

December 2016

MERRY CHRISTMAS

Everyone here at the Esop Centre — Malcolm, Linda, Fred, Juliet and Daniel — would like to wish you all good wishes for Christmas and the New Year.

To get in the festive spirit, we can recommend the following cocktail...

Esop Christmas cocktail

Employee share ownership traces back to Governor Huey Long of Louisiana, whose slogan was “every man a king, but nobody wears the crown”.

His favourite cocktail was the Sazerac... here is the British version.

Place a sugar lump in an iced tumbler. Add five drops of angostura bitters, then half a shot glass of absinthe. Add two measures of blended whisky such as Bushmills or Famous Grouse. Stir.



CENTRE NEWS

EMI private equity initiative

The Centre is taking a joint initiative with the British Venture Capital Association to bring employee share schemes to the private equity sector. In a letter to Treasury ministers, the need is outlined, the difficulties acknowledged and thoughts presented.

MEMBERS' NEWS

Capita to dispose of Asset Services

Capita has announced plans to dispose of its Asset Services division, amid gloomy profit forecasts for 2016 and 2017. The process has already begun but no further details have been disclosed.

Elia rebrands to Intertrust

On December 12 Elia completed its rebrand to Intertrust following the acquisition in June.

Campaign for RBS shareholders' committee

Cliff Weight of MM&K is coordinating a campaign, led by ShareSoc and Centre member UK Shareholders Association, to create a shareholders' committee at underperforming RBS. This may appeal wider than to employee shareholders.

If you would like to support the campaign copy the words below and reply to Cliff at: rbs.campaign@sharesoc.org

I own RBS shares and I would like to support the RBS Shareholder Committee Campaign.

Name _____

Phone number (optional but it may be useful if a problem arises) _____

Next step: you will be sent by email the resolution to sign and post back. Then we submit the resolution to RBS and it will be voted on at the AGM.

Estera launches thought leadership publication

Estera has launched *Illumina*, a thought leadership publication aimed at highlighting

issues impacting its clients across the world. The first edition (October 2016) features an update on the requirements surrounding FATCA and the Common Reporting Standard, [and can be viewed here](#).

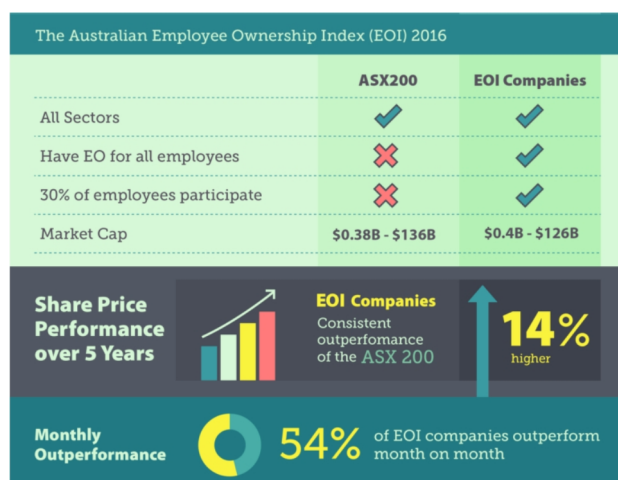
UK AND GLOBAL NEWS

UK: Draft Finance Bill 2017 published

HM Revenue & Customs has published [draft provisions for Finance Bill 2017](#). This includes provisions concerning the withdrawal of the capital gains tax exemption and income tax relief on shares received under Employee Shareholder Status agreements. The technical consultation will close on February 1 2017.

Australia: Employee Ownership index launched

Employee Ownership Australia and New Zealand has launched a new index of Australian companies which offer broad-based employee ownership schemes. Over the past five years, employee owned companies have consistently outperformed the ASX 200, with the index share price 14 percent higher. In addition, 54 percent of employee owned companies outperform month on month. [Visit the EOA website for more information](#).



Europe update

Sweden is considering a new tax-qualified option scheme for SMES and Ireland will be

introducing a new share schemes incentive aimed at SMEs in 2018. Meanwhile, the French parliament has voted to remove positive aspects of the 2015 “Loi Macron”.

EU: New rules agreed to give shareholders greater say on executive pay

A revision to the Shareholder’s Rights Directive that aims to strengthen shareholder oversight in large European companies has been agreed between the European Council and Parliament. Under the new rules shareholders will have the right to vote on executive pay packages. Suzannah Crookes of Centre member Pinsent Masons said: “The directive addresses a number of issues where there have been recent developments in the UK, for example in relation to the identification of shareholders, the UK now has an requirement for a register of ‘people with significant control’.”

EU: Agreement reached on securities-related prospectus regulation

The EU Council and Parliament have reached a provisional agreement on new rules on prospectuses for the issuing and offering of securities. The change aims to make the issuing and offering of securities more attractive to SMEs who might otherwise be put off by the paperwork and costs involved. EU companies which offer securities to its employees are mostly exempt from the regulations if their shares are listed on an EU regulated market.

France: New withholding tax to be introduced

The French government has confirmed that an income tax withholding tax will be introduced as part of the proposed 2017 budget. French tax residents currently pay income tax the following year, but from January 1 2018 employers will operate income tax withholding on employment income. According to Centre member Deloitte, while

qualified share plans would be exempt, the withholding on non-qualified schemes should be operated on the gain at vesting or exercise.

South Africa: MTN Group offers investor opportunity

South African telecoms company MTN Group has offered black, coloured and Indian South African citizens the opportunity to become investors under its B-BBEE share scheme.

USA: Portland to tax pay gap

Portland, Oregon, has introduced a tax on companies with large gaps between CEO and worker pay. Companies that do business in the progressive US city will see their business fee increase 10 percent if their CEO makes 100 times or more the median worker's earnings. An idea for the City?

CONFERENCES AND EVENTS

Nigel Wilson high table: Thursday January 19 2017



Chairman of the Investment Association's executive remuneration working group, Nigel Wilson, will be the guest of honour at the Centre's next high table dinner held at the RAF Club in London on Thursday January 19 2017.

In July the working group published [its final report](#) into problems with executive pay in the UK, which includes ten recommendations to strengthen the role of remuneration committees and improve shareholder engagement.

Tickets cost £140 + VAT. To book your place, please email events@esopcentre.com.

London share schemes for SMEs conference 2017

The next Esop Centre-Institute of Directors London share schemes for SMEs conference will be held on Tuesday September 12 2017. Save the date.

Dates for your diaries: *newspad* *summits*

Two new-style international events are on the drawing board for 2017, reflecting *vox pop* at the Centre's successful British Isles symposium. International director Fred Hackworth is looking for sponsors and firm expressions of support.

Both will be *newspad* *summits* for leading industry players and thinkers – with high level papers and extra time for discussion – backed up by the Centre's administrative team.

The first is planned for [Paris](#), home of the OECD whose importance grows for share plans. The favoured dates are Thursday June 15 and Friday June 16. The Centre is looking for a senior member to co-host this event, offering hospitality and a conference room within its Paris office. The Centre will recommend accommodation, but allow delegates to arrange what suits them best. If you are interested in speaking at such an event, alongside OECD and French experts, please let us know asap.

The second *summit*, with focus on shared UK and North American issues, is planned provisionally for [Calgary](#) in Alberta, Canada, with the favoured dates being either Thursday September 28 and Friday September 29 or the same days on the following week, October 5 & 6. This follows the Centre's succès d'estime with the Federal Reserve Bank in New York. Calgary is close to the ski resorts at Banff. The Centre is in discussion with a senior member about co-sponsorship in Calgary, but a return

to New York is not yet excluded. Comments and/or offers of help would be most appreciated and should go to summiteer-in-chief, the Centre's international director Fred Hackworth at: fhackworth@esopcentre.com

MEMBER PROFILE

John Hunter is the chairman of the UK Shareholders' Association.



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

It encourages teamwork and all the benefits that brings – particularly in large organisations where the bottom can seem remote from the top – by providing a single measure of achievement to which the whole organisation can relate.

That applies to all except those who can directly influence the measure in the short term – i.e. the directors and senior investor relations staff and a few very senior managers. In them it encourages short-termism and the pursuit of eye-catching deals at the expense of sound investment (of both time and money) in long-term success; unless the plan is particularly well designed.

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

No easy answers. Publicise the successes, learn from the failures, share knowledge and experience.

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

Because the benefits of ESOPs are independent of party dogma.

Which aspect of the Esop Centre do you most value?

The help and friendship of those I meet through it.

What is your idea of perfect happiness?

If I could identify it, it wouldn't be perfect. My moments of perfect happiness have always been unexpected and usually involved some combination of family, friends and place.

What is your most marked characteristic?

Equanimity.

What do you consider your greatest achievement?

Outside of family matters, blundering through life without any of the 'goals' that are deemed important for 'success' but feeling successful for all that.

What historical figure do you most identify with?

Richard Feynman – as original as Einstein and much more fun. Samuel Pepys a close second.

Which living person do you most admire?

My wife.

Who are your heroes in real life?

Boye Brogeland (who exposed a number of top bridge players as cheats and put his own career at risk to do so), Nassim Nicholas Taleb ('Fooled by Randomness'), Anselm Kiefer.

Which word or phrases do you most overuse?

On the other hand...

What is your most treasured possession?

My house.

ABOUT NEWSBRIEF

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

To submit a story for the next issue of *newsbrief*, contact the editor:

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