



SHARE PLANS SYMPOSIUM: REGISTER NOW

Final preparations are under way for **the Centre's fourth British Isles share plans symposium**, which will be held online over three days on March 23, 24 & 25.

The online format comprises three, hour-long, live webclaves with the speaker panel discussing employee equity topics of the day and delegates interacting live. Supporting material for each webclave, featuring speakers' pre-recorded presentations, is being released one week before the relevant live panel session.

The updated programme looks like this:

Day 1 All-employee share plans and share plan regulation. Speakers: Baker McKenzie, Computershare, EQ and Pett Franklin.

Day 2 - Executive equity incentives. Speakers: Deloitte, Linklaters and Willis Towers Watson.

Day 3 - Opportunities for SME companies. Speakers; Bird & Bird, David Craddock Consultancy, Doyle Clayton and Rm2 Partnership.

Programme segments will refer to the impact of the pandemic on all-employee share plans and on executive remuneration trends.

Willis Towers Watson is among the speaker firms in the Executive Reward segment of the programme on: Top pay, incentives and the pressing environmental, social and the corporate governance (ESG) agenda. An employee share plan case study, promoted by Centre member plan administrator Computershare will be introduced by Centre conference speaker Stuart Bailey. In the executive equity segment, Harry Meek of Linklaters will address: The changing landscape of investor and corporate governance expectations of executive equity reward. He will focus on: *regulatory

developments impacting remuneration in the FS sector; *how listed company investors and corporate governance expectations are catching up, as concepts the financial services sector has been dealing with come to the fore and *what listed companies can learn from the challenges and developments faced by the sector in share plan design and operation. Deloitte's Liz Pierson will ask whether recent changes in the UK corporate governance code go far enough on executive reward.

The event will be chaired and introduced by Centre founder and chairman, Malcolm Hurlston CBE, who will address: How all-employee share plan schemes could be re-set to match the needs of the new world.

Other speakers at the symposium include: Colin Kendon, partner at Bird & Bird, who will deliver a frank review of the popular Executive Management Incentive scheme operated by more than 11,000 UK SMEs. During his tour of the 'ins and outs' of the HMRC tax-advantaged scheme, Colin will talk anecdotally about the use of 'Exit Only' EMIs. David Craddock will explain how SME companies are valued, so that employee shares can be issued. He is technical secretary to the ground-breaking Worked Examples Group on which he represents the Centre.

Baker McKenzie's Jeremy Edwards will examine the practicalities of easing a cashflow crisis by paying employees in shares rather than cash; Jennifer Rudman and Graham Bull of EQ, formerly Equiniti, will ask: How do you ensure that all employee plans (Sharesave and SIP) work well for today's workforce?

Garry Karch, of Clayton Doyle, the leading Esop banker in the UK, will explain How Employee Ownership Trusts (EOTs) are structured and financed. Jane Jevon of Pett Franklin takes the

dust covers off the Company Share Option Plan (CSOP), the forgotten share scheme; unlocking its potential and avoiding its hidden pitfalls.

Robin Hartley, a senior associate of RM2, will discuss how best to structure and install growth shares in companies. The programme can be viewed on the events page at www.esopcentre.com.

The main event co-sponsor is Ocorian, the independent Channel Islands based provider of corporate and fiduciary services, which offers share plan sponsors expert guidance on installing and operating employee equity schemes for companies of all sizes.

Attendance prices: Delegates from share plan issuer companies, large or small, are welcome to attend free of charge, if they register in advance.

Prices for all other delegates have been reduced to reflect the enforced change in format: Practitioners: members pay £250 and non-member practitioners £425. Trustees: members pay £225 and non-member trustees £395. Reserve your places now!

Speakers needing to update their presentations should inform Fred Hackworth at: fred_hackworth@zyen.com. For all other enquiries about this event, including attendance logistics and reservations, contact juliet_wigzell@zyen.com or call +44 (0)20 7562 0586.

Newspad Awards

Thank you to everyone who entered the 2020 *newspad* all-employee share plan awards. The awards recognise the achievements of companies who offer employee share plans and hold up best practice models for other companies to follow. Exceptionally, the 2020 awards will reflect the challenging circumstances with a new category focusing on how share plans are adapting to Covid. All-employee share plans are playing a key part by contributing to employees' savings, morale and engagement.

Make sure you have booked your place at the Centre's Share Plans Symposium March 23-25 where the results of the judging will be announced. We look forward to seeing you there.



WEBINARS

Beyond Brexit - Social Security Contribution Rules

February 24 2021 11:00am GMT

The [EU-UK Trade and Cooperation Agreement](#) contains a framework agreement for the future treatment of workers through a Protocol on Social Security. The Protocol puts in place measures so that social security benefits are coordinated and protects individuals (and their employers) against double social security contributions. That being said, employers sending employees from the UK to the EU and the EU to the UK still face more difficulties than existed under the EU regulatory framework (which ceased to apply from December 31 2020). Jeremy Edwards and Don-Tobias Jol of Baker McKenzie [explore the implications from both a UK and Dutch perspective](#).

Here is our library of broadcasts:

[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>

MEMBERS' NEWS

Harley Davidson adopts KKR executive-inspired employee stock programme

Harley-Davidson Inc chief executive Jochen Zeitz announced last Tuesday that the US motorcycle maker would give stock grants to its employees, **inspired by a programme devised by KKR & Co Inc executive Pete Stavros**.

Zeitz said the move would make 4,500 employees of the Milwaukee, Wisconsin-based company more aligned with executives and shareholders. While KKR is not an investor in Harley-Davidson, he said he worked on the plan after meeting Stavros, who has been spearheading a similar initiative at his private equity firm.

Tax investigations: HMRC's high risk wealthy programme

In its *Out-Law Guide*, Pinsent Masons explains that wealthy individuals in dispute over how much UK tax they owe may find their matter being handled by HM Revenue & Customs in accordance with its new **programme designed to accelerate tax disputes** in the most complex high value cases. The HRWP was launched in spring 2018 as an equivalent for wealthy individuals to the high risk corporates programme for large businesses.

Work undertaken in accordance with the

HRWP is carried out within HMRC's 'wealthy team', which deals with the 700,000 or so individuals that sit within HMRC's definition of 'wealthy' – that is those individuals with incomes above £200,000 or assets above £2 million in any of the last three years.

Why we should think about revisiting employee equity

Gannons' Catherine Ramsay writes in *Lexology*. While there is no doubt that Covid-19 and lockdown has rocked the basis of the world economy and it may seem that the future is bleak, there is some more positive news with the **opportunities presented by employee equity**. There has never been a better time to consider using employee equity to attract and retain key talent in a business. Salary costs are often the main expenditure for companies and employee equity can not only lessen that burden, but increase productivity and motivation which is needed now more than ever. The phrase 'we are all in this together' not only applies to the pandemic but also to the spirit of employee share plans. Enhancing employee engagement has never been more important in our 'new' world of remote working and isolation for so many and can be a key differentiator in incentivising teams to work together.

Now is the time to take stock and look to the future with an eye not just on existing talent but also future recruits. With many businesses sadly folding the time may be ripe to secure key hires and seize a larger share in the competitive market where your business is robust enough to ride the pandemic out.

Exercising flexibility in share incentive scheme management

Shareforce's Adva Lewitte writes: "2020 brought with it colossal shifts in mindset and for many a complete overhaul of legacy corporate structures. **Share incentive scheme management**, which connects with isolated employees, has never been more important. Ultimately, clear and digital communications of every kind have been needed to keep productivity levels high and burn-out scenarios low."

LGL Group pledge to support Les Amis

LGL has **pledged its support to Les Amis**, partnering with the Jersey-based learning disability charity to help them improve the lives of their residents and service users. Les Amis is known for its work empowering people with learning disabilities and was recently recognised with a 'Leaders in Wellbeing' Award for helping break the stigma on issues such as mental health in its capacity as an employer.

LGL selected Les Amis as a core charity, committing to a programme of voluntary work and internal fundraising initiatives, and will be helping Les Amis plan and carry out the makeover of a residential home garden area at Somers House, as well as planning virtual online events to raise money for the charity under Covid.

Eiko Sievert on economics and the pandemic

Economist and friend of the Centre Eiko Sievert spoke about economics during the pandemic and potential areas of challenge for financial stability at the ALMA (UK Asset and Liability Management Association) annual conference on January 29. He pointed out the possible issues with sovereign debt sustainability and a contagion to the banking sector. Eiko was financial stability expert at European Central Bank.

MEMBERS' WEBINARS

Overview of the Share Incentive Plan (SIP)

Wednesday March 17 2021, 11:00am

RM2 director Sarah Anderson will present a **30-minute webinar on SIP**, its key benefits, how to establish a SIP plan, and how it worked in real life for one of her clients.

UK NEWS

◆ CGT rise being considered by chancellor

The Telegraph reports that Rishi Sunak is once again considering **an increase in capital gains tax** to bring it into line with the higher levels of income tax rates, in a blow to savers and entrepreneurs. [\[note: need to subscribe to the Telegraph to read full article\]](#)

◆ Chancellor may see Capital Gains Tax as 'soft target' for Budget increase - act now

Rishi Sunak could target **Capital Gains Tax in his upcoming Budget**, and Britons have been urged to take action as soon as possible.

The chancellor has been tasked with commandeering Britain's finances amid Covid-19, and recouping the cost of the pandemic. Tax changes, and indeed rises, have been feared as a way to raise funds, but Capital Gains Tax (CGT) is one levy which has garnered significant attention.

◆ After the pandemic: the tax changes to expect

Rosie Carr writes in *Investors' Chronicle* that the **most significant tax rises for investors could be those on gains**, pensions contributions and inheritance and says "It may be worth accelerating actions you were planning to take anyway so you can avail of current thresholds and rates."

◆ Entrepreneurs will flee the country if the government goes ahead with plans to increase capital gains tax, the boss of Britain's biggest online supermarket has warned

Tim Steiner, chief executive of Ocado, has said that **such a move would be "very damaging"** for the country. He also called for an extension of tax breaks for employee ownership and entrepreneurs when they sell their companies. Steiner, 51, is the latest business leader to voice his opposition to plans to align capital gains rates with higher income tax levels. Rishi Sunak, the chancellor, ordered a review into such measures in July.

A Wealth Tax for the UK: is this an idea whose time has come?

Covid-19 has caused a dramatic increase in public debt and in the annual deficit between public spending and income. How to tackle this without reintroducing “austerity” and exacerbating wealth inequalities is a hot topic. Might a one-off wealth tax be part of the answer? The report by the Wealth Tax Commission sets out how serious money – say, £250bn – could be raised (in instalments) from the richest section of the population. But the report and this conversation go much further than that in examining the flaws in the UK’s tax system, particularly when it comes to taxing wealth rather than income. The Conservative government is loath to break its promise not to raise rates of income tax, VAT or National Insurance, so the time is ripe to consider radical alternatives.

The Centre for the Study of Financial Innovation chaired a discussion on the topic with Sir Edward Troup, former executive chair and First Permanent Secretary at HMRC, and Arun Advani, co-author of the report by the Wealth Tax Commission. [A recording of the debate is available](#) on CSFI’s Youtube site.

Escape Hunt establishes SIP

Reported in *Directors Talk Interviews*, Escape Hunt plc, a global leader in the growing escape room sector, has announced the establishment and launch of a new tax-advantaged all employee share scheme: the [Escape Hunt plc Share Incentive Plan](#).

The SIP has been adopted to promote and support the principles of wider share ownership amongst all the company’s employees. The plan is available to all eligible employees, including Escape Hunt’s executive directors, and invites individuals to elect to purchase ordinary shares of 1.25p each in the company via the SIP trustee using monthly salary deductions. Shares will be purchased monthly by the SIP trustee on behalf of the participating employees at the prevailing market price. Individual elections can be as little as £10 per month, but may not, in aggregate, exceed £1,800 per employee in any one tax year. The Ordinary shares acquired in

this manner are referred to as “partnership shares” and, for each partnership share bought, participants will be awarded a further Ordinary share, known as a “matching share”, at nil cost.

Richard Harpham, ceo of Escape Hunt, said: “We are delighted to have been able to put this SIP in place and believe that offering all our employees the opportunity to own a stake in the company through a tax efficient scheme, which rewards loyalty, will both incentivise and reward the individuals who are so important to the future of the business.”

Voluntary own goals

After the debacle at the Institute of Directors, where the ceo recorded a private conversation with his chairman, Lady Barbara Judge, the next apex body to score an own goal has been the National Centre for Voluntary Organisations.

Rather as in a show trial, the new chair of trustees, Priya Singh confessed on its website that NCVO is “a structurally racist organisation and that the same is true for sexism, homophobia, transphobia, classism and disablism. As NCVO we feel a need to share our mistakes and our learning with the sector, but we are clear first we must get our own house in order.”

Wherever the truth may lie, the opprobrium was spread so wide that no specific wrongdoers were identified and that has the effect of leaving question marks over the innocent too.

The Centre, with its history as a non-profit voluntary organisation, must regret the confusion. The Institute of Directors has fought to regain its standing over a number of years.

WORLD NEWS

◆ Cayman government pushes ahead

The Cayman Islands government is pushing ahead with plans to establish representative offices in Brussels, Hong Kong and Washington DC before the end of the year. Speaking at the Chamber of Commerce annual general

meeting last week, Premier Alden McLaughlin said a representative office in Brussels is part of its necessary engagement with the European Union.

The premier said recent calls by the European Parliament for the EU tax blacklist to include the Cayman Islands automatically, showed the need for “continued diplomatic, technical and academic battle with them over this issue”. The Parliament passed a resolution demanding an expansion of the blacklist and the automatic inclusion of jurisdictions, like the Cayman Islands, that have no corporation tax or other income taxes. “There is no legislation we can pass to fix that. There’s no regulation we can bring, except we impose direct taxation,” McLaughlin said. He said the May 2021 election notwithstanding, it is the view of the government that Cayman “needs a permanent, effective presence in Brussels that can help advise the government about what we need to do on that particular front”, particularly now that the UK is no longer a member of the EU.

McLaughlin said while the resolution was “worrying”, because it gives “a sense of how the elected members of the European Parliament are thinking”, it was not a binding decision and akin to a private member’s motion in Cayman’s parliament.

◆ Investor briefing highlights Cayman’s stability, new regulations

In video messages to international investors, government along with financial regulator Cayman Islands Monetary Authority last week **emphasised Cayman’s resilience during the coronavirus pandemic** and in the face of increasing regulatory demands placed on offshore financial centres by international standard setters.

The statements by premier Alden McLaughlin, financial services minister Tara Rivers and CIMA managing director Cindy Scotland, were part of the virtual Cayman Finance Global Briefing which this year replaced the investor breakfast that would typically take place in New York each January.

McLaughlin noted that Covid-19 had posed substantial risks to the islands but also provided an “extreme example” of Cayman’s resilience “due to exceptional effort from our citizens, timely leadership from my government and creativity by industry”.

South Africa: Coca-Cola commits to ploughing in R240m over three years to support economy

Independent Online reported that Coca-Cola Beverages South Africa (CCBSA) on February 5 **tripled the size of its employee share ownership scheme** launched last year in a multibillion-rand worker equity provision for its 8 000-strong labour force.

“This updated agreement will result in employees increasing their current holding of around five percent in CCBSA to an approximate 15 percent shareholding in CCBSA,” said managing director Velaphi Ratshefola.

As part of the transaction, CCBSA also committed to making R240 million available over three years towards establishing a localisation platform to support the moribund economy. “We will be contributing R80m a year for three years to localisation initiatives that form part of the national efforts to rebuild the economy,” Ratshefola said.

CCBSA also agreed to have two seats for workers on the board, and committed to transforming and supporting the local sugar industry. “We have also undertaken to collaborate with our sugar suppliers to increase the volume of sugar cane procured from black farmers,” added Ratshefola.

New Zealand: Free and discounted shares: Why can't all workers benefit?

Stuff’s Tina Morrison tells the story of Corinne Gouldsbury who had no experience in buying or selling shares, but when her employer **Contact Energy started a scheme offering staff shares** in the listed company for just a cent each, she jumped at the chance to join.

“I saw my future long-term with Contact and it

was a way of me getting involved a little bit with the share market," says the 56-year-old, who has been with Contact for more than 20 years and works in human resources. "It was a really good benefit, pretty much for no cost as an entryway to get involved."

Contact's plan allows staff to acquire \$1000 of shares a year for one cent each. The shares are held in trust for three years before they are handed over, although during that time staff can still vote and receive dividends like other shareholders.

A rough calculation shows \$1000 worth of Contact shares acquired in September 2013 when the scheme started would now be worth about \$1564 and have accrued \$528 in dividend payments, for an initial cost of just \$1.90.

"It has been really beneficial to be able to have that little nest egg to invest in whatever we are doing as a family," Ms Gouldsbury added. "Everyone is eligible for it, and there's no barrier to get involved with the cost of them. It's almost like why wouldn't you?"

India: Union Budget 2021: Key Takeaways include tax relief on Esops from startups

Indian Finance Minister Nirmala Sitharaman announced that the Union Budget 2021-22 rested on six pillars: health and well-being, physical and financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and R&D, and minimum government and maximum governance. Commentators said that the budget confirmed the government's focus on developing infrastructure and skills which will have short and long term benefits to the Indian economy and people. From a technology point of view, the incentives for creating digital infrastructure, education and skilling spell out the government's intent on developing the country's human capital.

CIOL reported that industry leaders are keenly watching the Finance Minister's fund allocation and incentive schemes to various

sectors, especially startups, with a key point from the Budget being tax relief on Esops from startups: *The Union Budget has proposed a host of incentives for India's startup ecosystem. One of them included deferring of taxes levied on employee stock ownership plans (Esops). At present, employees pay tax when they exercise their options. They also pay taxes when they sell their shares.*

The Union Budget has now proposed deferring the tax payment on the exercise of Esops by five years; or until an employee leaves the company; or when he/she sells the shares, whichever is earlier. However, in some cases employees will have to pay tax twice. For example, if an employee holds the shares for a long-term expecting a buyback deal, then the quantum of shares redeemed will be taxed at 20 percent, in line with the Finance Act 2018 as a long-term capital gain.

China: Tencent delivers early hongbao, awards 100 shares to some employees for efforts during Covid-19 pandemic

The South China Morning Post reports that Tencent Holdings, whose market value has surged 131 per cent from a low in March last year, has **gifted some of its employees 100 shares each as a reward** for their efforts to fight the Covid-19 pandemic.

The Shenzhen-based online gaming group and owner of WeChat announced the offer, called "Together Award", to eligible employees, according to a spokesperson. They are vested ownership and come with a 12-month lock-up period. The 100 shares are worth HK\$73,650 (US\$9,500) based on the February 8 closing price.

The company's value rose to HK\$7.35 trillion on January 25 – when its shares closed at an all-time high of HK\$766.50 each – from a low of HK\$3.2 trillion on March 18 last year. At its all-time high, Tencent was the most valuable company on the Hong Kong stock exchange. In a previous award to all staff, the shares came from the personal holding of company founder Pony Ma.

EOT NEWS

“Ignorance” the main barrier to law firm EOTs, says newest adopter

Beverley Sunderland, managing director of Crossland Employment Solicitors, said since her firm became an EOT at the end of January, she had been approached **by five law firms wanting to find out more**.

Hodge Jones & Allen became the first law firm to be entirely owned by its employees in December 2018, transferring 100 percent of its shares to an EOT.

London employment firm, Centre member **Doyle Clayton** **followed in November 2019**, transferring 70 percent of its shares. The minimum is 50 percent.

Last October, the founders of Tapestry, the law firm led by Janet Cooper OBE, transferred all their shares into an EOT. Ms Sunderland, a former partner at Doyle Clayton, said it was only when she saw what that law firm had done that she started to research EOTs.

Scottish food wholesaler becomes employee owned

Swansons Food Wholesalers **has joined the growing number of employee-owned enterprises in Scotland**, with over 40 staff taking a stake in the business. An offer for the business from a larger wholesaler prompted owner Magnus Swanson to begin considering his eventual exit from the firm.

“One of the most obvious options was a trade sale,” he said. “However, I was concerned that selling to a remote buyer might see one of the branches closed, staff laid off or clients resign.” Magnus worked with Co-operative Development Scotland to form an Employee Ownership Trust which holds 100 percent of the shares on behalf of the employees.

Armcon moves to EOT

Manufacturer of volumetric mixers, **Armcon**, **has announced it has transitioned** to an employee owned business, through an Employee Ownership Trust.

The transfer of the business to an EOT completed on February 1. The change in ownership structure follows the appointment of Sean Warburton in January, who will take the role of managing director, working alongside founder Robert Armstrong.

Mr Armstrong commented: “As part of protecting Armcon’s legacy and propelling it into a new, independent era where international markets could be explored, I thought an EOT would be the best route to make that viable.”

MEMBERS’ SURVEY

We are constantly looking for ways to improve our offer. During 2020 we added a range of FS Club benefits to the Esop Centre. In order to support you further, please take part in our survey to tell us about events and services that you like or dislike, what you’d like to see, and how we can improve. We’ll keep this survey open till February 28. It should take no more than three minutes to complete.

Take the survey.

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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