

NEWSBRIEF

Events

Davos in London, February 10 2016

A record number of members and other delegates from many countries enjoyed Davos in London last week. The World Centre's 17th global employee equity forum had come to town, thanks to the support of White & Case.

The sessions were unusually interactive with frequent questions and comments from the floor keeping up the pace. The tone was set by Stuart James of MM&K who riled up delegates by challenging them to consider whether there really is a link between employee equity schemes and improved company performance.

The event started with a challenging review from the chairman, who ended by introducing the award winning video from Telefónica who had enlisted Rafael Nadal to join its chairman in promoting its share scheme to employees worldwide.

The day ended with a cocktail party where distinguished guests included Mick McAteer, the former FCA director who chairs the Financial Services User Group of the European Commission.

The conference received considerable praise from delegates. Mike Baker from Solium said, "again the Esop Centre has delivered, courtesy of your excellent speakers, a valuable set of presentations, a sometimes different perspective on the equity incentive industry and a more diverse range of opinion on the matter."

A full report of all the presentations will be available in the March edition of newspad. You can find the conference outline, with an opportunity to catch up with the content, at the end of this issue of newsbrief.

Jersey share schemes trustees conference: April 15

The next [Esop Centre share scheme trustees conference](#) will be held at the Royal Yacht Hotel in St Helier on Friday April 15 2016.

Organised in conjunction with the Society of Trust & Estate Practitioners (STEP) Jersey, the annual half-day conference is an industry-leading event for all those interested in share schemes and employee benefit trusts.

This year the popular panels will be led by former regulator Helen Hatton (with the focus on legacy schemes) and by David Pett of Pett Franklin a leading participant in the Centre's new EOT Group.

Solo speakers include David Craddock of David Craddock Consultancy Services, Graham Muir of Nabarro, Paul Malin of Haines Watts, and Rosemary Marr of STEP Jersey. Topics include Esop share valuations, JSOPs, the increase in employee shareholder shares and the link between Esops, leadership and staff retention.

Attendance will qualify for 3.5 hours CPD credit with the Law Society.

Delegate Prices

Centre and STEP members: £325

Non-members: £450

To register your interest in attending, please email the names and contact details of all delegates to esop@esopcentre.com or call 020 7239 4971.

VIENNA 2016:

European Centre conference: June 1-3

The elegant five-star Steigenberger Herrenhof Hotel, in central Vienna, will host the Centre's [28th annual international employee equity conference](#) from Wednesday June 1 to Friday June 3 this year. This showpiece event will feature presentation topics from Austrian and German companies, as well as from the UK and the US, such as Baker & McKenzie, Global Shares, Pett Franklin, Strategic Remuneration, Voestalpine, and ButcherJoseph, the St. Louis-based investment bank. Dr Barbara Kölm, director of the Austrian Economics Center, will be among our conference panellists.

Two major case studies are already in place in the draft programme:

- Maintaining employee ownership while achieving growth , which features a US employee-owned company whose objectives are to maintain its employee-owned status while positioning itself for international expansion. Highlights include corporate restructuring considerations, designing management incentives, and improvements to its balance sheet. This double-header will

be delivered by Keith Butcher, managing partner, ButcherJoseph & Co., assisted by the ceo and the company secretary of the US-based company.

- Bundled employee shareholder rights at Voestalpine, an Austrian steel company. More than 24,000 employee shareholders are involved in a structure which gives them voting rights in a collective voice via a foundation.

The informal delegates' dinner will be held in Vienna on Wednesday June 1, the night before the conference begins.

Attractive sponsorship opportunities are on offer, including whole event sponsorship (£3,250), entitling the purchaser to full branding rights & free seats—and separate offers for the conference cocktail party (£1,000) and our Vienna e-brochure logo (£550), with repeat mentions in both newspad and on the Centre events news website until August in all instances. If you plan to sponsor, speak, or attend, please email Fred Hackworth at fhackworth@esopcentre.com with a copy to esop@esopcentre.com.

The conference package rate for practitioner speakers is £915 and includes two nights' half-board accommodation in the Herrenhof Hotel (June 1 and 2) + conference + cocktail party invite + coffee/tea break refreshments and delegate handbook. Plan issuer company speakers pay £525 for the same package. Practitioner delegates from Centre members will pay £1055 and non-members £1,750. The corresponding rates for issuer company delegates are £635 and £745. (no sales tax is applicable to prices given).

The 100-year-old Herrenhof is situated in Herrengasse, near the Kohlmarkt and Golden Quarter in the old city centre - a few minutes' walk away from historic landmarks, such as the Hofburg Palace, Café Central, the Spanish Riding School, the Sisi Museum, the state opera house, Burgtheater (Imperial Court Theatre) and the gothic St Stephen's Cathedral.

Profile

Member profile: Mike Kemsley, Indigo Planning

Mike Kemsley is finance director at Indigo Planning Ltd

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

It signals commitment in two directions – from a company to its employees and vice-versa;

It encourages employees to think and act as business people and develop the 'hidden entrepreneur'.

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

Financial education for one thing; there's too little knowledge outside the advisor community. Corporation tax breaks to help companies become employee owned.

Encourage banks to become more interested in funding employee buy-outs.

What would you tell someone who is 'on the fence' about introducing employee share ownership to their company?

Take some advice from the ESOP Centre and member firms that are plan users.

What do you think will change about employee share ownership over the next five years?

We will definitely see the sector grow.

What do you wish other people knew about employee share ownership?

I wish more non-executive directors and bankers would commit to gaining a proper understanding of the benefits of ESO.

What has been the most important development in employee share ownership during your career?

Positive – the launch of the UK share incentive plan;

Negative – the deferral of corporation tax relief previously available to companies funding their EBTs for legitimate purposes.

Which change to employee share plans legislation, in the UK or elsewhere, would you most like to see?

The election of employee-nominated board members.

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

UK politicians can see how the sector has developed in the US but are also conscious of European developments, e.g. in France where small business owners are required to inform their employees if they intend selling and to give them the opportunity to organise an employee buyout.

Which aspect of the ESOP Centre do you value most?

The conferences and high table events, which provide networking opportunities and exchange of knowledge.

Which aspect of the ESOP Centre would you most like to change?

Get more plan users involved and build a network of experienced non-executive directors to mentor and help private companies transition to employee ownership.

Who would be the guest of honour at your fantasy dinner party?

Living: Kevin Spacey

Dead: Gore Vidal

Which book has most changed your life?

No single book has changed my life but many have enriched it.

What is your favourite quote and why?

Oscar Wilde: Only dull people are brilliant at breakfast.

My best ideas usually materialise around this time of day!

What do you consider your greatest achievements?

Successful business start-up for the Bank of Boston (1983-88)

Turnaround, MBO, ESOP and eventual flotation of Sweett Group plc (1993-2007)

Balancing paid and pro-bono work since 2000.

How do you relax?

Read a good book.

If you would like to suggest a profile for newsbrief please **contact Daniel Helen** dhelen@esopcentre.com tel: 020 7239 4971.

news from members

HMRC share scheme valuation check services under review
Shares & Assets Valuations (SAV) at HMRC announced on February 1 that it is reviewing the share valuation services for Enterprise Management Incentives, Company Share Option Plans, Save As You Earn, and Share Incentive Plans. It follows the news that SAV will be withdrawing its services for PAYE health checks and post transaction valuation checks for income tax from March 31 2016. The move was justified as a response to increasing demand for share valuations from taxpayers, with SAV's resources "being severely stretched" by the complex nature of the situations it is asked to investigate.

[Responding to the move](#), Centre member Pett Franklin was sceptical that the withdrawal of PAYE and post transaction valuation checks will reduce the workload for HMRC. Companies use the service on an irregular basis to provide certainty that their submissions to HMRC are correct, streamlining the process for both parties and ensuring that share valuation agreements do not have to be reached with HMRC following each tax return. The Esop Centre is formulating a response and member experts met yesterday. Please get in touch with Daniel Helen to share your views.

Google's UK tax deal criticised for including share scheme options

The controversial corporation tax deal between HMRC and Google received further criticism after it emerged that a quarter of the total sum agreed related to the company's share options. The deal was described by British chancellor of the exchequer George Osborne as a "victory" on January 23, but it quickly came under fire as it was calculated that Google received an effective tax rate of between two per cent and three per cent following the six-year audit by HMRC. This figure becomes even smaller once the £33m worth of share options is removed from the £130m agreement. Shadow chancellor John McDonnell seized on the findings, claiming it "adds weight" to calls for the details of the agreement to be published in full.

FATCA/CRS Business Advisory Group conference call

Rasmus Berglund of Linklaters represented the Centre's steering committee on February 8 at a telephone meeting of the OECD Business Advisory Group. They prioritised issues on FATCA and the Common Reporting Standard to be raised with the OECD's Working Party 10 on March 15.

Proposed guidance on 'significant influence or control' meaning

The Department for Business, Innovation & Skills [has issued draft statutory guidance](#) on the meaning of "significant influence or control" in registers which most companies are required to maintain. The term "significant influence or control" appears a number of times in Schedule 1A to the Companies Act 2006. While the first three conditions offer clear criteria, the fourth and fifth are relatively vague. Effective from April 6 2016, the new draft guidance explains precisely what is meant by both the right to exercise and actually exercise of "significant influence or control" over a company or trust or firm.

EU-wide attempt to curb corporation tax avoidance
Catherine Robins of Pinsent Mason reported in PM-Tax on the European Commission's recent announcement on the new 'Anti Tax Avoidance Package'. Based on the the Base Erosion and Profit Shifting (BEPS) measures published by the OECD in October 2015, it aims to tackle corporation tax avoidance across by taking a more coordinated stance across EU member states. The minimum standards include preventing treaty shopping, enforcing country-by-country reporting, fighting harmful tax practices, and improving dispute resolution. The EU-wide approach will create a level playing field for BEPS measures, but some member states will be encouraged rather than obliged to implement the measures.

Pett Franklin webinar to discuss EBTs and the Rangers decision

The interdisciplinary partnership Pett Franklin will be hosting a webinar on March 3 on the tax treatment of the employee benefit trust following the Court of Session's recent ruling in the Rangers case. It will consider whether the decision—that payments made from EBTs to executives, players and their families should be considered remuneration—will affect pre-existing EBTs. It will look forward to the possible outcomes of the appeal in the Supreme Court.

Presentations in outline: 17th Global Employee Equity Forum 2016

Keynote speech

- Global employee equity trends and what lies ahead
- Nadal, Telefonica and our video of the year

Malcolm Hurlston CBE, chairman, Esop Centre

Increasing employee share ownership – local issue, global views

- Increased employee ownership goes hand in hand with successful UK corporate growth, but is this a shared global vision?
- What is being done in other countries and how these examples might be utilised in businesses, wherever they are located

Stuart James, MM&K

Share plan regulatory developments:

Meeting the rising compliance challenge cost effectively.

- Is there too much regulation?
- Can the industry afford it any more?
- Should employee shareholders be allowed a collective voice?
- What are the key corporate governance elements in international employee equity plans?

Euan Fergusson, White & Case

Insider Management and Market Abuse Regulations

The law affecting insider lists and consent to deal is changing:

- A review of the new rules - what's the big problem?
- How do practitioners make life easy for ourselves?

Graham Ward-Thompson & Gemma Morgan, Howells Associates

CASE STUDY: Multinational BT has employee equity plans in 25 countries.

- How is its international employee shares portal working?
- What are employees doing when BT plans mature?
- Is their appetite for share plan participation growing; is there a preference for share purchases, rather than options?
- How easy is it for employees to keep and move shares as part of their financial well-being?

Francis O'Mahony, BT and Bob Birkhead, Equiniti

Latest trends in executive remuneration

- The Investment Association (IA) may recommend scrapping Long Term Incentive Plans. Does the complexity of reward schemes obscure proper scrutiny of true performance?
- Should non-financial elements figure in performance criteria for the vesting of executive incentive schemes?
- Executive pay is often artificially boosted when companies buy back their own stock, so should stock buy-backs be controlled?
- Are top executive bonuses really variable pay?

David Ellis, KPMG

US Executive Remuneration Trends: An escalating battle among stakeholders

- Impact of Say-on-Pay is settling in
- Looming ceo pay ratio disclosure fuels 'income inequality' debate
- Corporate social responsibility (CSR) triggers bottom-up changes
- Performance measurement challenges over CSR/ Sustainability
- The Responsible Investing movement

Fred Whittlesey, Compensation Venture Group (USA)

The gender pay gap and ceo pay ratios

- In the US, new rules come into force next year requiring companies to disclose the ratio of ceo pay to the median pay of employees. Such ratios and comparisons are tricky to compile. What are the requirements and how might companies comply?
- The UK Government plans new rules - requiring companies to publish information on the average 19 percent pay gap between male and female employees - in order to close the gender pay gap More countries may follow the UK's example
- Open debate: Will these types of disclosure lead to change?

Cara Hegarty, Linklaters LLP

Trustee panel session (equity plans sector)

- New challenges for offshore trusts: Employee Ownership Trusts
- International reporting and compliance
- OECD Common Reporting Standards, FATCA, Rangers FC case

Chaired by **Paul Anderson, Bedell Group**

Assisted by **Brendan Dowling, Appleby Global** and **Tania Bearryman, Elian**

Why employee share ownership has a worldwide appeal, regardless of political persuasion

- Are share plans welcomed by employees in the US, South Africa, Singapore and in EU member states and, if so, why?
- First-hand experiences working with clients in these countries

David Craddock, David Craddock Consultancy Services

Foreign Asset Reporting

- Current challenges; Emerging trends and problem areas
- What other companies are doing

Kevin Lim and Steve Kavanagh, Solium

The costs and benefits of share schemes and other equity based incentives in the light of an IASB probe

- Serious reform of share-based payment accounting has been a taboo subject for accounting standard setters, but as the International Accounting Standards Board carries out a post implementation review of IFRS2, with changes to the US version, is the ice starting to move? Changes that might be considered - are they possible, or desirable?
- Should practitioners get involved in the debate and not leave things to accounting 'experts'?

William Franklin, Pett Franklin & Co

The last tax-deductible employee share plan

- The UK Treasury may further cut pensions tax relief and is considering an ISA type treatment whereby there is no tax relief at the beginning and no tax due at the end.
- How share scheme tax relief works – and could work in future
- Saving for retirement - the EU-wide implications

Jeremy Mindell, Primondell

Contact Daniel Helen to purchase the full set of slides from the day for just £50. Email dhelen@esopcentre.com or call 020 7239 4971.

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