



NEWSPAD AWARDS – SUBMISSION DEADLINE EXTENDED

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. We have been able to extend the submission deadline to **February 25 2022**, to allow for new entries.

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 can nominate themselves or advisers can make submissions on behalf of clients. **Entrants can apply for awards in more than one category.** Submitting nominations is free and simple. The deadline is **5pm on Friday February 25 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)

Any questions to esop@esopcentre.com. Please read the **rules and terms of entry**.

EVENTS

Webclave: EOTs development & reform – January 24

We hope we shall see you at our next members' webclave (online conclave: private, invitation-only meeting to bring Centre members together to discuss areas of common interest), scheduled for Monday January 24 2022, 15:00 to 16:05 (GMT).

EOTs – The Good, The Bad and....?

Employee Ownership Trusts (or EOTs) were created in 2014 as a way of encouraging businesses, particularly small to medium sized, to transition to employee ownership. Numbers have accelerated in the last couple of years. Recently the Chartered Institute for Taxation has urged the government to modify the EOT tax regime. Some of our own members have drawn potential abuse to our attention. We believe the aim must be both to encourage the set-up of EOTs and to work with HM Treasury to minimise abuse. Your help will be an important factor in achieving these vital aims.

After a brief introduction, our speakers will set out the issue. You will then be invited to join the discussion groups to chat with fellow members on the agenda topics, before reconvening to sum up. The event will be run under the Chatham House rule.

Timings (approx.)

- ◆ 15:00 Chairman's introduction – Professor Michael Mainelli, Executive Charman, Z/Yen Group Limited.
- ◆ 15:02 Background and Where We Are Today – Graeme Nuttall OBE, Partner, Fieldfisher.
- ◆ 15:15 EOT Future Development & Reform – Garry Karch, Head of the EOT Practice Group, Doyle Clayton.
- ◆ 15:30 split into discussion groups
- ◆ 16:00 re-convene for closing remarks.

If you would like to join the conversation, please register at: [Zoom registration](#).

Webinar: January 25 – 16:00 (GMT)

In an FS Club webinar, share schemes expert and economist David Craddock looks at the similarities and differences between the treatment of [gig workers in the UK and the US](#). Is there anything we can learn from the American view of the gig economy? David's talk is scheduled for 16:00 – 16:45 Tuesday January 25. [Register now](#) to take part.

Symposium 2022 – call for speakers

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 2022. Jeremy Edwards, partner and head of Baker McKenzie's employee benefits group, is helping the Centre to 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.

Programme guide:

Panel one: [The new executive remuneration landscape](#):

- ◆ Baker McKenzie's latest FTSE100 remuneration review: what it shows and feedback - Jeremy Edwards of Baker McKenzie
- ◆ Remuneration committee decisions and shareholder reactions
- ◆ The growing impact of ESG on executive remuneration –
- ◆ To what extent should climate change, local job preservation, other stakeholders and environment issues impinge on corporate strategy?

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

- ♦ Why employee share ownership matters: the ESG perspective – A discussion based on issues raised by the recent Esop Centre booklet
- ♦ The employee voice: encouraging employee shareholders to make themselves heard
- ♦ Gig Workers –How can they be brought into shared ownership (inclusive capitalism)?
- ♦ Key regulatory developments globally

Panel three: **Employee share/share option plans in SME companies:**

- ♦ Using the Enterprise Management Incentive (EMI) in a volatile tax landscape
- ♦ Navigating valuation issues for unquoted UK companies
- ♦ Growth shares come of age
- ♦ Employee Ownership Trusts: real employee ownership, or just another tax dodge for business owners?

Panel four: **Top tips for successful share plan launches in 2022:**

- ♦ Plan objectives, communications, data protection and retrieval, plan reach, tax issues for mobile employees and plan participation levels.
- ♦ How easy or difficult is it to use employee benefit trusts internationally?

Members who have registered will qualify to receive pre-recordings of at least ten topic presentations a week before the event. The presentations will be debated by a speaker panel and then thrown open to discussion. Centre conferences are respected for their speaker expertise and 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

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

Member delegates: £395

Non-member delegates: £595

All prices given attract standard UK VAT.

The symposium will start at 13:30, concluding at 17:20 when participants will be invited to a reception, at which the *newspad* award winners will be announced. 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

Esops & trustees conference 2022

Hold the day for the Centre's first in-person Esops and trustees conference in two years. We hope to be back at the Pomme d'Or Hotel, St Helier for the morning of Friday May 13 for our popular learning and networking event in partnership with STEP Jersey. Further details to follow.

Here is our library of broadcasts: [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 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

Deloitte Global Reward Update : 2021 wrap up
Deloitte has summarised **key global tax & legal technical developments** impacting global incentive plans. Some are an update on information provided in previous Global Reward Updates and others are new developments.

UK cfo's going for growth: UK cfo's are going into 2022 with their sights set on expansion, **Deloitte's latest quarterly cfo survey** has found, with investment in technology and skills being key priorities for business over the next three years as they seek to grow, innovate and build resilience.

KKR completes acquisition of Bettcher Industries and names Dan Daniel chairman

Bettcher Industries, a leading manufacturer and supplier of food processing equipment and associated aftermarket parts and consumables, and KKR, a leading global investment firm, today announced the **completion of KKR's acquisition of Bettcher** from MPE Partners.

Effective upon the transaction close, Dan Daniel, a KKR executive adviser, will assume the role of chairman of Bettcher. Mr Daniel will support Tim Swanson, ceo of Bettcher, in setting the strategic direction of the company and in overseeing Bettcher's operating performance.

"Bettcher is a great business and an iconic brand, and I am honoured to support the company in its growth ambitions from here," said Mr Daniel. "Through continued growth and accretive acquisitions, we can together build Bettcher into a scaled leader in food processing automation equipment and I look forward to working alongside the Bettcher management team and KKR to do exactly that," said Mr Daniel.

The future of employee share schemes

EQ Views looks at how generation differences affect employee share plan participation and how companies should adapt their share plans to engage Gen Zs and millennials?

Through in-depth research and expert industry commentary, *Shareholder Voice 2021* explores the behaviours, motivations and voices of 2,000 retail investors in the UK and US.

The report covers: the growing influence of Gen Z; increasing demand for ESG transparency; employee shareholder sentiment towards company share schemes; the accelerated AGM evolution.

ZEDRA bolsters pension services offering with acquisition of PTL

Zedra is *expanding its UK pensions offering* with the acquisition of independent pension trustee and governance services provider firm PTL.

Zedra's Pension Services now consists of five offices in London, Reading, Leeds, Birmingham and St Albans and increases headcount to 70 dedicated pensions experts and support staff.

As the regulatory system has become increasingly complex over recent years, so has the challenge of running a pension scheme for employers and trustees alike. Add to this the pressure being applied by the Department of Work and Pensions and the Pension Regulator, it is no surprise that the number of pension schemes requiring support continues to grow.

Ceo Ivo Hemelraad commented: "This deal further cements Zedra's offering and capabilities, and is in line with our strategic approach to the UK market. We are expecting a very busy 2022 for our UK offices and I am confident that Zedra's reputation in rendering an end-to-end service to private, corporates and alternative fund clients will go from strength to strength."

Institutional shareholder votes dominate normal opinion

New *research from Vlerick Business School* produced a similar plea to that of the Centre's research on the Employee Voice.

The Vlerick study found that short-term ceo incentives - also called bonuses - focussed on a company's sales negatively affect ESG performance, and hinder ESG efforts. Remarkably, almost half of Europe's biggest firms offer these short-term sales incentives to ceos, therefore ineffectively contributing towards wider ESG goals.

This research was conducted by Professor Xavier Baeten, director of the Executive Remuneration Research Centre at Vlerick Business School, alongside Marthe Van Hove, research associate at Vlerick.

The study examined pay levels and incentive systems of ceos of the STOXX Europe 600 – a stock index of the 600 largest firms across European countries, including 150 UK firms. Firms such as Adidas, Santander, Unilever and Tesco are included in the STOXX 600.

The researchers examined self-collected information about pay levels, pay structures and KPIs included in incentive systems of leading ceos, and used an external database (Refinitiv) to gather information on the firms' ESG performance. The researchers found that the ceo pay levels had zero impact on a company's ESG performance.

However, a ceo's pay *structure* did have an impact on ESG performance. Firms that granted a large part of the ceo's remuneration in the form of long-term incentives (e.g., performance shares), have a lower ESG performance. This applied to no fewer than 135 firms out of 600 in the sample.

The researchers also found a link between the KPIs used in incentive systems and subsequent ESG performance. As far as bonuses are concerned, accounting focussed incentives and, surprisingly, environmental KPIs were found to have a negative relationship with ESG

performance. While in terms of the long-term incentives, making use of Total Shareholder Return as a KPI negatively affected ESG performance.

Professor Xavier Baeten said, “It’s clear to see that companies are taking ESG performance more seriously, and actively looking to build in incentives that ensure the CEO has a key focus on ESG. In fact, over the last five years we’ve seen a 20 percent increase in CEOs having short-term incentives focussed on ESG (from 40 to 60 percent of the firms), and in the long-term incentives have doubled from 10 to 27 percent of CEOs. However, many firms may be looking to tackle ESG, but crafting their incentives wrong, hence why this research helps to showcase the most effective ways for firms to do so”.

The researchers, however, did find a number of remuneration criteria that had a positive impact on ESG performance. Strategy-focussed KPIs in bonus systems such as implementing a new digital strategy, positively impacted on ESG performance.

The researchers also found a number of interesting CEO characteristics that affected a firm’s ESG performance. While younger CEOs were linked with better ESG initiatives, so too were CEOs who had been an inside hire, working their way up through their company.

In terms of the board, the researchers found that the average board tenure had an impact on ESG performance, with younger board members implementing more effective ESG strategies. Smaller firms and firms with smaller debts and total assets also had a greater ESG performance.

Interestingly, there were a number of other key findings on the STOXX 600 CEOs, including the impact of COVID-19 on their remuneration. CEOs’ average remuneration dropped by 13 percent in 2020, down to 2.59 million euros. Over this period, short-

term incentives decreased for CEOs, while the average grant value of long-term incentives increased.

The researchers hope that these findings will showcase the landscape of ESG performance at the leading corporate organisations in Europe, and provide a best practice to these leading companies and their CEOs on how to build incentives into remuneration to help make a better world.

Comparing the findings to The Centre’s own research on employee shareholder voting, CORPGRO’s Damian Carnell commented “The ask is a pass through vote from registered owners to underlying economic owners. The assumption is that the economic owners are more concerned that profit is delivered in the right way than the institutions. Which is likely right as the institutional shareholder incentives are based on investment return.”

A new model for trade unionism?

Partner at Pinsent Masons, Jon Coley told *HRNews* about Unite’s strategic change of direction and why employers should consider reviewing their industrial relations strategies.

Unite is the UK’s second largest trade union with over 1.4 million members across an array of sectors including construction, manufacturing, transport, logistics, and many other sectors. Back in October at the union’s Policy Conference its new leader Sharon Graham spoke of Unite becoming a ‘Vanguard for change’. She declared: “For most of our heritage unions, structures were put in place 100 years ago. We’ve moved on - we’re now dealing with multinational employers. We need to bring them to the table.”

The left-wing *Social Review* magazine set out how she plans to do that through a programme called ‘Combines’. The term refers to groups of shop-floor activists organised along industrial and sectoral

lines for the purposes of action and negotiation, pooling expertise. They explain how Unite is currently structured along regional lines, meaning that workers are organised by geography which can lead to discrepancies between the regions. The change of focus - onto the employer - is designed to unify the union's strategy and agreements with the same employers across all regions, sharing tactics and coordinating action.

Central to Unite's overall plan is leverage - a strategy of escalation that exists outside of typical industrial action designed to apply pressure on a particular employer and, generally, make life uncomfortable. Before Christmas Sharon Graham tweeted a video of herself explaining the rationale behind it. She talked about targeting the top 10 employers in every sector where Unite has a presence - construction, manufacturing, transport, logistics, and many more.

Answering the question: **what can employers do in light of that challenge?**, Jon Coley said: "One of the things that, if I was an employer now, I'd be looking to do, is to look at what my industrial relations strategy is, what my relationships are with the trade union, and to think about contingency planning as we go into the months ahead, for instance. There are a number of inflationary pressures out there in the marketplace, a number of job vacancies not filled, so the trade unions in some sectors may be looking to exercise their muscle in relation to negotiations with employers and employers will be well prepared, therefore, to have their industrial relations strategy to hand, to have a look at what they could do if they are faced with industrial action. Indeed it may not even be industrial action. A number of the trade unions have had a change of leadership at the top and they may be looking to see some early campaigns, some early victories, in the

sectors in which they are strongest. An example might be the change in leadership of Unite. The new general secretary of Unite used to be in charge of the leverage department and it raises the question therefore as to whether, if they are taking action, that action may be more focussed on leverage rather than the traditional strike action route. Will they be looking at other opportunities to try and extract from the employer what it is that trade union wants. Maybe, for instance, seeking to protest outside a client's premises, or a supplier's premises, looking at ways of embarrassing the employer rather than simply going to the default of strike action."

MEMBERS' EVENTS

RM2 webinar: Financing EOTs

January 28 at 11:00am

Richard Cowley, RM2 EOT expert, will examine the different routes by which **EOT transactions can be funded**, covering vendor debt (where the transaction is funded by the selling shareholders), bank debt, specialist non-bank lenders and private equity. The webinar is suitable for business owners considering an EOT transaction, and advisers to business owners, wishing to understand the funding options.

UK NEWS

Could a new UK 'Marcora Law' save businesses by widening ownership?

In an article for *Labour List*, **Christina Rees MP explains** why she is introducing a ten-minute rule bill in parliament with the aim of introducing a UK version of the Marcora Law, to give workers the opportunity to buy their failing or at-risk businesses with government support.

Nearly 30 years ago, the then-Italian minister for industry, Giovanni Marcora, established a ground-breaking law with the aim of saving businesses and jobs across Italy.

Now known as the ‘Marcora Law’, it means that if a business is at risk of collapse, workers have the right to buyout all or part of the business with financial support and specialist advice from the government – with the aim of diverting the money spent on unemployment to retain jobs and continue economic activity within local communities.

In Italy, the results speak for themselves: between 2007 and 2013 alone, the law preserved hundreds of businesses previously at risk of closure as worker co-operatives, saving over 13,000 jobs. The change has paid for itself, with an economic return of over six times the capital invested by the government.

Ms Rees believes the UK can learn much from this Italian initiative. Calls for changes in our economy through employee ownership are widely supported. “By widening ownership, we have a real opportunity to rewire our economy so it works in the interests of communities, workers, consumers and the environment – not distant shareholders.”

Who benefits from returns to shareholders?

New [research from the High Pay Centre, the TUC and Common Wealth](#) highlights how little most people gain from dividends and share buybacks.

UK pension funds account for just six percent of shareholdings in UK companies; the richest one percent of households owns 39 percent of share-based wealth; findings highlight weak and diminishing links between the fortunes of Britain’s biggest companies and the prosperity of wider society.

The report, *Do dividends pay our pensions?* shows that UK workers get comparatively little benefit from share dividends – despite common claims that they do.

The report found that the proportion of UK shares directly held by UK pension funds fell from almost one in three in 1990 to less than one in 25 by 2018 – a decline of over 90 percent.

Over this period, ownership of UK public companies shifted from UK pension funds to foreign owners and investors whose identities are often obscured by lax reporting rules.

The authors say that workers in UK listed firms deserve a clearer understanding of who now benefits from their labour, and how much is captured by a wealthy minority.

HMRC Shares and Valuation Manual – update

HMRC has [updated its valuation manual](#) to confirm that valuation agreements for share schemes will now last for 120 days.

HMRC Factsheet update – January 11 2022

Compliance checks: [penalties for offshore non-compliance – CC/FS17](#): This factsheet contains information about penalties HMRC may charge for tax non-compliance which involves ‘offshore matters’ or ‘offshore transfers’. These penalties may apply when there is offshore non-compliance in relation to Income Tax, Capital Gains Tax or Inheritance Tax which involves either: an inaccuracy; a failure to notify; deliberately withholding information.

WORLD NEWS

OECD releases model rules for 15 percent global minimum tax

Model rules released by the OECD will provide governments with a template to assist in the **implementation of a minimum tax rate from 2023**.

Background: The OECD is developing a two-pillar approach to address multinational enterprises (MNEs) exploiting gaps and mismatches between different countries' tax systems.

- ◆ Pillar one seeks to achieve a fairer distribution of profits and taxing rights between countries.
- ◆ Pillar two will put a floor on corporate income tax competition by introducing a global minimum rate that countries can use to protect their tax bases.

Pillar two comprises two tax rules:

The first is the Global anti-Base Erosion (GloBE) rule. This consists of a top-up tax for parent entities in respect of low-taxed income of subsidiaries and permanent establishments (referred to as 'constituent entities') and this also has two elements: an income inclusion rule (IIR) and an undertaxed payment rule (UTPR).

The second is a treaty-based subject to tax rule (STTR) to prevent companies from avoiding tax on their profit earned in developing countries by making deductible payments such as interest or royalties that benefit from reduced withholding tax rates under tax treaties which are not taxed (or taxed at a low rate) under the tax laws in the treaty partner.

Italy: Newly launched Campari Group shareholder plan reaches a participation rate of 51.6 percent

Campari Group has announced **positive participation results in its Global Esop**. At the closure of the registration period (October 18 - December 17 2021), the participation rate was at 51.6 percent of all employees eligible.

Campari Group employees - "Camparistas" - who have joined the Esop, are offered the opportunity to allocate certain amounts of their salary on a monthly basis. These amounts will be used by the Esop manager for the purchase of ordinary shares and, after a three-year vesting period, employees will be entitled to receive a free allocation of shares based on a specific allocation parameter. The Esop was approved by the company's shareholders' meeting on April 8 2021.

Bob Kunze-Concewitz, ceo of the Group, commented: "The extraordinary response of Camparistas to our first employee share ownership plan in the year of its launch is a great achievement for us. Despite the general climate of uncertainty, the Camparistas share the long-term vision of the Group and, with their active participation, confirm their passion in pursuing together the growth and continued success of our business".

Sri Lanka: English Tea Shop Organic announces second phase of Esop

English Tea Shop Organic (ETS), a brand of Amazon Trading Ltd established in 2010, has been on a transformative journey since implementing a company-wide open book management programme in 2015. This was followed by a unique Employee Share Option Plan embarked on in 2019 to help build a 'significantly employee-owned organisation'.

The Esop's Phase 1 in 2019 saw the company granting 15 percent of the equity stake to employees. ETS recently announced the **launch of the second phase of the Esop**, increasing the shares allocated to employees to 30 percent. Moving towards this model is already paying dividends along with an array of benefits for its eligible employees, with the company successfully withstanding the impact of Covid-19, showing solid resilience and rapid growth.

USA: Don Rongione: Setting up an Esop is “one of the things I’m most proud of in my career”

In an interview with *CEO Magazine*, Bollman Hat Company leader Don Rongione tells why **introducing an Esop was a high point of his career**.

One major change that Don has brought about at the company is to its ownership structure. It was one of the first things he set his mind to when he was tasked with coming up with a transition plan by the first successors to the Bollman family. “I was 24 years old with not a whole lot of business world experience, but I knew about employee stock ownership plans,” he says. The idea, when the employee stock ownership plan was introduced in 1985, was for the workers themselves to own Bollman and in doing so, have a deeper sense of pride and personal investment in its success. “Even to this day, it is one of the things I’m most proud of in my career, even though I was pretty young and it was a long time ago.

“To me, that ownership culture that we built upon has really helped us to survive many, many challenging years. We have a never-say-die kind of attitude.”

By making them owners, Bollman offers its employees something that many

competitors can't. “The company has a pretty modest pay structure relative to what our people could earn elsewhere,” Don admits. “But when the company is doing well, we reward people well, which keeps the ownership mindset. When we're creating profits, we share those profits through our Esop and through profit-sharing and management bonuses.”

It might not be every year that employees enjoy these benefits, especially if economic conditions are tough, but the shared ownership structure is about reaping the benefits of success over the long-term.

“We have had 13 employee owners who achieved 50 or more years of service,” Don explains. “Hundreds have given 40 or more years of service to the company. So it's been the life's work of many, many people who've come before me, and generations of families have worked here.”

There is also a deep sense of responsibility towards future generations who will take over at Bollman. “We've created what I believe is a forever company. We consider ourselves stewards of the company, who will leave it in a better condition than we found it,” he says.

Don strives to embody the company's ownership culture with everything he does. “We have to be able to walk the talk in all we do,” he stresses. “We act like owners. It's as simple as when I give a new employee a tour – I talk about the company's core values and I talk about the Esop being not just a retirement plan, but who we are.”

This mentality even goes as far as encouraging every employee to clean up after themselves and pick up their own rubbish, rather than running up costs with cleaning fees. “We're going to pay somebody to pick that up, and that's going to detract from our profits and ultimately our share as owners. So when I come upon

a piece of trash in the company, regardless of whether somebody's looking or not looking, I pick it up. And whenever I see somebody turn the lights out or pick up trash or do something above and beyond, I commend them for it," Don says.

Don also keeps the employee owners focussed on the company's progress with a weekly update of good news, something he has sent out without fail since March 2017. "Every Friday," he points out. "Religiously. Even if it's on Christmas Day."

USA: Voss Capital urges Griffon Corp Esop participants to vote

Investment partnership Voss Capital owns more than two percent of Griffon stock, making it one of the largest shareholders. Voss says Griffon is undervalued and that there are steps within the company's reach that would benefit all shareholders. It urged Esop participants to read the proxy materials and take the **opportunity to cast a confidential vote** in the company's upcoming annual meeting.

USA: Esop sponsor settles allegations of ERISA violations with the DOL

Plansponsor reports that **Mohawk Hospital Equipment will transfer \$431,000 worth of stock** to participants and pay a fine.

An investigation by the Department of Labor (DOL)'s Employee Benefits Security Administration (EBSA) found the fiduciaries of the Mohawk Hospital Equipment Inc

Esop paid themselves and family members excessive compensation for several years after they sold the company to the plan, according to an EBSA announcement. The regulator alleged that the excessive compensation violated ERISA when the fiduciaries enriched themselves and other family members at the expense of the plan and its participants, the employee owners of Mohawk Hospital Equipment.

"Employee stock ownership plans can be part of well-structured retirement planning for workers, but the plans need to share in corporate success. Sellers cannot unload their shares to the employee stock ownership plan but still run the company for their own benefit," said EBSA regional director Carol Hamilton in the announcement. "This resolution protects the rights and benefits of the programme's participants."

EOT Round-up

- ◆ Expanding Yorkshire firm, **Ison Harrison** has become the latest legal business to become entirely owned by its employees.
- ◆ B2B technology copywriting agency, **Radix Communications** is now owned by its employees after setting up an Employee Ownership Trust.
- ◆ Creative agency, **Clear Marketing** has



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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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