

NEWSBRIEF

Centre / STEP Guernsey seminar 2015 early bird offer ends July 31

The Centre's annual Guernsey share schemes seminar, held in partnership with the Society of Trust & Estate Practitioners (STEP), will take place on the morning of Friday October 9 2015 at the St. Pierre Park Hotel, St. Peter Port.

The event will look at employee share schemes from a trustee perspective, providing an update for trustee delegates. Law Society accredited, this half day seminar will run from 9am till 1.15pm, prefaced by refreshments and followed by a congenial lunch.

Gavin St Pier, States of Guernsey minister for treasury & resources will be guest of honour, and will be speaking on the issues of the moment. Gavin is a former member of the Centre's steering committee.

The following expert speakers will be presenting: Stephen Woodhouse, Pett Franklin & Co; Alison MacKrill, Carey Olsen; Jeremy Mindell, Primondell; David Craddock, David Craddock Consultancy Services; Mahesh Varia, Travers Smith

Delegate prices

Early bird offer until Friday July 31: buy three tickets and get the cheapest free

ESOP Centre/STEP members: £325

Non-Members: £450

To register to attend as a delegate please contact the Centre at esop@esopcentre.com, or call on 0207 239 4971

Please visit the [event page](#) for further details and updates to the speaker programme.

ESOP Awards dinner

The Centre's fourteenth annual employee share ownership awards dinner will be held for the first time in the grand Italianate surroundings of the [Reform Club](#), Pall Mall, on Wednesday October 28.

The evening will begin with a champagne reception, followed by dinner.

The award presentations will conclude by 10:00pm to ensure that guests with travel or family commitments are able to leave in reasonable time.

Places are limited so early applications really are recommended.

Ticket prices

Members £185, table of ten £1700

Non members £260

To reserve your place please contact the Centre by emailing esop@esopcentre.com or calling 0207 239 4971.

Sponsorship opportunities are available, please contact Jacob Boulton for information: jboulton@esopcentre.com; 0207 239 4971.

Centre / IoD conference: employee share schemes for SMEs

The Centre has renewed its partnership with the Institute of Directors and is holding an employee share schemes for SMEs conference at IoD headquarters, Pall Mall, on Thursday September 3.

The event is co-promoted by Bird & Bird, David Craddock Consultancy Services, Fieldfisher, Haines Watts, MM&K, Nabarro, Pett Franklin & Co, Primondell and the RM2 Partnership.

This full day conference - designed for owners, company directors, finance managers and HR managers - will help delegates decide whether to introduce an employee

share scheme or deepen existing employee share ownership in their company.

The following speakers are confirmed: Mark Gearing, Fieldfisher; David Craddock, David Craddock Consultancy Services; David Pett and Stephen Woodhouse, Pett Franklin & Co; Nigel Mason, the RM2 Partnership; Mike Landon, MM&K; Paul Malin, Haines Watts; Colin Kendon, Bird & Bird; Robert Head, Pearson; Graham Muir, Nabarro; Jeremy Mindell, Primondell.

Delegate prices

Centre / IoD members: £360 + VAT

Non members: £460 + VAT

If you are a Centre member, please contact the IoD events team at events@iod.com or 0207 766 8919 to register at member prices.

If you are a non-member or IoD member you can register to attend this conference through the [IoD website](#).

For further details, including a breakdown of the presentations and speaker bios please visit the [event page](#).

Centre / MM&K plan issuer breakfast

The Centre's next complimentary breakfast seminar for companies who operate share plans will be hosted by MM&K on Tuesday September 22 8.30-10.30am at the City of London Club, 19 Old Broad Street, London EC2N 1DS.

The breakfast will address how to use the UK tax-advantaged share plans more effectively.

With increasing pressure on costs, companies could be expected to make more use of the UK's generous tax exemptions for share plans when rewarding employees; but the number of SIP, SAYE, CSOP and EMI plans has declined in recent years. This session gives the opportunity to discuss how tax-advantaged share plans can help

support a variety of HR strategies. It will include:

- lesser known changes in Finance Acts 2013, 2014 and 2015
- basing SIP free and matching share awards on performance
- using CSOP tax advantages for performance shares
- pros and cons of JSOPs and growth shares
- using the increased ISA limits

After an introduction, participants will be encouraged to discuss between themselves how tax-advantaged plans could meet their particular objectives.

Places are limited so early registration is advised. If you would like to attend please contact Jacob Boulton - esop@esopcentre.com; 020 7239 4971. If there are any matters you would like to see covered in the next or future breakfasts for companies who operate share plans please contact Jacob.

Centre / Clifford Chance plan issuer breakfast report

The second in the Centre's current series of complimentary breakfast seminars for companies operating employee share plans was hosted by Clifford Chance at its Canary Wharf headquarters on June 17. These breakfasts provide a learning and networking opportunity for those from companies with employee share plans.

Opening the roundtable discussion Centre chairman Malcolm Hurlston CBE noted that Clifford Chance was a founding member of the Centre after then partner David Reid and Lord Thomas of Macclesfield decided that the UK Esop was too good an idea to keep for themselves. "Spreading the wages of capital was the early idea behind the Centre, and still is, employee share ownership (eso) has a role to play in tackling inequality," said Mr Hurlston.

Moving on to the present day Mr Hurlston discussed how Royal Mail, with its near 150,000 employee shareholders, has the potential to make eso an idea with much

broader appeal. This was particularly the case with Dave Ward, newly elected general secretary of the Communication Workers Union, now making the case for a larger employee share at Royal Mail, a case he put forward at the Centre's Rome conference.

Surveying other contemporary issues Mr Hurlston spoke about the concern that eso is becoming 'too normal', the risk that employee share plans are becoming a corporate accessory. "It's important to remember just how exciting an idea all-employee share ownership is," he said, "the Centre's campaign to get all-employee shareholding reported in the CSR section of companies annual reports is one way of reigniting interest and excitement." From the employee side Mr Hurlston made the case that it's important that they can access and exercise the ownership rights of their shares and not just experience the financial benefit. That is why the Centre is working closely with the UK Shareholders' Association to ensure employees can exercise the full voting rights of their shares. Too often their democratic rights are held in trust or withheld by indifferent brokers and voted by someone else if at all.

Host and Clifford Chance partner Sonia Gilbert outlined the discussion points for the session: themes emerging from the 2015 directors remuneration reporting season; executive share plan design trends; all-employee plans and the higher investment limits; and online self-certification.

Taking up the first theme Clifford Chance senior associate Liz Pierson told guests about the sharp upturn in the disclosure of bonus targets in annual reports; in 2015 only 13 per cent of companies disclosed nothing, down from around 60 percent in 2014. Company practice on whether to disclose all or only some bonus targets was still mixed in the 2015 reporting season, and there were again numerous examples of creative disclosure whereby various targets were combined and presented graphically, for example. There was a continued institutional investor focus on the link between pay and performance; notably the use of total shareholder return as a measure of performance declined although it remains popular. There is a trend towards using a scorecard of measures to judge performance, including non-financial performance conditions. Talking about Pearson's approach, Robert Head said they had 'had their fingers burnt' in the past and so this year decided to go for full disclosure of bonus targets having not done so previously.

Moving on to executive share plan design trends Sonia Gilbert identified the ongoing filtering through of clawback and malus conditions on bonuses into sectors outside financial services as the key development. In 2015 either clawback, malus or both were included in nearly three quarters of bonus plans and over half of LTIPs. The

message from many companies, particularly outside of financial services, to their senior employees is that while there may be malus and clawback terms in their performance reward packages, in reality they are highly unlikely to use them. For most companies only the period over which a performance reward package was operating is considered when seeing whether there have been any events triggering clawback or malus. Owing to increased pressure from institutional investors, holding period requirements after a share award has vested have moved further down organisations. Sonia reported that she has seen post vesting holding periods imposed on heads of business units, as well as at the usual more senior positions.

Updating guests on all-employee plans Liz Pierson reported how more than half of companies with SAYE and/or SIP plans have increased the amount employees can contribute to reflect the higher investment limits announced by the chancellor last year. Based on data from Equiniti and YBS Liz revealed that while SAYE investment limits may have been increased the average employee saving remains at around £70 per month. For SIP plans the new partnership share investment limit has been widely offered, but the matching share ratio has not always been maintained. While the SAYE and SIP investment limits have been increased the key drivers of share plan take up are still employee perceptions of the success of their company and its share price, and well managed share plan communications.

Sharing her experience of operating all-employee plans at Barclays, Natalia Sandigurskaia said it decided not to increase the investment limits on its SAYE plan. Barclays was considering whether the extra funds required to permit larger employee contributions could better motivate and retain employees if spent on other aspects of a wider benefits package.

Sophie Spraggon, Friends Life, discussing all-employee share plans and financial literacy said that in her experience the rank-and-file employees often know what to do when their share plans mature. It's often the employees on larger salaries who ask the more rudimentary questions, perhaps it's because they're not used to budgeting she quipped. Robert Head added that when there is good quality financial education in companies offering both a SIP and SAYE scheme there is often a better take up of the SAYE as many informed employees opt to avoid risk and take the one way SAYE bet. If at the end of the three or five year savings period the company share price is below the up to 20 percent discounted option price offered at the start, employees can just walk away with their savings; the only loss being forgone interest.

International conferences

Davos 2016: Amazing value

Agenda planning is under way for the Centre's 17th winter conference, which will be held in Davos, close to the famous Parsenn ski runs, on Thursday January 28 and Friday January 29 2016 just days after the closure of the World Economic Forum. Prospective Centre speakers are invited to suggest ideas for slot topics and these will be relayed to the Committee, which to date comprises: Mike Landon, a director of MM & K; David Pett, partner at Pett, Franklin & Co. LLP; Kevin Lim of Solium UK; Malcolm Hurlston CBE, Centre chairman and Centre international director Fred Hackworth.

The Centre has obtained a remarkably favourable deal with the four-star [Seehof Hotel](#) in Davos Dorf, allowing us to reduce all early bird attendance fees by at least £100 as compared to those in force last February. Our Early Bird charges for the two nights half-board accommodation + conference + cocktail party package deal in the Seehof are: Speakers: practitioners £825; plan issuers £399; Delegates: member practitioners £945; plan issuers £495, non-member practitioners £1450. No VAT is charged as the event takes place outside the UK.

The Parsenn is the largest ski area in the Davos region, offering 35 top quality ski runs. The Parsennbahn funicular connects to a train and chairlift to the major lift junction of Weissfluhjoch - gondolas from Klosters also reach here - from where you carry on up via a cable car to Weissfluhgipfel at 2,844m. From here it's a vertical descent of 1,300m back to Davos or, if you aim for Küblis, you'll get 2,000m vertical of continuous turns. - See more [here](#).

Email Fred Hackworth now to reserve your speaker or delegate place and/or to suggest topic themes for this trendsetting annual Centre event: fhackworth@esopcentre.com, with copy to the Esop Centre at: esop@esopcentre.com There will be an informal dinner for delegates in the Seehof on Wednesday January 27, the night before the conference starts.

Vienna to host European conference June 2 & 3 2016

The elegant five star [Steigenberger Herrenhof Hotel](#), Vienna, will host the Centre's 28th annual conference on Thursday/Friday June 2 & 3 next year. The 100 year old

Herrenhof Hotel is near the Kohlmarkt and Golden Quarter in the old city centre, classified by the UNESCO as a World Cultural Heritage site and a few minutes walk away from major historic landmarks, such as the Hofburg Palace, Café Central, the Spanish Riding School, Sisi Museum, the state opera house, the Burgtheater (the Imperial Court Theatre) and the gothic St. Stephen's Cathedral,

The Centre wishes to thank all those members who voted to help decide the location of our next annual conference. Four cities were in the frame – Rome, Vienna, Berlin, Reykjavik. However, Berlin and Reykjavik attracted few Centre conference-goers' first or second preference votes. Rome and Vienna were tied, well out in front of the others, but we were swayed by a number of regular speakers who told us that it was time for the Centre to pitch its tent in another major European city, despite the many joys of Rome. If you plan either to speak, or attend as a delegate, at this event on Thursday/Friday June 2 & 3 2016, please send an e-mail asap to:

fhackworth@esopcentre.com

Members', national and international news

Member profile: Isobel Evans, EY

Isobel Evans is a director in human capital at EY.

Why did you enter your current profession?

It is intellectually rewarding and I feel that I can directly impact and benefit all employees across an organisation from key executives to broad-based employees. As an employee share schemes solicitor, I advise a diverse range of clients both in the UK and globally on a broad spectrum of share scheme and related remuneration matters, ranging from ongoing operational guidance to transactional assistance.

What are the best features of your job?

The people! Working at EY offers the opportunity to work alongside clients and colleagues who demonstrate entrepreneurial spirit in tackling some of the most complex, critical and rewarding challenges for our clients. We have employees from a huge variety of backgrounds who work together to create a more flexible, more

inclusive, globally connected working culture.

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

Employee share schemes can align the interests of employees and shareholders, aid employee retention and encourage broader share ownership. As part of the EY 2014 Global Share Plan Survey, when asked the main drivers for implementing a global share plan, 83 percent of respondents cited the fact that share plans promote corporate identity and encourage share ownership.

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

In my experience, increased communication of employee share plans (both in terms of frequency and methods) typically leads to higher participation rates. In addition, more and more companies are thinking of innovative ways to combine their all-employee share plans with other benefits they offer whether that is through salary sacrifice or alongside organisation-specific services/products.

What is the greatest obstacle to wider and deeper employee share ownership?

I think employee share ownership arrangements could benefit from greater simplicity and flexibility to adapt to the changing needs of today's workforce. In addition, more financial guidance is needed at work to support employees and help improve their financial well-being.

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

Friends and family finally understanding what I do as a result of the banking crisis and shareholder spring putting executive remuneration and employee incentive arrangements on the front page of the newspapers!

In terms of tax-favoured share plans, the OTS review of employee share schemes that attract special tax reliefs and the introduction of "self-certification". It is still to be seen whether this will achieve the aims of encouraging take up and reducing the burdens on those that offer the schemes.

Which aspect of the ESOP Centre do you value most?

The mix of issuer and practitioner views on a wide range of technical topics and current practice.

Which book has most changed your life?

Dispatches by Michael Herr – it denoted the beginning of my career in law. I received a signed copy as my leaving present when I left my editorial job at Picador to return to law school.

What do you consider your greatest achievement?

Not an achievement, more of an ongoing involvement. I'm an active supporter of the promotion of gender equality and women's rights at work, at home and in public life through organisations such as the Fawcett Society, the 30% Club and initiatives such as the Part-time Power List.

Which living person would you most like to meet?

Kieran Hebden (Four Tet) – although, I'm not sure what I'd say to him other than, "I love your music".

Do you have a favourite sport?

The summer months are a great time of the year for watching tennis and cycling with the French Open, Wimbledon and Tour de France...

How do you relax?

My daily commute (no really) – I use the time to read.

If you would like to suggest a profile for newsbrief please contact Jacob Boulton: jboulton@esopcentre.com; 020 7239 4971.

Urgent opportunity for trustee members: KazMuniasGas tender

KazMuniasGas, Kazakhstan's state-owned oil and gas company, is accepting proposals

for a new trustee and administrator for its existing ESOP.

Its tender specifies that proposals should be submitted by Tuesday July 21. For more information, including the services KazMuniaGas require, details of its ESOP and how to respond please contact Jacob Boulton: esop@esopcentre.com; 0207 239 4971.

Global shares equity compensation for private companies

Global Shares has created a [new video](#) showcasing its equity compensation software for private companies.

Management buyout for Appleby's fiduciary business

Appleby Group has agreed to a private equity backed management buyout of its fiduciary business, which includes its corporate administration, trust administration and fund services businesses. The backer is Bridgepoint, a pan-European private equity investor. Following regulatory and legal approvals the fiduciary business will launch under a new name. The newly independent business will maintain a close working relationship with the Appleby law firm.

Solium and Appleby in Jersey trust partnership

Solium has announced the establishment of Solium Capital Trustee, a managed trust company based in Jersey. The manager of the company will be Appleby Jersey.

Explaining the reasoning behind the partnership Brian Craig, Solium executive director said "The EBT offering is a key component of our global trust and nominee services offerings, and the experience and reputation of Appleby will ensure we can deliver to the expectations of Solium's customers."

Patrick Jones, partner at Appleby, said "We believe that Solium Trustee (Jersey) Limited's offering will bring something new and exciting to the global share plan market."

Pett Franklin update at a glance shares schemes guide

Pett Franklin has updated its [share schemes at a glance](#) guide following the budget. It contains the key share schemes facts, figures and tax rates for the upcoming year.

Towers Watson merger

Towers Watson and Willis Group Holdings have merged, the combined firm will be known as Willis Towers Watson.

Chairman and ceo of Towers Watson John Haley said: "This is a tremendous combination of two highly compatible companies with complementary strategic priorities, product and service offerings, and geographies that we expect to deliver significant value for both sets of shareholders."

Ceo of Willis Dominic Casserley added: "We look forward to bringing Towers Watson's innovative solutions to our clients alongside our broking and advisory services.

"The opportunity to deliver significant savings to our growing middle-market client base with Towers Watson's market-leading private exchange platform is particularly attractive."

Budget: Impact of new dividend tax arrangements on employee shareholders

The UK Government's proposal, in the recent Emergency Budget, to change the method of taxing dividends will affect some employee shareholders. There will be particular implications for those who take dividend shares out of a tax-advantaged Share Incentive Plan in "bad leaver" circumstances.

This [briefing note](#) written by Mike Landon of MM&K details the changes and highlights the actions employers may need to take.

The hidden complexities of performance related pay

In this [article](#) for the Investors Chronicle, friend of the Centre Paul Jackson, takes a look at the simple performance related pay model at Admiral revealing how even simple models entail complexity.

Value creation at Vislink

For the [Investor's Chronicle](#), Simon Thompson looks hard at the controversial top team Value Creation Plan at Vislink. He reaches the view that shareholders will benefit equally if the top team can cash in and concludes with a positive recommendation.

India employee shareholder restrictions may be lifted

Employees in India may soon be able to [buy and sell their shares freely](#).

The securities and exchange board of India (SEBI) is set to issue a clarification on Esops after new insider trading rules, effective from May 15 and without an employee shareholder exemption as before, mean an employee who buys or sells even one share cannot do an opposite transaction for a minimum period of six months from the date of the previous purchase or sale.

Belgian foreign asset reporting requirements

New and more stringent foreign asset reporting requirements for Belgian resident taxpayers have come into effect. The new reporting obligation applies to all Belgian

resident taxpayers with foreign income or assets, including any foreign shares acquired under an employee share plan.

Deloitte has issued an [update](#) detailing the changes and the action employers may need to take.

Moog Music becomes employee owned

Moog Music Inc, the company who produced the pioneering electronic synthesizer, has become employee owned through sale of half the company to an ESOP.

Michael Adams, Moog owner and ceo, gathered employees together to tell them “I’ve sold half the company,” and after a long pause he continued, “I sold it to you”.

[Commenting on the sale](#), Mr Adams said: “I’ve been looking for a way to get out, “this is my exit strategy.

“I could sell the company tomorrow to a strategic buyer or V. C. outfit,” Mr. Adams added. “But I think we’ll continue to grow, and I think that second 51 percent will be worth even more.”

Impact of FATCA on share plan EBTs

Following the publication of FATCA guidance notes in Jersey there is now greater clarity about how share plan EBTs are impacted by FATCA. This [Elia paper](#) details that clarity.

US model ESOP documents

The US internal revenue service (IRS) has [announced](#) that it will allow prototype and volume submitter ESOP plan documents. At the same time, it issued sample plan language for ESOPs. The IRS hopes not only to reduce its own costs in reviewing plan documents but also to reduce the costs to companies considering ESOPs by avoiding custom-created plan documents.

Australian government aims to boost eso

The Australian Senate has passed an employee share schemes [bill](#) designed to promote equity compensation. This reverses a 2009 bill that caused a dramatic reduction in the use of equity compensation plans in Australia.

This [article](#) details how employers can maximise the effectiveness of new and existing schemes under the changes.

Blackberry buyback tackles dilution

Blackberry, the mobile communications company, plans to repurchase up to 12 million shares at market rate to offset dilution from employee share plans. The buyback represents about 2.5 percent of the publicly held shares.

New US rules to transform pay for performance disclosure

One in three US public companies expects to change its approach to disclosing executive reward in the wake of the Securities and Exchange Commission's (SEC's) proposed pay-for-performance disclosure rules, according to a new [Towers Watson poll](#).