



NEWSPAD ALL-EMPLOYEE SHARE PLAN AWARDS 2021

Now is a good time to tell us about the companies and people who deserve to be recognised for their work and commitment to all-employee share ownership.

The **newspad awards** recognise achievement and reward best practice models which others can follow.

If your company (or your client) has made a notable contribution to employee share ownership, issued an inspirational share plan, showed excellence in its communication and presentation, been creative in using technology, or if your company, project or team leader has upped the game with enthusiasm for employee share ownership ... why not shout about it with a *newspad* award nomination!

The results will be announced in the widely read international publication "*It's Our Business*" - *newspad of the Esop Centre* and award certificates will be presented to the winners at the Centre's Employee Share Plans Symposium 2022.

Google, BT, Nokia, Telefónica, easyJet, Unilever, BP, BAE Systems, Reckitt Benckiser, Tesco, Marks & Spencer, Siemens Energy, Daily Mail & General Trust, Severn Trent and Dixons Carphone are all recent award winners. You will be in distinguished company.

Companies are welcome to nominate themselves or advisers can make submissions on behalf of their clients. Entrants can apply for awards in more than one category. **Submitting nominations is free** and simple. The deadline is **5pm on Friday 14 January 2022**.

The full list of this year's award categories is:

1. **Best international all-employee share plan** (more than 2,500 employees)
2. **Best UK all-employee share plan in a mid-range company** (between 500 and 2,500 employees)
3. **Best all-employee share plan in an SME** (fewer than 500 employees)
4. **Best executive/managerial equity reward plan** (involving more than 100 employees)
5. **Best share plan communications**
6. **Best use of technology, AI or behavioural science in employee share plans**
7. **Best HR director/Head of Reward/ Company Secretary/Share Plan Manager**
8. **Outstanding company leader (for chairman or ceo personally associated with company plans)**



Application process:

To submit an application for the **newspad all-employee share plan awards**, please complete both of the following stages:

1. **Online application form** - complete all sections of the online form, providing as much detail as possible. **Alternatively**, entries can be made by one or two explanatory documents.

Supporting documentation - where appropriate, please back up your application with supporting documentation. Either upload the files at the end of the form, or email them to esop@esopcentre.com.

Please read the **rules and terms of entry**.

EVENTS

Speaker appeal for share plan symposium April 2022

Centre members have the first opportunity to submit speaker slot titles with bullet points for the fifth British Isles share plans symposium. Subject to Covid, it will take place in the London offices of senior member **Baker McKenzie** at New Bridge Street EC4 on **Wednesday afternoon April 6**. **Jeremy Edwards**, partner and head of Baker McKenzie's employee benefits group, is helping the Centre in prepare the event.

Members with a presentation in mind should contact the Centre to register interest. Speakers who deliver a share plan case study can invite client *plan issuers* to share their slot. Issuers attend free of charge.

Once you have registered to attend you will qualify to receive pre-recordings of at least ten topic presentations a week before the event. Each presentation will be debated by a speaker panel before being thrown open to discussion.

Suggested draft panel topics for the symposium are:

Panel One: **Key factors in devising/operating effective employee share schemes**

- ◆ Global and international share plans
- ◆ Share plans for SMEs
- ◆ Employee Benefit Trusts and share plan administration
- ◆ Plan communications and take-up levels

Panel Two: **The impact of regulation and governance on all-employee share plans**

- ◆ ESG issues - climate change, governance, local job preservation
- ◆ Why Employee Share Ownership Matters - an ESG Perspective: *A discussion based on issues raised by the recent Centre booklet*
- ◆ Regulatory regimes in the UK, EU and globally
- ◆ The UK's 'Gig' economy – how can we bring the millions of gig employees into shared ownership?

Panel Three: **The new executive remuneration landscape:**

- ◆ Performance awards Quantum – the future of LTIPs
- ◆ Remuneration committee decisions and shareholder reactions
- ◆ Shaping executive plans: share and/or share option awards?
- ◆ Taxation of plans - employers & employees - mobile employees

Centre conferences are respected for their speaker expertise and equally for their networking opportunities. The 2021 symposium last March, our first to be hosted on-line, was a great success, drawing many compliments from participants.

Admission prices: Speakers from practitioner members: **£250** + vat

Speakers from plan issuer companies will be admitted free of charge.

Member delegates: **£395** + vat

Non-member delegates: **£595** + vat

The symposium will start at 13:30, concluding at 17:15 when participants will be invited to a short drinks reception following the symposium. To register as a speaker and to suggest a presentation topic, please email Fred Hackworth at: fred_hackworth@zyen.com (cc juliet_wigzell@zyen.com) or phone the team at Centre HQ on +44(0) 207 562 0586

Members' webclave: EOT reform – January 2022

The Centre's next members' webclave will concentrate on EOT development and reform. Details to follow.

The Employee Voice

In a December 10 webinar, following up October's members' webclave on The Employee Voice, Amadeus' Jost Meye and CORPGRO's Damian Carnell discussed the case for companies to compare the separate vote results of employees and non-employees and analyse the rationale for any marked differences. Good practice would be to present the findings at board level and feed back the main conclusions to the employees with an addendum highlighting the implications of employee voting patterns for the company. Thank you to everyone who took part in the live broadcast. For those who missed it, a **recording is now available**. Questions and comments are welcomed. For example, should employee voting be made public?

Employee share schemes & trustees conference 2021

Thank you to everyone who took part in this year's Esops and trustees conference, held in partnership with STEP Jersey on December 1.

After a welcome message from conference chairman, Professor Michael Mainelli, executive chairman Z/Yen Group Limited, **Jersey Finance's** head of legal and technical, Lisa Springate, explained how employee share ownership schemes fit within the current financial scene in Jersey. Delegates then heard the key points of our expert panellists' presentations – as shared before the live session – before the panel debated the programme topics. The conference then split into small working groups for detailed discussion with the speakers.

Topics were:

- ◆ Recent changes In UK tax laws: court and tribunal decisions and the Finance Bill 2022 - David Pett, barrister, Temple Tax Chambers
- ◆ The rise of Employee Ownership Trusts - Elaine Graham, director, Zedra Guernsey
- ◆ The Common Reporting Standard: What happens to the data within HMRC? - tax expert Paul Malin of PMC
- ◆ Powerful insights into share valuation for Employee Share Schemes - David Craddock, founder and director, David Craddock Consultancy Services
- ◆ Round-up of the most common new structures in Jersey - Katherine Neal, head of employee incentives, Ogier
- ◆ Hot topics in Employee Share Schemes - Graham Muir, partner, CMS

(A full report will be published in January's *newspad*)

The contributions of Jersey's financial services industry to global value chains

On December 1, Peter Harber, economist at the Centre for Economic and Business Research with his colleague, Owen Good, presented the findings from [Cebr's report for Jersey Finance](#) on the contribution of Jersey's financial services industry to global value chains.

The report, *Jersey's contribution to global value chains*, revealed:

“Overall, we estimate that between 2017 and 2020, the average annual stock of capital intermediated in Jersey was £1.4 trillion which supported £170.3 billion of global economic output (0.27 percent), 5.1 million jobs worldwide, and £73.3 billion in associated wages through global value chains facilitated by the island, each year.

- ♦ Capital Administered: £1.4trn
- ♦ GDP supported: £170.3b
- ♦ Supported Employment: 5.1m jobs
- ♦ Supported Wages: £73.3bn

As an illustration of the scale of the economic activity supported by Jersey's financial services sector, the direct GDP contribution of New Zealand in 2020 was approximately £172.0 billion, a country with a population of approximately five million.

Table 1. Estimated geographic outward allocations of the gross annual capital stock, £bn, 2017 - 2020

Region	2017	2018	2019	2020
United Kingdom	£563.0	£581.3	£539.7	£529.2
Europe (excl. UK and Jersey)	£328.7	£318.1	£353.3	£364.5
North America	£178.9	£190.9	£191.7	£199.6
South America	£2.2	£1.9	£3.7	£4.5
Asia (inc. Middle East)	£167.5	£225.7	£254.1	£290.9
Africa	£40.5	£43.6	£30.1	£30.6
Oceania	£5.9	£6.5	£5.5	£5.6
Unattributed	£16.6	£14.6	£15.9	£17.9
Total (£bn)	£1,303	£1,383	£1,394	£1,443

Source: JFSC, Statistics Jersey, Monterey, Cebr analysis

In 2020, Jersey's combined financial services sector allocated £1.44 trillion of capital around the globe, increasing from £1.30 trillion in 2017.

The United Kingdom is the most significant destination (and source) of capital across the period, while Europe is the most dominant continent, followed by Asia (inc. Middle East) and North America.

Based on a modified Solow model framework, we have estimated the economic impact of this capital stock within each geography, that is supported by Jersey's role as a conduit within global value chains.

Across the three main financial services sectors (below), the trusts and all other asset holding vehicles (AHVs) sector administers the majority of the island's capital base. The following statistics relate to averages for the period 2017 to 2020 with the economic activity reference points based on the most contemporaneous data available. *

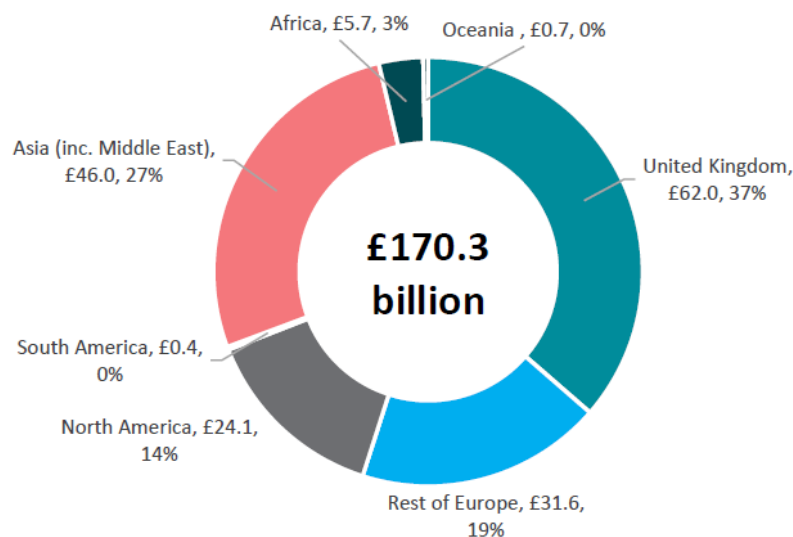
*(For the purposes of this report, the scope of Jersey's fund sector was defined as regulated funds that are both domiciled, as well as administered, in Jersey. This definition is chosen because some non-domiciled funds do not carry out all functions of their activity in Jersey. As a result, we can be confident that the associated impacts of Jersey's fund sector are appropriately attributed to the island.)

- ♦ **Funds: £225.9bn** of capital serviced by the sector, supporting **£29.3bn** of global GDP via GVCs equivalent to **0.05** percent of global GDP. A scale of economic activity in line with the total GDP of **Bahrain** in 2020.
- ♦ **Banking: £142.2bn** of assets administered by the sector, supporting **£14.9bn** of global GDP via GVCs, equivalent to **0.02** percent of global GDP. A scale of economic activity in line with the total GDP of **Iceland** in 2020.
- ♦ **Trusts & AHVs: £1.14trn** of capital administered by the sector, supporting **£126.0bn** of global GDP via GVCs equivalent to **0.20** percent of global GDP. A scale of economic activity in line with the GDP of **Hungary** in 2020.



Regarding the geographic distribution of the economic activity supported by Jersey, the United Kingdom accounted for the largest share, followed by Asia (including the Middle East), the Rest of Europe (excluding the UK and Jersey), and North America.

Figure 1: Jersey GVCs support of regional GDP, £bn, 2017 - 2020



Source: Source: IMF, World Bank, Cebr analysis

The value chains that Jersey's financial services sector supports contributed an annual average of **£62 billion of UK GDP between 2017 and 2020**, representing approximately 2.9percent of total UK output; a significantly greater share than in any of the regions analysed.

A tangible example of Jersey's role as a financial conduit, facilitating the efficient functioning of global value chains is via the fund sector. A wide spectrum of individuals, firms, and industries across the globe benefit from the funds that are administered on the island. For example, Japanese conglomerate SoftBank Group domiciled its Vision Fund in Jersey, raising over US\$100 billion for international investment. While having its origins in Asia, it has a global base of investors committing capital to the fund, with major contributions from Middle Eastern Sovereign Wealth Funds and US tech firms such as Apple. Jersey plays a key role as a facilitator for the pooling and redistribution of this capital back around the world. Investments span industries including global technology, specifically artificial intelligence development, as well as the life sciences and healthcare sectors."

Here is our library of broadcasts: 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 – newspaper 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

TTP Group's employee ownership transition

Centre member TTP Group Ltd has transitioned to an Employee Ownership Trust (EOT) model, advised by law firm Fieldfisher. TTP Group joining the growing trend towards employee ownership marks one of the single biggest such transactions in the UK to date – valued at £276 million. The Cambridge-based, independent tech company, whose team of over 340 scientists, designers and engineers collaborate to invent and develop innovative products and technologies either under the TTP brand or within separate spin out businesses, already considered itself to be employee-owned, but wanted to go further. A team of Fieldfisher's experienced EO lawyers, led by Mark Gearing and Neil Palmer, advised on the transaction, as an EOT was identified as the best option to support the

company's long-standing mission of being 100 percent employee owned, and secure its inventive and collaborative culture.

The complex arrangement, which ultimately sees a 100 percent stake in TTP Group held in trust on behalf of all its employees, facilitates a 'partnership' structure whereby employees can share in the rewards of the business for which they work.

Principles of remuneration

CORPGRO's **Damian Carnell** reported that the Investment Association annually updates guidance to remuneration committees on investor expectations and voting intentions regarding executive compensation.

The IA has issued **Principles of Remuneration 2022**, a guide to the upcoming voting AGM season.

Much of the guidance is unchanged or offers nuanced detail on earlier themes, in particular on Covid-19 sensitivity and pension accrual equality with the wider workforce by the end of 2022.

These aside, there are two items of note:

A welcome ESG agenda; particularly considering the **new TCFD disclosures** soon to be seen for the 2021 reporting year.

Suitable guidance on Value Creation Plans, needed owing to the recent uptick in incidence of these rare plans, which have a highly geared pay-out profile compared to a vanilla LTIP.

Comply or explain remains the corporate governance norm. Explanations need to be robust, and business based.

Clifford Chance commented: "The updates to the IA Principles should not hold many surprises for most UK listed companies."

Overview of new climate reporting rules for UK companies

The rules for UK companies and LLPs (not just listed companies) to report on climate change and sustainability are rapidly evolving. Knowing who has to do what, how and by when is not always clear.

In addition to the new Listing Rules from the FCA for premium and standard listed companies (whether or not UK-incorporated), there are also changes under the Companies Act affecting a wider range of UK companies and LLPs, as well as the new Sustainability Disclosure Requirements regime which the government announced in October that it will develop.

Linklaters has produced two quick guides explaining in plain English what UK listed and non-listed companies and LLPs need to know, including how this interacts with the EU's disclosure rules (e.g. under the Taxonomy Regulation, SFDR and CSRD) and the new ISSB's plans for developing a global disclosure standard.

- ◆ **UK listed companies: Climate & Sustainability Reporting Overview**
- ◆ **Non-listed UK companies & LLPs: Climate & Sustainability Reporting Overview**

EU plan to boost gig economy workers is latest blow to apps

A new European Union plan to improve conditions for the **growing number of gig economy workers** could mean millions more of them are classified as employees entitled to benefits, the latest setback for digital platforms that rely on independent contractors to deliver food and offer rides. The draft rules outlined earlier this month aim to clarify the labour status of people employed by app-based companies like ride-hailing service Uber and food delivery business Deliveroo and would add oversight for the algorithms they use to manage workers.

Gig economy workers and platforms have fallen between the cracks of existing employment legislation, and the measures being considered by the 27-nation bloc, which would take years to come into force, are aimed at clearing up those grey areas.

App-based gig work platforms have boomed in the digital economy, especially during the Covid-19 pandemic when demand for food delivery services mushroomed. While the apps provide short-term work for millions of people, their rampant growth has upended traditional labour and business models, resulting in showdowns between companies and regulators worldwide. Gig work's flexibility is a selling point for many, but workers also complain that they end up making less than minimum wage after expenses or waiting time are accounted for.

VG's Ross Crick commented: "Could this pave the way for some gig economy workers to be offered share plan incentive arrangements and be included in the beneficial class of an EBT?"

KKR Makes \$12bn bid for Telecom Italia at 46 percent premium

US private equity giant and Centre member KKR & Co has offered to buy Telecom Italia SpA for 10.8 billion euros (\$12.2 billion), a move that's likely to see opposition from its largest shareholder, Vivendi SE.

KKR's preliminary cash offer of 50.5 euro cents a share is "nonbinding and indicative," Telecom Italia's board said in a statement after meeting to consider the proposal. The bid is a 46 percent premium to November 19's close and above the 52-week high of about 47 euro cents reached in March.

The private equity firm's bid, characterised as friendly, could just be the beginning of a fight to control Telecom Italia and the former Italian monopoly's most precious asset: the landline network. Separately two other private equity funds, Advent

International Corp and CVC Capital Partners, said they're open to work with all stakeholders to identify how to help Telecom Italia.

From remote work to crypto, NASPP conference looks at equity compensation

The **National Association of Stock Plan Professionals** recently convened its annual conference, a virtual affair rather than the originally scheduled gathering in San Francisco.

For all the data and specificity of the NASPP sessions, though, the session with the least data underpinning it may have been the most interesting — or at least the most cutting edge and far-sighted.

"Cryptocurrency: The new form of equity compensation" addressed the light-speed trend of bitcoin, blockchain, NFTs (non-fungible tokens) and the soft parade of financial assets with no regulation or centralised currency system.

"Cryptocurrency is supplementing and, in some companies, replacing equity compensation," said Centre conference speaker Fred Whittlesey, founder and principal consultant for Compensation Venture Group SPC. "It's time to examine whether crypto as compensation is the right strategy for your company and how to navigate the taxation, regulatory, valuation, and volatility considerations. The big difference is volatility."

Indeed, Whittlesey pointed out that awareness of crypto ranges widely, from employees who know nothing about it to those who are so crypto-savvy they want to know why their firms aren't already offering it as equity compensation.

"Crypto is a forward-thinking way of paying employees, and for some it is already part of their culture," affirmed co-presenter Sinead Kelly, a partner with Centre member Baker McKenzie. The vanguard of crypto and tech companies is offering crypto equity comp "to get everyone into

the game, to get people excited and motivated about it,” said Kelly.

“Companies not in the crypto industry are finding that the candidates they are hiring want cryptocurrency, that the younger generations are focused on it.

“It’s risky but exciting for employees, and it’s cutting edge,” added Kelly. “But crypto employee education and communication is the biggest challenge for most companies.”

People’s Republic of China: New employer reporting requirements for employee incentive plans

Many employers offering equity-based incentive plans in China are already subject to tax registration and reporting requirements for local tax authorities/bureaus and State Administration of Foreign Exchange (‘SAFE’). This usually involves employer reporting at the implementation of the plan, granting of awards, the vesting/delivery of awards and ongoing quarterly reporting.

These reporting requirements can vary depending on the local tax authority/bureau and so it is recommended that employers keep the requirements under review and keep in contact with the local tax bureau on a regular basis.

What has changed: China’s State Administration of Taxation has announced new employer reporting requirements impacting equity incentive plans.

This is a national requirement for companies offering equity-based incentive plans in China to provide details of their plans using a new equity incentive report (a sample of this report can be found [here](#)), and other relevant documents, to the applicable tax authority.

Employers should make this submission by

the following deadlines:

- ◆ For employers with outstanding grants at the end of 2021 (i.e., any previously implemented plan where awards have been granted but not all awards have vested/exercised), this should be submitted **by December 31 2021**.
- ◆ For employers implementing a new equity-based incentive plan, this should be submitted **by the 15th of the month following the decision to implement such a plan**.

The domestic Chinese company is responsible for submitting the form and withholding Chinese income tax accordingly, including where the underlying shares are in a company listed outside of China.

Deloitte view:

- ◆ It is broadly understood that the Chinese authorities would like to strengthen the administration of incentive plans. Previously the tax registration process differed between local tax authorities and this announcement provides a consistent national-wide format and timeline for employers to make a tax registration for their plans.
- ◆ We understand local tax authorities have taken different interpretations of this national announcement. This has been seen in recent correspondence with the Shanghai, Beijing, Guangzhou and Shenzhen tax authorities. Therefore, unless additional guidance is published, we recommend employers work with their tax adviser to review the status of their plan registration and tax reporting, and consider how the latest requirements are being applied by their local tax authorities.

- ◆ For many local tax authorities, the new equity incentive report requests similar information requested through existing tax registration processes. Therefore, where employers have already completed tax registration and are otherwise up to date with their tax reporting for their active plans, there may not be a need to submit additional information before the end of the year. However, we suggest this is considered with your tax adviser.
- ◆ For any employers not up to date with their tax registration and tax reporting, we suggest they rectify this as soon as possible. It is important to note that Chinese preferential tax treatment can only be applied to income derived from equity plans that are successfully registered with tax authorities.

UK NEWS

Opperman urges asset managers to increase stewardship practices

The minister for pensions and financial inclusion has written to 44 asset managers urging them to **comply with recent stewardship recommendations**, which would allow schemes to have a more active voice in these matters.

In a letter published on December 3, Guy Opperman questioned these companies on their progress in implementing the recommendations of the Taskforce on Pension Scheme Voting Implementation, published in September.

Specifically for fund managers, the report called on these companies to offer pooled fund investors the opportunity to set an

expression of wish regarding voting undertaken on the assets within the funds in which they invest, and that asset managers and their trade bodies should sign up to the principle of answering all reasonable requests on their voting and stewardship activity.

On the first suggestion, Opperman said that he sees “no reason why trustees should not be able to set an expression of wish if they want to do so”. Centre chairman Malcolm Hurlston is a member of Guy Opperman’s MidLife MOT Board.

London Stock Exchange - climate reporting guidance for issuers

The **London Stock Exchange has issued guidance** for London listed companies on the integration of climate reporting best practice and the implementation of the recommendations of the Taskforce of Climate Related Financial Disclosures (TCFD).

The guidance is designed to provide an overview to enable companies to understand the issues, appreciate how these issues could apply in the case of individual companies and the steps to be taken to assemble and report the relevant information. Although the guidance is aimed primarily at listed companies the principles can be applied to any company regardless of sector or size.

A three-step process is suggested to help companies integrate and communicate climate-related information to align with the TCFD’s recommendations.

The 78 page report contains as an annex the TCFD Checklist of questions each company should be asking in relation to governance, strategy, risk management and metrics and targets.

WORLD NEWS

France: Veolia - over 60,000 employees subscribe to the Sequoia 2021 Esop

Restricted to more than 150,000 employees in 40 countries, Veolia's capital increase operation reached a subscription rate of 40 percent, **the highest ever achieved in the group's history**.

Sequoia 2021, like all operations conducted annually since 2018, is a marker of Veolia's commitment to involve its employees in the development of their company and its value creation, in the same way as all stakeholders of the group. The amount invested, around EUR 215 million including leverage, has resulted in the issue of 9,745,281 new shares, i.e. circa 1.4 percent of the share capital. Following this operation, the employees now represent nearly five percent of the company's capital, which illustrates their confidence in the group, at a time when it is moving forward with its project to create the world champion of ecological transformation.

Australia: Brewer, Bridge Road, launches employee ownership scheme

Victoria's **Bridge Road Brewers has launched a new ownership model** in which employees will take on shares in the business.

The Employee Share Scheme will see an initial five percent of the business handed to employees, with the aim of divesting up to 30 percent of the shareholding to employees in the next 10 years.

It is a major move for a brewery, making it one of a small number of breweries globally to have gone down the employee

ownership route, and one of the only ones in Australia following the sale of Stone & Wood which was finalised week ending December 3.

Australia: Budget 2021-22

The Treasury has released exposure draft legislation in relation to the 2021-22 Budget announcement. Many of the specific tax announcements in the Budget bring to fruition projects that have been in the pipeline for several years, for example, the rules dealing with employee share schemes, which have been controversial since the major reform in 1995, and while amendments in 2009 and 2015 addressed some problems, the issue of taxation on leaving employment has been the subject of ongoing lobbying for at least a decade.

The **Corporate Collective Investment Vehicle Framework and Other Measures Bill 2021** was introduced in the House of Representatives on November 25 2021. The Bill establishes the tax framework for Corporate Collective Investment Vehicles (CCIVs) which seeks to ensure that CCIVs are taxed on a flow-through basis, extends the loss carry back rules for eligible corporate tax entities by 12 months until the 2023 income year, amends the Income Tax Assessment Act 1997 to remove cessation of employment as a deferred taxing point for employee share ownership schemes and various miscellaneous amendments to the Income Tax Assessment Act 1997, Taxation Administration Act 1953 and Income Tax Rates Act 1986.

India: Urban Company's valuation rises to \$2.8 billion in 4th Esop sale programme

Home services marketplace **Urban Company's valuation has jumped 33 percent** in the past six months to \$2.8 billion, thanks to its recently concluded fourth and largest employee stock ownership plan sale programme of \$7.3 million (Rs 55 crore).

The Esops sold in this transaction have largely been purchased by existing institutional investors of the company.

Over the last seven years, Urban Company **has issued employee stock ownership plans to 940** current and ex-employees. 550 of these 940 individuals have vested Esops, and were eligible to participate in the latest secondary sale. Employees and ex-employees could sell upto 100 percent of their vested Esops. But only 4.4 percent of the vested Esops held by current employees and 10 percent held by ex-employees were liquidated. This indicates that employees (current and former) believe in the future success of the company.

It's raining Esops in India this year

According to *Mint*, **startups are bending over backwards to sweeten deals to hire and retain** employees in an increasingly competitive market.

Year to date, 32 Indian startups have spent close to ₹3,000 crore, or about \$440 million, to buy back employee stock options (Esops), a VCCircle analysis showed.

Esop buybacks have become a popular way for startups to incentivise workers on the hunt for new opportunities that offer

growth, higher payouts, and the remote work option as the economy rebounds after pandemic-related curbs were eased.

This year, startups that offered to buy back Esops include BrowserStack, UpGrad, ShareChat, Zetwerk, Meesho, Licious, Vedantu, Moglix, PharmEasy, Acko and Cred.

Esops buybacks help employees of unlisted companies to sell their shares for cash. Esops are usually offered to qualifying employees during hiring, appraisals or at the time of reward programme announcements.

Vietnam: Grab settles with ex-staffers in Vietnam as shares drop

Technology company Grab says that it has reached a **settlement with most ex-staffers in Vietnam** following a dispute over their shares in the company.

Tech in Asia reports that Grab is working to register an updated employee stock ownership plan programme with the State Bank of Vietnam (SBV).

“For existing Grab Vietnam’s employees who may choose to leave the company before the registration process with SBV is completed, Grab intends to offer a one-time cash payment for the rewards they earned previously,” the Singapore-based super app said in a statement.

EMPLOYEE OWNERSHIP NEWS

Zaha Hadid Architects establishes EBT

Zaha Hadid Architects has converted to an employee ownership model by establishing an employee benefit trust (EBT).

According to the 42-year-old architecture business, which has 500 global members of staff and will not award shares out of the EBT to any individual employee, the new structure means it will have no external shareholders so can reinvest all profits back into the business and its staff, equipment and facilities.

The organisation, founded by double Stirling Prize winning Zaha Hadid, said the new model would allow it to prioritise its work with clients, communities and industry experts around the world.

An EBT model was chosen by the organisation as it enables shares gifted to the trust to be held in perpetuity on behalf of its existing and former employees as well as their families.

The structure will enable the practice to embrace new ideas and technologies to deliver “a repertoire of projects that become more spatially inventive, and more structurally efficient.”

Fieldfisher’s Graeme Nuttall commented: “At last an A to Z of employee-owned architects!”

EOT Round-up

Publisher, **The Folio Society** moves to an EOT, giving employees 100 percent ownership of the company.

Print and design firm **Wee Blue Co** sells to EOT.

Sports surface specialists **Greentech Sportsturf Ltd** has set up an Employee Ownership Trust to hold 100 of the firm.

Ownership of management consultancy **International Organisation Development Ltd** has been transferred to an EOT.

Marketing, design, and digital agency **ALTAR Group** has announced a move into employee-ownership.

On December 3, the owners of **Essential Recruitment** sold 100 percent of their shares for an undisclosed sum to the HR Essentials employee trust.

Yorkshire-based **Davison Fencing** has become employee-owned by setting up an employee ownership trust

Building contractor **J Greenwood (Builders)** is marking its 50th anniversary by becoming employee-owned.



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ABOUT NEWSBRIEF

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