



CENTRE & MEMBERS' NEWS

Treasury minister takes note of Centre's letter

Richard Fuller MP, economic secretary to the Treasury, told the Centre this week that he had asked officials to consider our suggested changes to the CSOP.

In our [letter of June 23](#) we had put forward changes to the options limit, the holding period, and the share classes.

The Treasury had expanded its EMI review to consider whether the CSOP should be reformed to support companies which were growing beyond the scope of the EMI.

Members webclave: are broad-based employee share plans still fit for purpose?

Key elements in the all-employee share ownership reform campaign were highlighted in the Centre's webclave last month.

The discussion was introduced by Stuart Bailey of Computershare and Jennifer Rudman of EQ. Their presentation of the issues was followed by a straw poll, which revealed that 28 percent of members present wanted urgent radical changes to the structures of both SAYE-Sharesave and the Share Incentive Plan (SIP), while the rest favoured changes to make them more attractive to both employees and their employers. Nobody thought that the rules and structure of the two all-employee tax-advantaged schemes should stay as they are. The [Full report](#), including a summary of the two breakout debates, is now available.

New member – welcome Tapestry Compliance

The Centre is delighted to welcome [Tapestry Compliance](#) into membership this month. Our main point of contact for the firm, which has been owned by an EOT since 2020, is legal director Chris Fallon. We look forward to working with the Tapestry team.

This week, Tapestry shared some interesting insights into the impact of Brexit and Covid in the recent EBA report on benchmarking of remuneration practices in EU banks, [in its newsletter](#)

Ownership: Reinventing Capitalism, Companies, and Who Owns What

NCEO founder Corey Rosen has co-written a new book with long-time colleague and bestselling business author John Case: [Ownership: Reinventing Capitalism, Companies, and Who Owns What](#). Its official launch date is September 13, but is available for pre-order on Amazon and other online sites. The book is written for a general audience.

Wages are stagnant, wealth inequality is growing, and social trust is eroding. There are endless debates about what to do, but one key factor is inexplicably left out: who owns the companies that drive the economy. More conventional forms of ownership restrict the fruits of capitalism to a few: an ownership group, investors on Wall Street, or private equity firms. The book makes the case that employee ownership helps workers build wealth,

creates stronger companies, and makes for a fairer, more stable society. This book takes a deep dive into where employee ownership came from, how it works now, and what needs to be done to expand it. As the many examples in the book show, it's an idea whose popularity is growing all over the world—and one that all sides of the political spectrum support.

Some early comments:

“Required reading for anyone seeking a practical way to make capitalism work for the many, not the few.”—Robert Reich, Former US Secretary of Labor.

“This book is the canary in the coal mine for American capitalism—a warning that the system risks expiring because of its increasingly skewed benefits. Rosen and Case offer a compelling and practical path to a better form of capitalism through employee ownership—and not just for workers but for all Americans.”—Roger L Martin, author, strategy adviser, and former Dean of the Rotman School of Management.

Shared company ownership may be the missing path to the American dream

Darren Walker (president of the Ford Foundation, an independent organisation working to address inequality and build a future grounded in justice) and Centre friend Pete Stavros of KKR, wrote for *Fortune* this month “The American dream—that foundational promise of economic opportunity, social mobility, and lasting security—looms large in our life stories. While access to this promise has been granted slowly and unevenly, at its best, our nation has been a beacon of democracy and free enterprise.

“Today, corporations remain too fixated on the latter at the expense of the former—but we believe democracy and free enterprise

must go hand in hand. In a principled, democratic society, every worker should have the opportunity to participate fully in the economy. That means employers, large and small, **must provide their workers with more paths to ownership.**”

Blue-collar workers get a piece of the pie as KKR sells Minnesota company

KKR has sold garage-door firm CHI to Nucor for \$3 billion—and **shared a piece of the windfall** from its highest-performing buyout in more than 30 years with the company's workers.

Now, Swedish engineering firm Trelleborg has agreed to acquire Minnesota Rubber and Plastics from KKR for about \$1 billion in cash, the companies said in a statement on Tuesday August 2.

The deal, which was first **reported by Reuters**, is expected to expand Trelleborg's polymer and plastics business in North America when it closes before the end of this year.

KKR acquired Minneapolis-based Minnesota Rubber and Plastics from private equity firm Norwest Equity Partners for an undisclosed amount in 2018.

About 1,300 rank-and-file employees of Minnesota Rubber and Plastics, who are not part of management, are set to receive on average up to a year's worth of their annual salaries when the deal closes.

CMS: Striking Times (3): the current industrial relations landscape in the UK

In an article for Lexology, CMS's Anna Cope and Samantha Love write: **With strike action currently** taking place across the UK, and with more planned by workers in a variety of industries, comparisons are already being drawn with the 1978-1979

Winter of Discontent. Factors such as rising inflation and the current cost of living crisis, set against a backdrop of a downbeat economic outlook, mean workers are more willing to vote for collective action. However, the industrial relations landscape is now fundamentally different. Whether they recognise trades unions or not, businesses should consider the possibility of action both from trade unions and other groups which seek to use collective action as a means to effect change.

JP Morgan completes acquisition of Global Shares

On August 11, JP Morgan completed its previously announced **acquisition of Global Shares**. Companies and employees will benefit from Global Shares' share plan services, as well as JP Morgan's suite of wealth management, executive financial services and other banking products and services.

Founded in 2005, Global Shares has a client base of approximately 650 ranging from early-stage start-ups to mature multinational public corporations. The firm has nearly \$200 billion in assets under administration across over 800,000 corporate employee participants. It operates with a team of more than 600 staff and is headquartered in Cork with 20 locations in Europe, the Middle East & Africa, North America, and Asia Pacific.

Global Shares' Martin Osborne-Shaw said "The sky is now the limit! After the celebrations on August 11 to mark the closure of the deal, we are all excited to be part of the JPM&C family."

Pinsent Masons: The benefits of recruiting and retaining the over 55s in the workplace

Writing for Out-Law, Pinsent's Stephanie Dekker and Trish Embley remarked "Employers seeking to recruit and retain a productive workforce should **offer support to those aged over 55** to benefit from the skills, experience, knowledge transfer, network and diversity of thought that older people bring to the workplace.

"The need to harness the potential of the over 55s is especially important given the shortages of skilled labour being reported globally.

"Recent figures show there are a record number of job vacancies in the UK. It has been suggested that one reason for this could be that older workers are leaving the workforce at a higher rate than before. The UK is not alone in this problem. Other countries, such as the Netherlands, are reporting record-breaking shortages on the labour market too."

MM&K: Government proposals to review NED pay have caused shareholder unrest

Recently, the *FT* reported on investor concerns about government proposals to review current rules on **paying NEDs in shares or share options**. The government wants to see if they impose any unnecessary restrictions on NEDs becoming fully invested in the future success of the companies of which they are directors.

This raises questions about the independence of NEDs, the increasing demands on their roles, the ability of companies to attract NED talent and the imperative for businesses to maintain board quality. It's not easy to square this circle, comments MM&K.

Doyle Clayton: Employment status: new guidance but no legislative reform

The government has responded to its 2018 consultation on employment status and has decided against legislative reform of the employment status tests. Instead it has published new guidance designed to improve clarity around employment status.

In 2018, the government accepted the Taylor Review's conclusion that the tests for employment status are unclear and uncertain. It issued a consultation seeking views on whether there was a consensus on this and, if so, how to achieve greater clarity and certainty. It also asked whether the tests for tax and employment status should be aligned. There are three different types of employment status for employment rights (employee, worker and self-employed) but only two for tax purposes (employed and self-employed). The government has **now issued its long-awaited response to the consultation.**

Travers Smith is advising OCS Group on the proposed sale of its facilities services business

OCS FS delivers critical and essential services to support more than 20,000 customers to keep their businesses running 24 hours a day; from offices and hospitals to stadiums and retail parks, to manufacturing plants, airports and courtrooms.

The transaction is subject to certain conditions and is expected to close in the second half of 2022.

The **Travers Smith team** was led by Private Equity & Financial Sponsors Partner Alex Dixon, with support from Associates Nikesh Arya and Shannon Anstee. Specialist advice was provided by Paul McComb, David James, Alex Economides, **Mahesh Varia**, **Claire Prentice**, Russell Warren and Lewis Currie .

Clean river campaign launch

Rachel Jenkins, WHO mental health expert and colleague of our president Malcolm Hurlston on the DWP MidLife MOT Board, is **launching a clean river campaign on the Wye** this week.

A statue of the Blessed Virgin Mary is being rowed down the river to reach Moccas on Thursday evening (August 18).



Professor Jenkins (right) at the launch on the river Wye

ESOP CENTRE WEBINARS

Here is our library of broadcasts: **Share Schemes And The Impact Of Inflation; The Future of Gig Working As A Dynamic Economic Alternative; The Employee Voice: Share Plan Votes ; Esop Sofa: Hot Topics In Employee Share Ownership – Newspaper Review IV; Innovative Tax Techniques For Employee Share Schemes; Share Schemes For Non-Employees & The Gig Economy; Esop Sofa: Hot Topics In Employee Share Ownership; Building Back Better With Your Employees Through Shared Ownership ; EOTs: The Credible Alternative To Succession; The Role of Employee Share Schemes In Achieving The UN Sustainable Development Goals ; Esop Sofa: Hot Topics In Employee Share Ownership - Newspaper**

Review ; 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 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>

UK NEWS

BrewDog applications up over 75% as it delivers first 'blueprint' profit share

BrewDog reports that job applications across its business are up by more than 75 percent as it delivers the first of its 'blueprint' profit share bonuses to bar staff. The bar group and brewer announced the launch of the scheme, which includes a new employee ownership programme, in May 2022.

HMRC still under pressure

ICAEW reports that HMRC's performance data for April to June 2022 demonstrates that the promised return to normal service levels from April 2022 has not occurred. HMRC is now striking a more pessimistic note on performance recovery.

HMRC's monthly and quarterly performance reports for April to June 2022 have been published along with a commentary, much of which refers to what happened in 2021/22, rather than the last quarter.

WORLD NEWS

Singapore: Employees of Sequoia-backed Hmlet stripped of stock options after distress sale

Four months after learning of their company's impending sale to a European operator, current and former employees of co-living startup Hmlet were informed that their stock options will now be worth nothing due to a mechanism that allows certain Hmlet investors to have the first claim to proceeds from an acquisition.

Following the sale of Hmlet to co-living company Habyt, Hmlet's employee share option programme will be terminated and any options granted will be cancelled, according to a document viewed by *The Business Times*.

Korea: KakaoBank employees at loss over employee stock ownership plan

KakaoBank's stock price rose by 4.78 percent, ending at 32,900 won (\$25) on August 4's trading session, following the previous day's solid first-half earnings report. The digital bank raked a record-high net profit of 123.9 billion won in the first half, which is a 6.8 percent year-on-year increase.

Despite enjoying a stock price high since late June, **employees of the internet-only bank cannot yet enjoy the ride to the fullest.**

Many of them are monitoring the stock price anxiously, as the stock price at August 4's closing is still more than 15 percent lower than its initial offering price of 39,000 won, set last summer at the time of the bank's listing debut on the main benchmark KOSPI.

USA: Senate passes revised version of Inflation Reduction Act of 2022

On August 7 2022, the Senate voted 51-50 to **pass the Inflation Reduction Act** of 2022 (the "Act"), which broadly addresses climate change, taxes, health care, and inflation. **The action sent the measure** to the House of Representatives, which was expected to pass the \$430 billion Act without amendments. It was signed into law by President Biden on August 16. Federal agencies will now implement the law and promulgate rules as to the deployment of the funding.

The Act introduces a **one-percent excise tax on certain corporate stock buybacks**. The proposal for the excise tax is identical to the excise tax that was proposed as part of the Build Back Better Act (H.R. 5376) at the end of 2021.

USA: Who's the boss now? Ownership of ad agency is going to employees

Eric Mower, who turned his ad agency into one of the largest independent marketing communications firms in the country, has sold the company to his employees, **transferring 100 percent ownership of the company** to a newly formed employee stock ownership plan.

EOT ROUND-UP

- ◆ GP Practice **Minehead Medical Centre**.
- ◆ **Hoskins Architects Group Ltd.**
- ◆ Education technology specialist **Getech**.
- ◆ Corporate finance firm **BCMS**.
- ◆ Vehicle manufacturer **Twisted Automotive**.
- ◆ paving materials business, **Hardscape Group**.



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ABOUT NEWSBRIEF

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