



Eso fan Sajid resigns as chancellor

The departure of Sajid Javid from No.11 was a sad day for fans of employee share ownership. His previous tenure as Business Secretary and role in backing Royal Mail employees gave him unique standing.

However he and Boris Johnson share most ideas and it is not necessarily bad news either for hopes of a Roadchef settlement or for our cause in general.

His successor Rishi Sunak has a closer background to that of the PM (Winchester and a first at Oxford) and much wide respect, including cross-party.

Of the ministerial jobs which most affect us - we are most fortunate that Jesse Norman, with his unique understanding, stays in place at the Treasury. Kelly Tolhurst has been shuffled from Business to Transport. But then we are used to short-term ministers at Business (average tenure under a year!)

EVENTS

Esop Centre British Isles share plan symposium – March 26

With more than 50 people already confirming their attendance, we encourage you and your colleagues to register soon for our [employee share plans symposium](#) on **Thursday March 26 2020** in the conference hall of **Linklaters, One Silk Street, London EC2**, 08:45 to 17:45. This event offers expert up-to-date information and advice to all advisers and companies, about how best to install or expand employee share plans and/or executive equity incentive packages in their workplaces. The [event e-brochure](#) lists the speakers, together with the titles and key points of their talks. We are delighted that **Ocorian** has come on board as lead co-sponsor alongside host Linklaters.

Esop Centre/STEP Jersey share schemes and trustees seminar – June 12

Hold the day for the next [Esop Centre/STEP Jersey half-day seminar](#) at the Pomme d'Or hotel, St Helier on Friday June 12.

It has never been more important for those interested in employee share schemes and trusteeship to stay informed with expert views and enjoy the continuing education which our seminars offer.

Don't miss this great opportunity to update your knowledge.

WEBINARS

Employee share plans for private companies

February 26 11:30am RM2

Director, Sarah Anderson will take you through some of the [share plans available to private companies](#), including: the reasons behind introducing a share plan; how to decide if a share plan will help meet your objectives; and what share plan might work for your business.

Using real-life scenarios, Sarah will share the “Why – How – What” of how a business can decide on the right share plan.

CENTRE AND MEMBER NEWS

Unity Trust Bank celebrates positive culture and employee engagement

An independent bank with over 35 years' heritage and conceived by Centre chairman Malcolm Hurlston in 1980, [Unity Trust Bank improved its scores](#) in the 2019 Banking Standards Board survey, across five characteristics – Openness, Respect, Competence, Reliability and Resilience.

Importantly, 93 percent of employees said that Unity's purpose and values were meaningful to them and that they trust their colleagues to operate in an honest and ethical way.

Ceo Margaret Willis said: "As a purpose-led organisation, we work to instil a sense of genuine inclusivity for employees, from our tailored learning and development opportunities, support for professional qualifications, volunteering and fundraising programmes to employee share schemes which align the interests of our people with those of the firm." Malcolm Hurlston said: "It is good to see Unity walking the talk and getting the recognition."

Estera and Ocorian merge

Estera and Ocorian have [combined their businesses](#) to create a global leader in corporate and fiduciary services, fund administration and capital markets. The enlarged business will operate under the Ocorian name with refreshed branding.

Group director Patrick Jones said "We are delighted to announce our merger under the Ocorian brand. Both Estera and Ocorian share a common focus on building strong partnerships with our respective clients as evidenced by our long standing client relationships and in that regard are entirely complementary.

"Whether setting up an employee benefit trust, introducing a new plan or transferring existing arrangements, our approach is both pragmatic

and collaborative and, above all, concentrates on the delivery of service excellence and added value.

"We see this as an exciting opportunity to further develop this important core component of the combined businesses."

Farah Ballands, Ocorian Group chief executive officer commented "The combination of Estera and Ocorian is extremely powerful. No matter where in the world our clients' financial interests are structured, we will provide flexible, bespoke solutions that meet their needs as well as the needs of their stakeholders and regulators. Our clients really are at the heart of everything we do."

Survey: 50 percent of workers want more financial wellbeing support

Half of employees want their organisations to offer more financial guidance, [according to research by Willis Towers Watson](#).

The research, which surveyed 40,000 employees at medium and large private sector organisations across 27 countries between July and September 2019, found that 62 percent of employees have suffered from severe stress, anxiety or depression in the past two years owing to financial problems; 44 percent said that it kept them from performing their best.

UK NEWS

Investors back Esops

Britain's biggest institutional investors are warming to the idea that companies should be set targets to [increase employee share ownership](#), financing a study arguing the case for quotas and "name and shame" style league tables.

The [Social Market Foundation](#) think tank urged the government to set a target for large listed companies. More than two-thirds of workers of

big firms are keen to own part of their company, the SMF reported. Almost 60 percent said share ownership would motivate them at work.

Make employee share ownership the norm?

Britain isn't content with current capitalism. An [annual survey, the Edelman Trust Barometer](#), recently found that over half of people think the UK economic system isn't working for them. The same survey found two-thirds of employees want more of a say in how things work.

Starling Bank gives shares to employees as it raises £60m

Challenger bank [Starling has said it will hand out shares to all 800 employees](#) after raising £60m to boost its expansion plans.

The digital bank said it will use the funds to speed up its expansion plans. The firm has been plotting the launch of an international bank in Dublin after applying for a licence last year.

Fact sheet on the UK's relationship with the Crown Dependencies

As the UK leaves the EU the Ministry of Justice has updated its [Crown Dependencies fact sheet](#).

What we can learn from the controversy around Huawei

Despite US pressure to block Huawei, the UK government has decided to let the firm continue to be used in its 5G networks with certain restrictions. Jonathan Liebenau addresses [Huawei's historical context as a company](#), and moves on to consider some motives that have brought it under scrutiny.

The outline history of the company is well known even if frequently misrepresented. It is a private company owned through an

employee share ownership scheme, highly focused on its core competences and on its internal institutions. It has pioneered Chinese outward investment and grown rapidly to become a large employer (of around 194,000) and a keystone presence in Shenzhen as well as an employment catalyst elsewhere around the world.

WORLD NEWS

China: Overview of equity incentive plans and Esops of Shenzhen Stock Exchange listed companies

Equity incentive plans and employee stock ownership plans are [important benefit sharing mechanisms](#) of listed companies and significant institutional arrangements to give play to the function of the capital market to serve the real economy. In 2019, SZSE-listed companies launched a total of 218 equity incentive plans, which involve 3,715,700,500 shares, accounting for 2.29 percent of the total share capital in average; they launched 88 employee stock ownership plans, which involve CNY15.287 billion and 2,057,391,100 shares, accounting for 1.03 percent of the total share capital in average.

India: Budget 2020: Tax relaxation under employee stock ownership plan a boost for start-ups

According to news18.com India's 2020 budget is favouring esops. More companies are expected to use the Esop mechanism to motivate and strengthen their relationship with their employees by [sharing the growth-benefits](#).

India: Telangana start-ups laud decision on seed fund deferment of Esop

The State's start-up ecosystem appreciated the Central government's [decision to defer payments on Esops](#) and for allocating seed

fund for early-stage start-ups. Leaders in the area had earlier relayed their wish for some sort of funding mechanisms for start-ups, as many cannot sustain due to lack of funds.

Deepthi Ravula, ceo of We Hub said, "A lot of early-stage start-ups never make it to the next stage and most of them for a lack of funding do not even get to create a prototype. So the seed fund is a welcome move to enable more innovators to become entrepreneurs and should see a major uptick in the number of product-based start-ups."

India: Economic Survey 2020 moots performance-linked Esops for public sector bank staff

The Economic Survey 2019-20 has made a case for [performance-linked payouts in the form of employee stock option plans](#), despite several failed attempts by public sector banks (PSBs) to popularise the scheme among its employees in the past.

USA: State and local policies to support employee ownership and broad-based profit-sharing

The Center for American Progress reports [that providing workers with a stake in firm performance](#)—when coupled with good pay and benefits and a voice on the job—leads to good results for the firm, its shareholders, its workers, and the economy at large. Research finds that these programmes often empower workers by increasing their participation in decision-making and trust in the company and management; they are also associated with higher pay and benefits as well as greater long-term wealth accumulation.

As a result of these benefits, city and state policymakers across ideological divides—including the conservative strongholds of Iowa and Nebraska and the progressive bastions of Berkeley, California, and Newark, New Jersey—

are increasingly adopting policies to support and expand the use of employee ownership and broad-based profit-sharing. Yet, too few jurisdictions are taking advantage of such programmes. Cities and states could do much more to advance the use of all types of profit-sharing plans, which help ensure that workers are able to prosper in the 21st century.

Building community wealth: Are Mondragon's cooperative ideas transferable to Australia?

The transferability of the Mondragon model, which works well in the highly distinctive Basque part of Spain, is widely questioned.

A new Australian report suggests that Mondragon thrives as a large business because (i) [it is owned by its employees](#) and (ii) it has "capped" the gap between the highest and lowest paid employee. As well, it has built an effective and substantial social enterprise ecosystem to base and grow its operations on.

Mondragon firms avoid the costs associated with providing high returns to outside investors through employee ownership. Employee ownership means that the employees have a stake in the business and they invest their ownership share and profits towards the stability and growth of the business which employs them. By itself, employee ownership can be risky, but the risk is shared broadly in Mondragon among all the employee-investors in all of the businesses in the cooperative network.

Equity based compensation in Brazil

Lexology reports that in [Brazil, the prevalent forms of equity compensation are](#) stock options, restricted stocks and stock grants. The typical vesting period varies between three and five years.

The employer can select the employees who are entitled to equity-based compensation,

but it is important to avoid criteria that may be considered discriminatory.

Usually the equity-based compensation is granted by the company's board of directors but depends on the company's by-laws. The authority can be delegated also according to the company's by-laws. In any case, stock options must be submitted to the shareholders for prior approval and the company must comply with certain rules and procedures provided by the Brazilian Securities Commission.

Germany: Daimler rewards 130,000 employees with profit-sharing bonus

Automotive manufacturer Daimler is rewarding [130,000 members of staff with a one-time bonus](#), based on its latest financial year results and to recognise employees' hard work during 2019.

Employees who have enrolled in the organisation's profit-sharing scheme will receive a bonus of up to €597 (£501) with their April pay. The scheme only applies to staff working at Daimler's facilities in Germany.

Wilfried Porth, member of the board of management at Daimler, said: "2019 has been challenging and required particular efforts from our employees. We want to honour their extraordinary commitment of the past year with a one-time appreciation bonus."

French President Emmanuel Macron plans to reform the country's rules on employee stock options

In January, Mr Macron announced the government's plans to expand its stock options scheme to include foreign companies with staff in France, among other rule changes.

The package of [new measures focused on stock options](#) will, he hopes, spur start-ups and cement France's claims to European tech leadership.

EOT NEWS

Emperor staff to own 67 percent stake in company

Creative consultancy [Emperor is transitioning to employee ownership](#) through an EOT, affecting 200 employees in six locations across the UK and the Middle East.

The move, announced on January 21 2020, is part of the organisation's aim to become sustainable and people-focused, by directly involving employees in business growth.

Through the trust, Emperor employees with 12 or more months of continuous service will indirectly own a majority stake of 67 percent of the business. The structure of the business will also see the management team joined by an employee board to represent the voice of staff across all parts of the business.

The logo for Emperor, featuring the word "emperor" in a bold, lowercase, sans-serif font.

Steve Kemp, chief executive officer at Emperor, said: "Our decision to move towards employee ownership is rooted in our deep appreciation for the contribution our employees have made over our 24-year history.

"Emperor has built a collaborative culture that promotes the best talent and innovation. This move will only strengthen it by emphasising our shared purpose and reinforcing the inclusive nature of our business. I believe this will put us in the best possible position to achieve our future aspirations as an independent agency."

Altec & Victoria moves to EOT

A small family-run business is the latest Cornish firm to become employee owned. The 25 staff now own 100 percent of the company through an Employee Ownership Trust.

Altec & Victoria operates two businesses: Altec Extrusions is a manufacturer of tubing, extrusions and 3D printing filament; and Victoria Offices provides flexible office space plus conference and training facilities.



Managing director Graham Honey said "For me there were two driving forces behind employee ownership over any other exit strategy.

"Firstly, I didn't like the idea of selling the business to a competitor. I've seen many times the negative effect this can have on a business and its staff. It was also important for me to create a personal legacy. I've spent 35 years building up this business which my Dad started and I wanted to find a way to preserve that for the benefit of everyone who works here."

Archaeology firm digs out new future as employee-owned business

Archaeological services provider Guard Archaeology Limited is the latest business in Scotland to become employee-owned, with 32 members of staff given a stake in the business. The business was formerly part of Glasgow University and started trading as an independent company in January 2011, owned by 11 employee shareholders. The majority

shareholders wanted to plan for their eventual exit by considering succession options early. They were looking for a solution that would allow them to step back but at the same time create an equitable and sustainable structure for the company going forward.



Director Ronan Toolis said: "The transition to an Employee Ownership Trust strengthens the long-term future of our company, and by retaining employee ownership we are maintaining the original ethos of the company.

"Given we were owned by several shareholders who all worked in the business, it was important to us that the company wasn't sold to a single buyer or that control of the company was moved out of Scotland where the bulk of our work is undertaken.

"Employee ownership is an excellent business model which benefits everyone. The previous majority shareholders will continue with their day to day roles in the business for as long as is required, with the knowledge that the future is taken care of, while our employees are given a stake in the business and a role in how it is run."

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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