



EVENTS:

LAST CHANCE TO BOOK FOR GUERNSEY CONFERENCE

Employee Share Schemes & Trustees Conference Guernsey – January 27 2023

The Centre is set to resume its programme of **annual conferences on Esops and trustees** in Guernsey this month.

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

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

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

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

Tickets:

Esop Centre/STEP members: **£420**/each

Non-members: **£538**/each

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

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

Symposium 2023

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

Speakers' presentations will be available for delegates to absorb before an afternoon of interactive panel debates, concluding with the presentation of the 2022 *newspad* awards at a networking reception.

Admission rates:

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

Non-member delegates: **£625**/each.

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

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

(The prices reflect the generosity of our host **Macfarlanes**).

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

Webinars

Our next **Esop Sofa-Newspad Review** panel will be at 11:00am on Thursday, February 23. Share schemes experts will discuss their pick of articles featured in recent editions of "It's Our Business", newspad of the Esop Centre. **Registration is open.**

Employee share plans and the benefits for SMEs—Thursday, March 2 at 11:00am

The Centre has teamed up with the London Chamber of Commerce and Industry (LCCI) for a webinar, hosted by Michael Mainelli executive chairman, Esop Centre and Z/Yen Group and Richard Burge, chief executive, LCCI, where we'll hear from expert speakers who will explain:

- ◆ Why Employee Share Ownership is a “good thing” and why it is good for business
- ◆ How it can be used to build better relationships with employees – how employee share plans can play a key role in contributing to employees' savings, morale and engagement - How it can encourage cohesion, promote productivity, and provide financial security
- ◆ The pros and cons of Employee Share Ownership, how it works and what the options are

It is free to attend and registration is open.

LIBRARY OF WEBINAR BROADCASTS:

Employee Share Schemes, Levelling-Up & Social Mobility; Why Employee Share Ownership Matters; International Share Schemes: Exporting the Vision; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review V; Share Schemes And The Impact Of Inflation; The Future of Gig Working As A Dynamic Economic Alternative; The Employee Voice: Share Plan Votes ; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review IV; Innovative Tax Techniques For Employee Share Schemes; Share Schemes For Non-Employees & The Gig Economy; Esop Sofa: Hot Topics In Employee Share Ownership; Building Back Better With Your Employees Through Shared Ownership ; EOTs: The Credible Alternative To

Succession; The Role of Employee Share Schemes In Achieving The UN Sustainable Development Goals; Esop Sofa: Hot Topics In Employee Share Ownership - Newspad Review ; Beyond Brexit: EU-UK Social Security Contribution Rules; Esop Sofa: Hot Topics – newspad Review; The Share Valuation Worked Examples Group In The Changing Valuation Landscape ; Looking Ahead To 2021: Moving Beyond Brexit In Financial Services Regulation; Insights Into Share Valuation for Employee Share Schemes: Revealed Through Dynamic Case Studies; Lessons From Lockdown: Re-Assessing How You Manage Share Plans In A Digital Way; Employee Share Schemes: Innovative Communication Strategies Guaranteed To Increase Employee Take-Up ; Selling Your Company To An EOT - How It Differs From An MBO; Institutional Investors' Views On The Use Of Share Plans; Esop Sofa – Hot Topics; Employment-Related Securities: The Complexity Unravelling Into Practical Application; Employee Ownership & The Future Of Capitalism; Could Equity Be Used To Replace A Portion Of An Employee's Salary?; The Case For Employee Share Ownership: The Heart Of The Matter Revealed; Esop Sofa Lockdown Stories; Share Valuation: The Wisdom On Price-Setting For Your Employee Share Schemes; Tools Of Engagement: The Power Of All-Employee Plans; Awarding Shares To Employees In A Covid-19 World; The Employee Share Trust: Establishing A Dynamic Market For Your Employee Share Schemes; How To Ensure All-Employee Share Plans Remain Relevant; Esop Sofa - What Are Today's Big Employee Share Ownership Questions?; Enterprise Management Incentives (EMIs) – Powerful Lessons From Five Practical Case Studies; Enterprise Management Incentives (EMIs) – Igniting Your Business By Sharing Success; Esop's Tales: The Foundation Of The Esop Centre.

Broadening horizons, Z/Yen Group is hosting a range of webinars over the coming weeks. For a full listing of Z/Yen, Long Finance, FS Club, and Esop Centre webinars look here - <https://fsclub.zyen.com/events/webinars/> - or sign up for mailings - <https://fsclub.zyen.com/#Subscribe>

CENTRE & MEMBERS' NEWS

Remuneration and share plans update

From its latest **remuneration and share plans update**, Macfarlanes' Rob Collard and Rasmus Berglund look at the key highlights and developments in remuneration and share plans during the third and fourth quarters of 2022.

They cover the main changes coming out of the Mini-Budget (or at least those that survived); in particular:

- ◆ the reversal of the changes to IR35;
- ◆ the scrapping of the bankers' bonus cap; and
- ◆ the new CSOP limit from April this year.

Plus, changes to the Investment Association Principles of Remuneration for 2023; potential reform to SAYE bonus rates; Trust Registration Service and what that means for companies operating or thinking about setting up an Employee Benefit Trust (EBT); and its ESG and remuneration study looking at FTSE100 companies and what they are doing in respect of linking ESG objectives to remuneration payments.

Linklaters: Employment & Incentives: Legal Outlook 2023

Linklaters has published its **Legal Outlook for 2023**. Though there were some changes to employment law in 2022, most notably to industrial action, there were also a number of stalled initiatives. Amongst those were reform of non-compete clauses, a duty to report on the ethnicity pay gap, simplification of the worker status rules and most recently the concept of flexible working as the default.

Looking forward, Linklaters forecasts:

- ◆ Pressure on executive pay is coalescing around linking outcomes to performance and taking into account the wider experience of the company's stakeholders.
- ◆ 2023 marks the triennial point for many FTSE companies when they will be presenting new policies for shareholders' binding vote. The 2023 agm season is likely to be challenging.
- ◆ Increased regulator pressure and scrutiny: 2023 will see a revised Corporate Governance Code with a broader range of malus and clawback trigger events, and aiming for greater transparency.
- ◆ The FRC will initiate a remuneration reporting pilot as a pre-cursor of its Corporate Reporting Review statutory powers extending over the whole annual report. It will be able to request information on and require changes to remuneration reports.
- ◆ Companies with securities (including debt) listed on a US exchange, will need to comply with a new SEC clawback rule with potentially onerous consequences, very little room for manoeuvre and no discretionary powers. Separate clawback policies and additional disclosures will be needed.

- ◆ Banks and investment firms have been dealing with the challenges of the new CRD V and IFPR pay rules and will continue to monitor for increased ESG-related disclosure requirements.
- ◆ Banks will need to plan for the removal of the bonus cap and its impact on remuneration structures.

Doyle Clayton looks ahead

Similarly, Doyle Clayton published its “[Looking forward to the year ahead - Workplace law changes and how employers can prepare](#)” booklet, covering expected changes in law in employment, data protection, business immigration, pensions, and financial services.

Lewis Silkin: What's happening in employment law in Ireland in 2023?

The whirlwind of workplace and employment law developments that took place in 2022 is set to continue with multiple proposals for reform in the pipeline, including requirements on employers to deal with flexible and remote work requests, the introduction of a national living wage and other reforms flowing from the European Union. This [Lexology](#) article presents a round-up of what to expect.

2023: As you were or into the melting pot?

MM&K [looks back at 2022](#), and towards future trends and issues - 2022 was supposed to be the year in which we started to get back to normal, or to embrace the “new” normal. In January, Covid was a declining force, inflation was 5.5 percent, investors anticipated a brighter outlook for the UK economy and the FTSE100 index closed above 7,500 on the first day of trading.

At the time of the 2022 AGM season, companies and their remuneration

committees faced, as usual, the constant challenges of attracting, retaining and motivating the talent needed to keep their businesses running successfully, unaware of the economic and political turmoil to come. There were high levels of shareholder votes in favour of both remuneration policies and remuneration reports. Where shareholders voiced opposition or dissent, it related principally to increases in variable pay, the exercise of discretion and the link between pay and performance.

CORPGRO 2022 UK study: employer one-off payments

In reply to the sudden and major economic strands comprising the cost of living crisis of 2022, a number of companies paid their employees a one-off amount in addition to their regular pay rise.

In late 2022 surveys by both the CBI and CIPD flagged that this practice is likely to be seen in 2023 - alongside both the regular pay rise, and other interventions such as enhanced benefits and accelerated pay review dates. [The linked CORPGRO study examines](#) the profile of 27 companies operating one-off pay or bonus arrangements in 2022. It also flags some longer-term implications.

Qatari royals in London court battle over coveted ‘Idol’s Eye’ diamond

Rival members of Qatar’s royal family are [battling for control of the world’s largest cut blue diamond](#) in London’s High Court, with one side trying to force a \$10mn sale of the opulent 70 carat “Idol’s Eye” gemstone.

The storied Indian diamond, whose past owners include a Sultan of the Ottoman Empire, is at the centre of a lawsuit filed by

Qipco, a conglomerate run by Qatar's big-spending art collector Sheikh Hamad bin Abdullah al-Thani.

The defendant in the previously unreported case is Guernsey-based Elanus Holdings Limited, which Qipco says is controlled by the heirs of the late Sheikh Saud bin Mohammed al-Thani, who led the acquisition of Qatar's extensive national art collection.

Qipco, a private company that sponsors Royal Ascot, sued in November to force Elanus to sell the "Idol's Eye" diamond, set in a 16th or 17th century necklace, for a price of at least \$10mn under the terms of a 2014 contract between the entities.

Pinsent Masons, Qipco's law firm, did not comment.

Are Britain's high streets dying?

Since the Coronavirus pandemic the future of Britain's high streets seems less certain than ever. In 2022, more than 17,000 shops closed in the UK, but does that give us the full picture and what can government do to help?

An interesting look at the high Street with Centre friend Prof Len Shackleton. Watch here: <https://youtu.be/G5xBQ-TZPbk>.

Congratulations!

***Ogier** colleagues Catherine Moore, Helen Ruelle and Tiffany Tolliss have been shortlisted for women of the year categories in the Citywealth Powerwomen Awards:

- ⇒ Catherine Moore for Woman of the Year - Future Leaders - Partner
- ⇒ Helen Ruelle for Woman of the Year - Jersey
- ⇒ Tiffany Tolliss for Woman of the Year - Future Leaders - Senior Associate / SVP - IFC

Voting **closes on Friday January 20**.

*Joel Wheeler has been promoted to manager at **VG**.

***Lewis Silkin** has again been recognised in the Labour and Employment category in the latest edition of the Legal 500 Asia Pacific, and ranked in the Intellectual Property category for the first time. Catherine Leung, head of employment in Hong Kong, has been listed as a 'Next Generation Partner'.

MEMBERS' EVENTS

Esop peer round table

The ESOP Association Canada invites you to join the discussion and ask your questions about ESOP structure equity, options, phantom combinations at the **Peer Round Table**, February 2, 12:00-13:00 EST. Open to ESOP Association Canada members only, but three-month free trial memberships are available.

UK NEWS

Staff at employee-owned firm receive £3,600 profit shares in first year

Staff at Ison Harrison, one of the largest law firms to be employee owned, have each received a tax-free profit share of £3,600 after the first year of the new structure.

The Yorkshire practice had its best-ever year, posting a 14 percent increase in turnover in 2022 to over £19m.

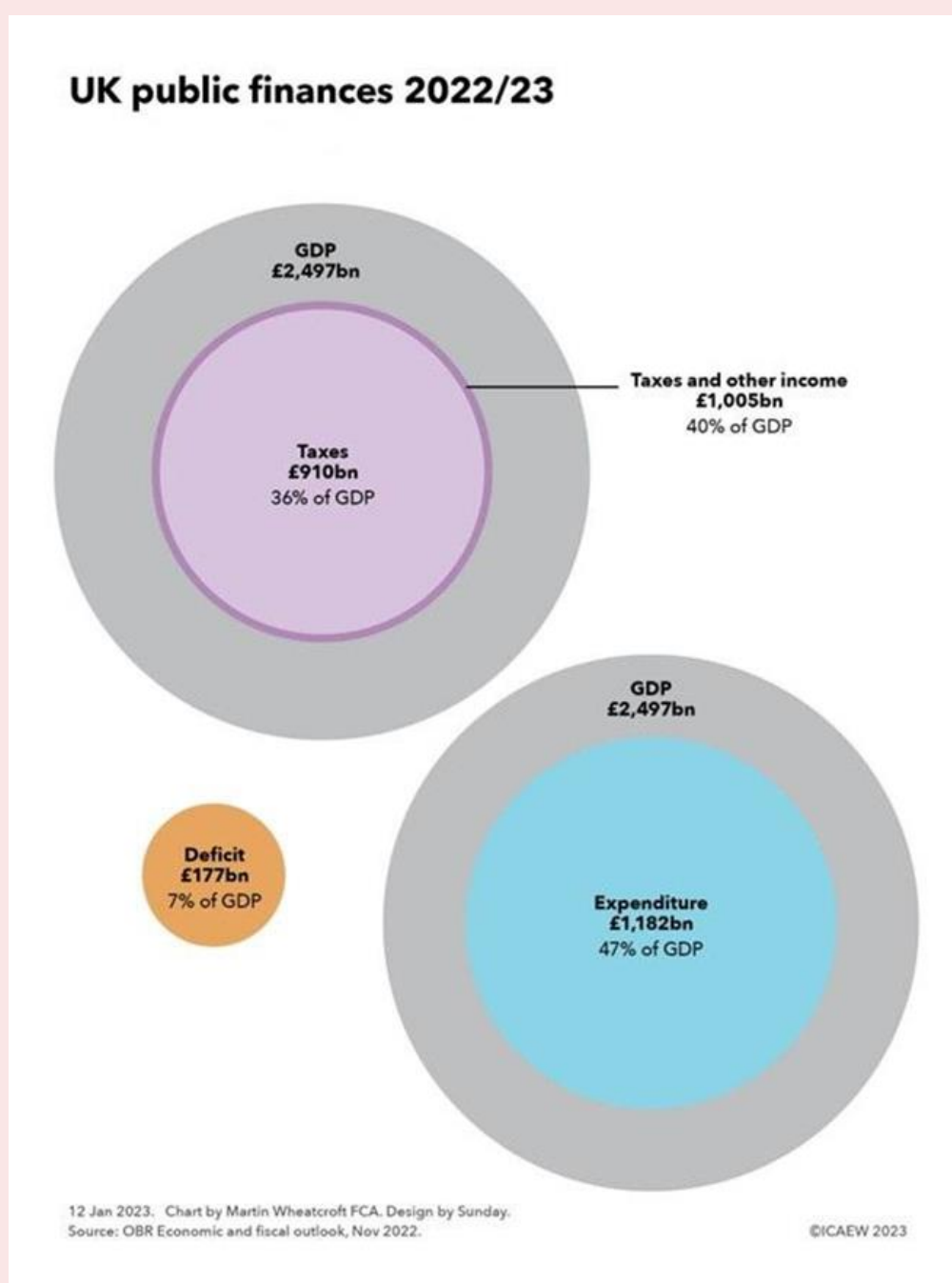
Managing director Jonathan Wearing told *Legal Futures* that moving to employee ownership had contributed to the success – by giving staff a stake the firm's performance – but that he expected it to have a bigger effect now they had seen the direct benefit.

UK NEWS

UK public finances 2022/23

The latest official forecast from the Office for Budget Responsibility (OBR) for the current fiscal year ending March 31 2023 is for a shortfall (or 'deficit') of £177bn between receipts of £1,005bn and expenditure of £1,182bn. The largest component of receipts is taxation, which is forecast to amount to £910bn.

This ICAEW chart puts these numbers into context by comparing them with the forecast for Gross Domestic Product (GDP) of £2,497bn in 2022/23, highlighting how taxes are expected to amount to 36 percent of GDP, receipts including other income to 40 percent of GDP, and expenditure to 47 percent of GDP, resulting in a deficit amounting to seven percent of GDP.



Pioneering employee-owned law firm becomes B Corp

The **first employee owned law firm** in the country has now become a B Corporation, saying it is part of a movement to prove “there is a better way to do business”.

Leading south-west practice Stephens Scown is only the sixth law firm to go through the rigorous certification process to become a B Corp, although one later quit the scheme.

With B standing for ‘Benefit’, B Corps are for-profit businesses that meet “the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose”.

Stephens Scown managing partner Richard Baker said that it saw certification as underlining its “long-term commitment to being a force for good in wider society”, describing how becoming employee owned in 2016 and “getting people actively engaged in the business was hugely transformative in what we’ve been able to do”.

He told *Legal Futures* that the move to employee ownership and the firm’s ‘Giving Back’ programme – which covers fundraising, volunteering, pro bono work and reducing the firm’s environmental impact – meant he would have been disappointed if Stephens Scown had not made it through what he described as the “very exacting” certification process.

WORLD NEWS

Employee stock plans: international reporting requirements

In a **White Paper, Jones Day highlights** some of the principal annual or quarterly reporting requirements for employee stock plans that multinational companies most commonly encounter when offering these

programmes to their employees in selected jurisdictions worldwide. The paper covers Australia, Belgium, Canada, China, Denmark, France, India, Ireland, Japan, Malaysia, Philippines, Singapore, Thailand, United Kingdom, USA and Vietnam.

Canada’s greying economy needs more employee ownership

According to *Financial Post*, it’s time to add retiring entrepreneurs to the list of economic existential threats posed by Canada’s aging population.

A **new report from the Canadian Federation of Independent Business** (CFIB) found that 76 percent of Canadian owners of small- and medium-sized enterprises (SMES) — companies with between one and 499 employees — plan to exit their businesses during the next decade. Some 56 percent of SME owners aimed to get out within the next five years. About three-quarters of these soon-to-be former business people are looking to retire completely.

Canada: Fractional ownership and other perks make for engaged employees

Today’s labour crunch is giving farm managers greater incentive to apply outside-the-box thinking to attract and retain workers.

FCC - a federal commercial Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food - **suggests farm managers might want to take a page from other business sectors** by giving employees the opportunity to acquire small ownership stakes. Though Esops are rare on farms, they have found success elsewhere. Consulting firm ESOP Builders reports that 40 percent of Profit magazine’s 200 Fastest Growing Companies in Canada have Esops.

USA: Advancing employee share ownership, Rutgers University appoints 34 research fellows

The Rutgers Institute for the Study of Employee Ownership and Profit Sharing has unveiled its largest and most diverse class of research fellows.

With **34 appointed scholars and subject matter experts**, the institute convened its annual Fellows Workshop in Honour of Louis O Kelso and launched a Coursera Massive Open Online Course, or MOOC, to educate the public about employee share ownership.

USA: Survey of Esop ceos shows c-suite satisfaction with employee ownership

To determine how c-suite executives feel about Esops and employee ownership, Verit Advisors® asked them. It commissioned original research by Greentarget, an independent survey firm, that **polled 200 company founders and c-suite executives** across a broad range of industries. They comprised 90 companies with a full or partial Esop, 80 companies considering an Esop and 30 companies not considering one. The survey found that Esop company owners voice near-unanimous satisfaction with their employee ownership structure.

USA: Private equity leans into the flexibility of Esops

For middle-market private equity firms, investing in a business that's already owned by employees may seem a dubious move.

Employee stock ownership plans extend

corporate ownership to a company's employees, a plan that proponents say drives employee satisfaction and productivity while offering attractive tax incentives. Despite Esops' benefits, their traditional all-or-nothing structure of 100 percent employee ownership leaves little-to-no room for an external investor like a private equity backer.

Yet in the last two years, more and more companies are turning to partial Esop arrangements as a way to diversify their own capital structures, says Mary Josephs, founder and ceo of Verit Advisors, an M&A advisory firm that specialises in Esops.

This Esop evolution allows for structures flexible enough to suit the goals of a business as well as their outside investors—which, Josephs says, increasingly include private equity firms.

Speaking with *Middle Market Growth*, Josephs shares how recent shifts in the Esop landscape are opening doors for PE firms that overcome their misconceptions about the plans.

USA: Town and Country becomes 100 percent employee-owned

Town and Country Group — an electrical, technologies, security and controls company in Zeeland Michigan— is starting a new chapter.

The company's founder, Ken Bing, has retired and transitioned the company to **100 percent employee ownership**. Bing launched the business in 1983, naming it Town and Country because his wife, Patti, was from the "town" and he was from the "country."



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ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members-only mid-month publication.

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