



NEWSPAD 2022 AWARDS: DEADLINE EXTENDED

Thank you to everyone who has already sent nominations for the 2022 newspad *all-employee share plan awards*.

The Centre is pleased to announce that we have been able to extend the submission deadline to 17:00 **Friday, January 6 2022**.

So, if your company or client has made a notable contribution to employee share ownership, issued an inspirational share plan, or showed excellence in its communication and presentation; been creative in using share plans to overcome significant changes or challenging situations, increasing participation or using technology; or maybe its chairman, ceo, or share plan team leader has upped the game with enthusiasm for employee share ownership; why not take this opportunity to tell the world about it?

Companies can nominate themselves and advisers can make submissions on their behalf. Entrants can apply for awards in more than one category. **Submitting nominations** is free and simple. Required information is kept to a minimum.

Nominations should be proposed by Centre practitioner members; their clients need not be members. Plan issuers may enter their own plans for awards whether or not they are a member of the Centre.

The newspad awards recognise the achievements of companies which offer employee share plans and create best practice models which other companies can follow.



The award categories this year are:

- ★ **Best all-employee share plan in a large company** (more than 2,500 employees)
- ★ **Best all-employee share plan in a mid range company** (500-2500 employees)
- ★ **Best all-employee share plan in an SME** (fewer than 500 employees)
- ★ **Best executive/managerial equity plan** (involving more than 100 employees)
- ★ **Best share plan communications**
- ★ **Best use of technology, AI, or behavioural science**
- ★ **Best share plan response to significant changes or challenging situations**
- ★ **Best employee share plan team leader**
- ★ **Outstanding company leader**

Category descriptions and rules of entry can be viewed on the Awards 2022 webpage: <https://esopcentre.com/about/awards>. To submit an application, please complete both stages:

***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.

The winners will be decided by two impartial judges, experts in the use of employee equities, plus Malcolm Hurlston CBE, founder of the Esop Centre. The finalists will be announced in newspad and award certificates will be presented during the Centre's **British Isles Symposium 2023**.

For queries, please contact esop@esopcentre.com or call +44 (0)20 7562 0586.

We look forward to receiving your nominations.



EVENTS

Employee Share Schemes & Trustees Conference Guernsey – January 27 2023

The Centre is set to resume its programme of annual conferences on **Esops and trustees in Guernsey** in the New Year.

Held in conjunction with STEP Guernsey, it will mark our first return to the Crown Dependency since 2019, the success of which we look to emulate, building on the achievements of this industry-leading networking and learning opportunity.

The seminar will be on **January 27 2023** at the Old Government House Hotel, St Peter Port, and concludes after a networking lunch.

Guest of honour will be Hon. Tasha Ebanks-Garcia, Representative of the Cayman Islands in the UK. Many firms are present in both Cayman and Guernsey. She will make a wide-ranging speech.

Centre experts will distill the key issues and opportunities now facing trustees and employee share scheme professionals.

Book early to secure discounted ticket prices:

Esop Centre/STEP members: **£380**/each (if booked before December 23 2022. £420 thereafter)

Non-members: **£485**/each (if booked before December 23 2022. £538 thereafter)

Multi-booking discount: **50% off** cost of ticket for your **third delegate**.

To reserve your place(s) email esop@esopcentre.com or call the team on 020 7562 0586.

Symposium 2023

The Centre's annual British Isles Share Plans Symposium is set for Thursday, March 30 2023 at Macfarlanes' central London offices.

It will be a hybrid event with speakers' presentations available to absorb before an afternoon of interactive panel debates, concluding with a networking reception at which the 2022 newspad awards will be presented.

Centre members are invited to take a speaker place. Speakers who propose to present on a case study should feel free to invite client *plan issuers* to share their slot (**all issuers may attend free of charge**). To register as a speaker and to suggest a presentation topic, email esop@esopcentre.com

A list of working panel titles and further updates is available from the event web page.

Admission rates:

Centre member delegates: **£425**/each

Non-member delegates: **£625**/each.

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

**All prices are subject to UK standard rate VAT*

(Thanks to the generosity of our host **Macfarlanes**, we have been able to keep prices low).

Please contact events@esopcentre.com to reserve a delegate place, or phone the team on +44 (0)207 562 0586

LIBRARY OF WEBINAR BROADCASTS:

Employee Share Schemes, Levelling-Up & Social Mobility; Why Employee Share Ownership Matters; International Share Schemes: Exporting the Vision; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review V; 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 – Newspad 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 - Newspad 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>

CENTRE & MEMBERS' NEWS

Governance Bites - Board composition - Bringing all voices to the boardroom

In this edition of Baker McKenzie's [Demystifying ESG Webinar Series](#), Beatriz Araujo, senior counsel, head of corporate governance at Baker McKenzie, Isabel Carty, senior associate at Baker McKenzie and Peter O'Byrne, Natura & Co Group IP director and The Body Shop general counsel discuss diversity and how it can support the board in its role. Peter shares some exciting initiatives of The Body Shop International Board as they relate to the role of diversity in corporate governance.

The discussion is [reported on the Lexology website](#).

Between a rock and a hard place - remuneration committee 2023

The *FT* reported that UK companies are preparing for battle with investors over executive pay. Leading institutional shareholders and proxy advisory advisors such as ISS and The Investment Association is expecting restraint on directors pay in 2023.

In a recent [CORPGRO News Point bulletin](#), Damian Carnell commented that it is unsurprising that a pandemic, which caused a once in 80 years economic dip has also caused waves within company incentives.

Some companies prosper and others do not as the world moves from the pandemic era into the poly- crisis of supply chain disruption, energy crisis, high inflation and rising interest rates.

The median 2021 bonus exceeded the upper quartile bonus outcomes for the four preceding years (in large part). So maybe some targets set in 2020 were downshifted too much.

A similar impact may apply to LTIP targets also set in 2020, which vest in 2023.

In addition, investors flagged in 2020 that they did not want LTIP "windfall gains" from low share price LTIP grants. Some companies committed to a vesting review to identify suspected windfall gains.

There is, however, no definition of what a windfall gain looks like. Markets move up and down, and companies produce multi-year results. Unpicking a windfall gain from, well, a gain, is tricky.

The 2023 remuneration committee decisions will come under extreme examination. First for the sensitivity of the pay rise decision and second for possible distortions within incentive pay outcomes.

When delivering top pay is correct, the remuneration committee should not shy away from the correct decision and explain the results with strong reasoning. But nor should they shy away from outcome adjustment when the case for a downshift in headline outcome is clear.

Deloitte's global reward update

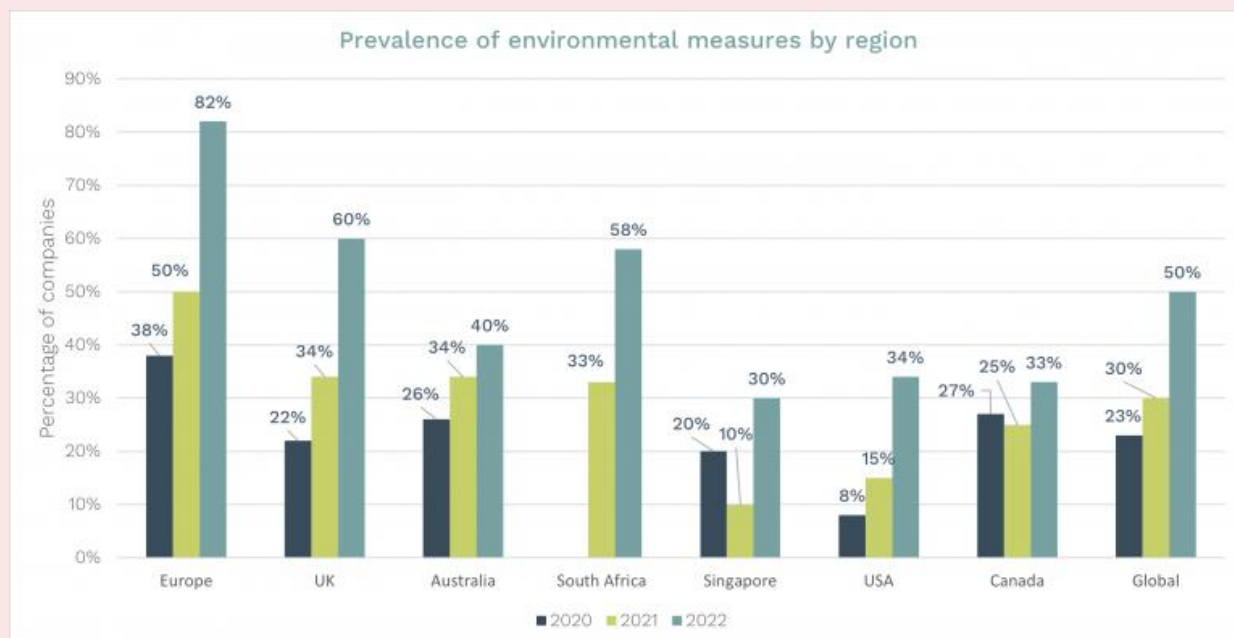
Released this month, Deloitte's [global reward update – wrap up](#) summarises some key developments that have been impacting global incentive plans since its last update.

The paper gives tax and legal updates for Canada, Ireland, Netherlands, Poland and in the UK where it picks up on Changes to tax advantaged CSOP, Use of discretion in EMI plans, and CGT for non-UK domiciled individuals exchanging shares.

GECN ESG report 2023: Sharp increase in environmental metrics reported across the globe

MM&K (the UK partner firm in the GECN group) has published its [2022/23 research](#) on how the world's largest firms use ESG (environmental, social, governance) metrics in their executive incentive plans. A free copy is [available to download](#).

Environmental metrics appear to have truly flourished across the world this year. All regions reported an increase, Europe seeing the sharpest rise with a 32 percent increase, and the UK second with a 26 percent increase.



R&D tax credit cuts 'risk to innovation'

The *Times* reported that the Treasury is facing new criticism [over changes to investment incentives](#) after it emerged that the chancellor's anti-abuse measures are expected to have only a modest impact on reducing fraud but risk "hindering" innovation.

Official estimates suggest that cuts to the £6.8 billion research and development tax credits scheme for small and medium-sized enterprises will only reduce fraud and error from 7.3 percent to about six percent.

In his autumn budget, Jeremy Hunt slashed the relief from 14.5 percent to 10 percent, which may see the UK's SMEs struggle to secure enough funding for R&D,

according to the legal director of law firm Pinsent Masons, Penny Simmons.

"The SME tax reliefs can provide a vital source of financing to start-ups," she said. "Without access to the cash repayment, many start-ups may struggle to secure adequate funding to progress R&D and ultimately new UK based innovations."

Congratulations!

Kleinwort Hambros has been awarded 'Private Bank Employer of The Year' and 'Best Credit Provider' at the inaugural WealthBriefing Channel Islands Awards. The awards celebrate institutions who have "demonstrated innovation and excellence during the last year."

MEMBERS' EVENTS

Mock tribunal – January 10, 9:30am

Entry £150 per person

Numbers of Employment Tribunal claims remain high and many hearings are still taking place entirely online.

Lewis Silkin's [online Mock Tribunal](#) gives you the opportunity to experience what happens at this type of hearing without the cost, preparation and stress involved in the real thing. Based on a fictional scenario involving poor performance, you will learn about how a virtual hearing works, how to put your case across effectively and the importance of being properly prepared. This event is fully interactive, so come prepared to ask cross-examination questions and vote on what you think is the right result.

Cost-Cutting and restructuring in times of crisis – January 18, 15:00 UTC

CMS Legal - A tough global economic outlook is driving many employers to review their operational costs. Across businesses, hard questions are being asked about where efficiencies can be made – and ultimately what resources can be cut.

CMS Employment Group would like to help approach the restructuring processes and discuss issues and actions which need to be considered from a legal and regulatory standpoint.

[Registration for the online webinar is free.](#)

UK NEWS

EMI options: HMRC's new guidance on discretion

EMI options are one of the most tax-efficient share schemes in Europe, providing the beneficial tax treatment of owning shares and the 'one-way bet' of an option. Recently, HMRC's view on the

operation of discretions in the rules of such schemes (for example, to allow leavers to exercise options or to accelerate vesting on an exit) has not been entirely clear. HMRC's new guidance makes it clear that while the existence of an unlimited discretion in the rules of the scheme will not prevent the options qualifying as EMI options, the exercise of options pursuant to the operation of that unlimited discretion will be treated as the surrender and regrant of the option and therefore the exercise of the option will be treated as non-tax advantaged. In general, HMRC appears far more concerned about discretions which bring forward the time an option can be exercised than the number of shares the holder receives. While HMRC's new guidance is not perfect, it is helpful to have examples of what it does and does not consider acceptable. As there is still some uncertainty, clients should take advice before operating a discretion in an EMI scheme, or when designing a new scheme.

*In an interview on the topic, for [HRNews](#), [Pinsent Mason's Lynette Jacobs](#) tells listeners about an error made by HMRC in previous guidance on the use of discretion clauses in EMI Option agreements. She explained “*What happened was that it had generally been understood as to which occasions HMRC would say that exercise of discretion was fine and the option continues and it has its normal tax advantaged treatment, and occasions when it would say no, that's too much of a discretion that's been exercised and this option is going to lose its tax advantaged treatment, and in a series of cases, or requests to HMRC, to say, is this okay, is this exercise of discretion acceptable, some strange answers came back from HMRC and there was therefore correspondence with HMRC over a period of time, and lobbying to them from industry groups for them to explain what would, and what would not, be acceptable use of discretion so that the options with continue to have their tax advantaged status.*”

EC report recognises Eso concept as tool to align interests

The Annual Single Market Report 2021 presented an analysis of the challenges in 14 industrial ecosystems and the transformative initiatives to achieve the twin green and digital transition and increase resilience. On this basis, the Commission **proposes co-creating transition pathways** with the groups concerned, as an essential collaborative tool for the transformation of the industrial ecosystems.

Graeme Nuttall of Fieldfisher commented : “A recent European Commission report recognises the concepts of 'worker buy-outs' and 'employee-owned companies', and their role in aligning the interests of the company, its employees, communities and the environment. This is a *"concrete solution"* to overcome challenges in green and digital transitions. But there are no specific actions recommended to promote employee ownership. See p18 in **'Transition Pathway for Proximity and Social Economy'** (Nov 2022)”

WORLD NEWS

Amsterdam's Share Council secures €1M for help in making every SME employee a co-owner easy

Amsterdam-based Share Council, a social fintech startup, announced on December 8 that it has raised **€1M in funding from The Sharing Group** and a network of strategic angel investors.

The Dutch startup says it will use the funds to expand its team and improve the platform.

Employee co-ownership is often seen as a daunting, expensive, and cumbersome task by small to medium-sized businesses.

Quintus Willemse, Share Council's ceo, ran into this problem in 2015 when he wanted to make every employee a co-owner of his startup Foryard, a platform for social enterprises.

“It was absurd that I either had to agree on a 10k proposal from an accountancy and notary firm (for five employees) or exercise a full evening study to be able to simply sell part of my company to employees,” says Willemse.

The finding that in Europe, 64 percent of the capital is in the hands of 10 percent of the population propelled the birth of a new mission and platform!

Esops offer relief in today's constrained financing environment

Forbes contributor Mary Josephs writes: In my 30 years as an investment banker to private and family-owned businesses, I have never seen the **borrowing climate for deals change so sharply** as it did in 2022. Financing for M&A and private equity transactions deteriorated dramatically as the year progressed, with third-quarter M&A financing down 70 percent from the previous quarter and buyout financing during the period less than half that completed in the first quarter.

EMPLOYEE OWNERSHIP NEWS

UK businesses turn to employee ownership at record rates

The *Financial Times* reported that nearly **500 EOTs were set up in the 12 months** to the end of September, a sharp increase from 235 established in the previous 12 months and just 56 the year before that.

Malcolm Hurlston, founder of the Esop Centre, was quoted in the summary as

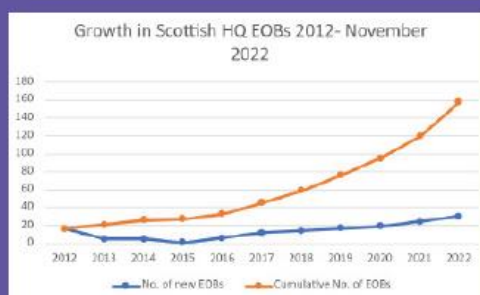
saying EOTs were "an effective way of retaining staff when a business is sold, strengthening the management and providing stability in communities.

"It's really very important for communities and can help contribute to levelling up," he said.

Growth in employee-owned businesses in Scotland

The December issue of **Ownership Associates UK's** *Ownership Matters* reported that CDS, part of Scottish Enterprise working in partnership with Highlands & Islands Enterprise and South of Scotland Enterprise, has had great success in growing the number of employee-owned businesses in Scotland, including campervan conversion firm Jerba Campervans which recently accepted the First Minister's Manufacturing award from Nicola Sturgeon at Bute House in Edinburgh after showcasing its 100 percent employee-owned status.

Employee Ownership in Scotland



OA Ownership Associates UK
let's make it happen



London launches employee ownership initiative

On December 2, the mayor of London, Sadiq Khan, announced the creation of the London Ownership Hub, which will launch in early 2023 with the goal of creating "the networks, resources and conditions to help worker co-operative and employee-owned businesses across London develop and thrive." London contains nearly 500 employee-owned businesses, 30 percent of the total in the UK, and the sector proved resilient through the pandemic.

Mayor Kahn said, "Employee ownership creates dynamic, engaged workforces who feel a deep connection and shared purpose with where they work and who they work with... Increasing the number of employee- and worker-owned businesses is a key part of my mission to build a better London for everyone – a safer, fairer, greener and more prosperous city for all."

The Ownership Hub is a partnership between the mayor's office and two organisations: the Employee Ownership Association and Co-operatives UK.

Trustee Training - January 19 2023

Ownership Associates UK is offering a two-hour session, which aims to equip trustees to fulfil what is a pivotal role within the employee-owned company. The session is in two parts and is delivered over Zoom. You can join for both parts, or if you have already attended Part 1 or a previous session, you're very welcome to join only for Part 2.

Part 1: Information giving – legal duties of trustee, responsibilities, the Trust deed, the Trustee role. 9.30am – 10.30

Part 2: Case Study – group work on a trustee dilemma in an employee-owned company. All groups work on same case study, come together to report on discussions. Past participants have said this is tremendously useful. 10.30 - 11.30

To register your interest email carole@ownershipassociates.co.uk

EOT Round-up

- ♦ Timber framing pioneers [Carpenter Oak](#)
- ♦ Wholesale business [S&W Wholesale](#)
- ♦ Recruitment business [Seven Search and Selection](#)
- ♦ Comms agency [Camargue Group](#)



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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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