation and Banca Intesa Sanpaolo.

Lewis Silkin announces third consecutive year of 100 percent trainee retention

Four [trainee lawyers are due to qualify and remain at the firm](#) this year. Two trainees will join the Employment legal practice group, with one joining each of the Commercial practice group and the Intellectual Property practice group respectively. One trainee, previously a paralegal at the firm, is based in Cardiff and qualified early in March 2020, while the remaining three are due to qualify in September.



PICKING THE CENTRE MEMBERS' BRAINS

SHARE PLANS

Share plans and long-term financial wellbeing: why now is the time to promote share plans – EQ insights

Covid-19: Impact on Employee Share Plan Schemes – Abbiss Cadres news

Covid-19 and Enterprise Management Incentives – further update– CMS, Law-Now

EMI and Furloughing – Pett Franklin news

Employee incentive schemes: 3 trends driving change – Ocorian Insights

Avoiding tax problems with employee share schemes – Gannons insights

Potential CGT Revisions and the impact on the EOT Structure – Doyle Clayton news

The Share Incentive Plan - fit for the Twenty First Century – RM2 blog

Employee ownership – the solution to higher standards of ESG – Fieldfisher insights

Amadeus share plan case study – Global Shares stories

COVID

Europe: Covid-19 Recovery & Renewal; EMEA Tax Issues; Employee Benefits – Baker McKenzie insight plus

Coronavirus: International Regulatory Update 27 – July 31 2020 – Clifford Chance insights

The change accelerator: where is Covid-19 taking us? – ING Wholesale Banking insights

What we did during the global pandemic – Investec focus

Examining the private equity industry's reaction to Covid-19 through an ESG lens – Intertrust insights

Why the post-pandemic office building will be greener and costlier – RBC thought leadership

UK CEOs must embrace the 'licence to change' Covid-19 has created – PwC insights

EXEC PAY

Government response to BEIS Select Committee – MM&K articles

Expert panel discussion - Remuneration strategies and executive pay – Sanne news and events

EQUALITY AND GOVERNANCE

ESG takes centre stage amid economic crisis and social unrest – White & Case our thinking

Culture and Pay – Linklaters insights

Women and wealth: myth busting – Zedra news and events

Closing Europe's skills gap – KKR blog

Diversifying the path to ceo in financial services – Deloitte insights

Investment industry not learning from experience – WillisTowersWatson news

SHAREHOLDERS

September's shareholder rights revolution – Computershare insights

The shifting sands of shareholder activism – Link Asset Services: our thinking

TRUSTS

Are you getting fair value from your EBT provider – VG Insight

Is Britain's royal family ready for AMLD5 – LGL Group Insights

UK Trust Register: final rules published – Macfarlanes what we think

Update on economic substance in the Cayman Islands – Ogier publication

BREXIT

KHIC Flash Update: Brexit – Kleinwort Hambros news blog

UK – Brexit & DAC6: a marriage doomed to fail? – Bird&Bird news

Study confirms impact of Brexit on tech M&A transactions – Pinsent Masons' *Outlaw*

EMPLOYMENT LAW

ECJ provides directions on determining a 'worker' for the purposes of the Working Time Regulations – Wrigleys Solicitors news

UK NEWS

HPC/CIPD annual FTSE100 ceo pay review - ceo pay flat in 2019

Independent think tank the High Pay Centre, working with CIPD, has released its [pay review](#). This shows some reduction in top pay, which fell by 0.5 percent between 2018 and 2019 to £3.61m - but this is still 119 times that of the average (median) UK full-time worker, who earns £30,353.

The report predicts that pay cuts made because of the pandemic could result in more substantial falls this year, but the extent of ceo pay reductions varies significantly from firm to firm and will be influenced by stock market changes.

Employee share schemes in numbers

Twenty-five percent of [employers offer shares or share options to staff](#), while **14** percent do so purely for executive or senior employees – **40** percent of employers offer a long-term incentive plan (L-tip), making it the most popular type of scheme – **25** percent of employers offer an all-employee sharesave or save-as-you-earn (SAYE) scheme – **21** percent of employers offer a company share option plan (Csop) – **21** percent of employers offer an all-employee share incentive plan (Sip) that offers matching shares, while **21** percent offer a Sip that offers free shares (Source: [Employee Benefits](#))

Starling Bank motivates staff using an employee share scheme

Employee Benefits Magazine reports that digital, mobile-only financial organisation Starling Bank motivates and rewards its 800 employees by [awarding them shares in the business](#) through a share incentive plan (Sip). Susanna Yallop, chief people officer at Starling Bank, says: "This was something Anne Boden our founder and ceo always wanted to do: for *all* employees to feel part of the Starling story. "The reaction has been very positive, especially at this point in the organisation's evolution," says Yallop. "It's unusual for everybody to be given shares and people recognise we've done something a bit

different, and we've done that for a reason and we want everyone to share in that success.

"We're relatively young in terms of the organisation. We've been adding benefit pieces as the organisation has grown and that's likely to continue. A share scheme felt right in that respect, in the fact that everyone will benefit from its successes further down the line."

A shared future – one in four SMEs in the UK now share ownership with their employees

The pandemic has made many businesses re-evaluate the way they work. In a [survey of 500 SMEs, by Vestd](#), nearly half (48 percent) said that Covid-19 had made them rethink the way they operate.

Ifty Nasir, ceo and co-founder of the share scheme and equity management platform, Vestd, said: "Covid-19 has made us all re-evaluate our lives and think about what really matters to us, both at home and at work. Many people will be looking at ways they can proactively make a difference in their company, while becoming a more integral part. Employers, meanwhile, will be searching for methods of engaging their talent, without breaking the bank – especially as so many (63 percent) have said they won't be giving pay rises in the coming 12 months.

"Introducing a shared equity scheme is a progressive move forward. It has proven results to increase performance, company cash flow, loyalty and company culture."

Labour's work and pensions spokesperson criticises Labour's plans for Eso

In an interview with *LabourList*, [shadow work and pensions secretary Jonathan Reynolds MP](#) criticised key parts of Labour's 2019 manifesto, including the financial transactions tax – that the party said would raise £8.8bn – and the employee share ownership scheme. He said he was "very much in favour of" employee share ownership, but added: "You've got to have a credible mechanism to deliver that." He suggested that Labour's plan – requiring large companies to set up Inclusive Ownership Funds – was not sufficient.

WORLD NEWS

USA: Western Global Airlines to raise \$410mn in first bond offer

Western Global Airlines (KD, Fort Myers Southwest Florida) has proposed senior unsecured notes due in 2025, the proceeds of which will fund the purchase of part of the shareholdings from its existing shareholders [on behalf of an employee share ownership trust](#).

The cargo specialist is looking to raise USD410 million through its first ever junk-bond offering as part of a plan to sell a minority stake to employees, Bloomberg News reported on August 4. Its founder and chief executive Jim Neff and other shareholders will sell up to 49 percent of the company to an employee stock ownership plan.

USA: The threat of employee shareholder activism

Boardrooms across the USA are increasingly discussing human capital management issues, as investors bring subjects like diversity and inclusion, employee safety, retention and engagement into focus. With so many ceos of US companies signing the Business Roundtable statement on stakeholder value, and Covid-19 raising legitimate concerns about employee safety, companies can expect greater scrutiny of how they treat their employees in the future.

The majority of shareholder proposals on human capital management have asked for more detailed disclosures from companies. At Alphabet, Amazon and Walmart, meanwhile, employee groups have cosponsored shareholder proposals that made it to the ballot during the last couple of years. In each instance, existing [employee-activist groups decided a shareholder proposal was an appropriate escalation of their lobbying of management](#).

USA: Loan forgiveness for payroll costs for owner-employees

The Small Business Administration (SBA), which has generally provided business-friendly

interpretations regarding forgiveness of *paycheck protection program* (PPP) loans, has made one aspect even more complex with updates to its **guidance for special treatment of the payroll costs for owner-employees**—a category wholly created by SBA and outside of the enabling legislation. The SBA created this new category but never really illuminated the concept. Unfortunately, the SBA has doubled down by reaffirming and complicating the special treatment of owner-employees in its revised forgiveness application and instructions, and its 18th IFR and 19th IFR, which the SBA issued to update its guidance in light of the *Paycheck Protection Program Flexibility Act* (PPPFA).

USA: With an Esop, many winners in sale of a business

For many business owners, a succession plan is about more than creating an exit strategy or profiting from the sale of the company. It's about preserving a legacy in a way that benefits the company and its employees as well as the business owner(s).

For Mark Gaetz and Jim Burns, former owners of Mulcahy Co, **establishing an Esop** was a way to continue to be involved in the operation and growth of their business while rewarding the employees who helped make it a success.

“When we hit 60 employees, we had a lot of people wanting a piece of the pie,” said Gaetz, Mulcahy Co ceo. “So you’ve got to concern yourself with how to divide it up every year. Invariably you can’t do it right; there are too many politics involved. So we started going down the Esop avenue.”

Norway: Adevinta - Mandatory notification of trade – Employee share purchase plan

Employees of Adevinta ASA have on August 6 2020 purchased 19,322 Adevinta shares through a broker on the Oslo Stock Exchange as part of **Adevinta’s employee share purchase plan** at an average share price of NOK 163.8772 per share. The shares will be

transferred to the participants in the coming days. The transactions are related to the second enrolment window in the Adevinta Share Purchase Plan for 2020 which closed in March 2020, and based on savings made during April, May and June 2020.

The purpose of Adevinta’s employee share purchase plan is to motivate and retain employees as well as to increase the interest in Adevinta’s results and performance. After two years of ownership, the company will allocate two bonus shares for every share bought during the first two quarterly enrolments in 201 and one bonus share for every share bought in connection with this offer hereafter.

EOT NEWS

Civil engineering firm MHB Consultants becomes employee-owned

The engineering design consultancy, founded by managing director Hendrie Barbour in 2006, specialises in bridge design, civil and geotechnical engineering, temporary works and land surveying.



With fellow directors Fergus Aitchison and Alistair Gray, Mr Barbour has grown the firm organically to 40 staff.

Mr Barbour **wanted to plan for his eventual exit** over a number of years by considering succession options early, therefore allowing for a smooth transition. Along with the other two directors, the management team wanted a solution that would ensure the business remained independent and retained the company’s strong values and culture.

“All of us have been involved in building MHB, and we are proud of the successful business that it has become and the team of employees that we have,” he explained. “We don’t want any exit plans to impact what we’ve all built or change the way the business operates and our way of doing things.”

With a planned deal completion date of mid-2020, the arrival of the COVID-19 pandemic created some uncertainty over the timing, however the decision to go ahead was seen as a positive long-term statement and one that would engage staff moving forwards.

Mr Barbour said: “Goodwill from employees is important right now as we must all pull together in the right direction. What better way to do this than with all of us as owners?”

An Employee Ownership Trust has been formed and holds 100 percent of the shares on behalf of the employees. The transition to employee ownership was supported by Co-operative Development Scotland.

Team takes over ownership at corporate finance firm

A West Yorkshire **corporate finance boutique** has been acquired by an employee ownership trust.

Jo Haigh, chief executive and founder of fds Director Services, has passed ownership of the business to managing director Poonam Kaur, and the existing team, as part of the company's succession planning.



All staff, subject to participation rules, each have ownership in the business through the employee ownership trust. The EOT also has a trustee board that has final control over the operation of the business.

Haigh said: "Having started fds back in 1989, I am passionate about what happens to fds next, and I truly believe passing ownership of the company via an EOT to the team is the ideal way.

"The EOT allows me to still retain a small amount of shares, but it is the main shareholder of the business. I will also still be remaining as ceo, but I fully support the team in the route we will be taking going forward.

"Fortunately fds experienced no down-town during Covid-19 and we have actually expanded our services, now offering crowdfunding and EOT services to SME business owners, in addition to our existing services such as fund raising, trade sales, acquisitions, company valuations and director-level training."

ROADCHEF STORIES

A round-up of recent press coverage of the Roadchef employee benefit trust scandal:

'He would have wanted me to fight': Taunton widow's vow in battle to claim money lost in investment scandal

Up to 100 former workers at a Derbyshire service station could finally receive a bonus pay-out they were promised decades ago.

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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