

May 2017

CENTRE NEWS

Nominations open for World Centre Awards 2017

Submissions are now open for the [World Centre Awards 2017](#).

The awards recognise the achievements of companies which offer broad-based employee share plans and hold up best practice models for other companies to follow. Applications will be reviewed by two impartial judges, experts in the use of employee equities, together with Centre chairman Malcolm Hurlston CBE.

Categories:

Best all-employee international share plan *

Best all-employee share plan †

Best financial education of employees

Best share plan communications

Best use of video communication

Best use of technology

Most creative solution

Visit the [World Centre Awards 2017 webpage](#) for further details, including descriptions of each award category.

* In a company with more than 5,000 employees and participants in at least three countries.

† In a company with fewer than 5,001 employees and participants in no more than two countries.

Submissions should be made using our [secure online application form](#). The deadline is Friday September 1.

CONFERENCES & EVENTS

New OTS director to be high table guest of honour: Monday June 5

Paul Morton, the new director of the Office of Tax Simplification, will be the guest of honour at the Centre's next high table dinner on Monday June 5. He follows in the footsteps of John Whiting who was a popular high table guest, joining us annually between 2012 and 2014.

The event will start with a welcome glass at 18:30 followed by dinner in the Mezzanine Suite of the RAF Club, 128 Piccadilly, London W1J 7PY. Tickets are £140 + VAT per person. If you would like to come along, please respond to jwigzell@esopcentre.com soon as possible, as we are limited to 11 places at the table.

newspad summit: Paris, June 15 & 16



Almost 40 registrations have been received so far for the inaugural [newspad summit](#) which takes place in the offices of global legal group **Clifford Chance** in central Paris on **Thursday/Friday June 15–16 2017**.

The Anglo-French two-day event presents an ideal forum for leading players to consider

the most recent legal, regulatory, tax and technical developments and long-term trends in international employee share plans, as well as in executive equity incentives.

Expert speakers include: Sian Halcrow of **Aon Hewitt**; Sonia Gilbert & Anne Lemercier of **Clifford Chance**; Richard Nelson of **Cytec Solutions**; Marco Cilento from the **European Trade Union Confederation**; Louise Jenkins of **FTI Consulting**; David Hildebrandt, president of the **International Association for Financial Participation**; Rob Collard of **Macfarlanes**; Stephen Woodhouse of **Pett Franklin**; Garry Karch of **RM2**; Jacqueline Vidales of **Sodexo**; David Lee & Bastien Martins da Torre of **Solium**; Hannah Needle of **Tapestry Compliance**; Nicholas Greenacre of **White & Case** and Damian Carnell of **Willis Towers Watson**. **FONDACT** chairman, Michel Bon, former president of **France Telecom** and of supermarket group **Carrefour**, will deliver a key speech on employee share ownership in France.

View the event brochure – sponsored by Ocorian – for further details, including the full timed programme and topic descriptions.

newspad offers the following delegate rates:

Practitioner members: £395

Practitioner non-members: £695

Plan issuers: FREE – subject to £50 admin fee

These fees are not subject to VAT, as the event takes place outside the UK.

Registration entitles all delegates to:

- Take part in all conference sessions
- Buffet lunch and refreshments during

coffee breaks

- Programme with access to speech summaries
- Cocktail party, starting 17:45, June 15

Book now to ensure you don't miss this excellent opportunity to exchange ideas with fellow experts. Simply email summit organiser Fred Hackworth at global@esopcentre.com

London share schemes for SMEs conference: September 12 2017

The next **employee share schemes for SMEs conference** organised by the **Employee Share Ownership Centre** and the **Institute of Directors** will be held in London on Tuesday **September 12 2017**.

This one-day event is designed for small businesses and their advisers who are considering introducing an employee share scheme, or who want to develop existing plans.

The event will be chaired by Esop Centre chairman Malcolm Hurlston and the programme will include:

Robert Postlethwaite of **Postlethwaites**; Liz Hunter of **Mazars**; David Craddock of **David Craddock Consultancy Services**; Catherine Gannon of **Gannons**; Nigel Mason of the **RM2 Partnership**; Colin Kendon of **Bird & Bird**; Stephen Woodhouse of **Pett Franklin**; and Garry Karch of the **RM2 Partnership**.

Centre members interested in attending should contact Daniel Helen at events@esopcentre.com or call 020 7239 4971.



Awards dinner 2017: October 31

The World Centre for Employee Ownership's sixteenth awards dinner will be held at the **Reform Club** on the evening of Tuesday **October 31** 2017.

The Awards Dinner brings together members and their influential guests – representing UK and international plan issuer companies and their expert advisers – to recognise the best in employee share ownership. This stylish enjoyable black-tie event is the perfect way to celebrate the year with clients, colleagues and peers.

Both individual and group tickets are available.

Table of ten: £1,800 + VAT *

Member: £195 + VAT

Non-member: £270 + VAT

* Tables of ten can only be purchased by Centre members.

To register your interest, please email events@esopcentre.com or call 020 7239 4971.

British Isles employee equity symposium: Thursday/Friday November 16–17

The second British Isles employee equity symposium will be held in the offices of **White & Case** in the City of London on Thursday/Friday **November 16–17**. Save the date.

MEMBER NEWS

White & Case publishes *Global Employee Equity at a glance*

The Global Employment, Compensation & Benefits Group of White & Case has published its annual publication *Global Employee Equity at a glance*. It contains a summary of the key legal and tax issues that arise from the operation of different types of employee equity-based compensation plans across 25

countries globally. The report is focused on employee stock option plans, employee stock purchase plans, restricted stock and rsu plans, and provides an easy to navigate single source of the key issues to consider when looking at ways to incentivise employees globally.

Indigo Planning change of office

On May 8 2017, independent planning consultancy Indigo Planning relocated its Wimbledon and Chancery Lane offices to Aldermay House, 10–15 Queen Street, London EC4N 1TX. Its brand identity and website, www.indigoplanning.com are also undergoing a refresh.

Pinsent Masons: Executive pay reforms need further thought

Lynette Jacobs, Suzannah Crookes and Graeme Standen of Pinsent Masons have described recent proposals to reform executive pay as 'understandable' but in need of further thought, [in an article published on Out-Law.com](#). Most notably, the Business, Energy and Industrial Strategy Select Committee's report on corporate governance called for long-term incentive plans to be scrapped. Jacobs, Crookes and Standen contend that the committee's suggested alternative, deferred stock options, will not necessarily solve the current imbalance between executive pay and that of the average worker.

Postlethwaite advises TensCare to become employee owned

Postlethwaite Solicitors has helped TensCare, Europe's largest distributor of TENS machines, to [become a majority employee-owned company](#) after its founding shareholder sold the company to an Employee Ownership Trust. TENS machines offer drug-free pain relief and will be familiar to many who have been through childbirth, as well as sufferers of chronic pain conditions.

Pett Franklin corporate governance webinar: May 23

Stephen Woodhouse of Pett Franklin will be hosting a [webinar on the BEIS committee's corporate governance report](#) at 10:00 on Tuesday May 23.

UK & GLOBAL NEWS

UK: Employment-related securities filing deadline – July 6 2017

The annual deadline for employment-related securities reporting is coming up. All tax-advantaged and non tax-advantaged share plans set up during 2016/17 must be registered and all annual compliance returns must be filed by July 6 2017. Liz Hunter of Centre member Mazars has written [a blog post](#) outlining everything you need to know.

UK: House of Commons Library publishes tax avoidance update

The House of Commons Library published a [report on the current status of tax avoidance](#) in the UK on April 26. It refers in particular to the three major initiatives taken to tackle the scale of mass marketed tax avoidance schemes in recent years: the Disclosure of Tax Avoidance Schemes regime (DOTAS); the General Anti-Abuse Rule (GAAR); and the system of follower notices and accelerated payments.

UK: Factors that affect income inequality perceptions identified

Prof Adrian Furnham has identified the most important issues that affect perceptions on disparities between incomes, [writing in The Conversation](#). Among other factors, one is about how executive pay relates to the money the rest of the workforce receive since satisfaction with pay depends on how much you get relative to your comparison group. For similar reasons happiness tsar Prof Layard has doubts about employee shareholding.

USA: Bernie Sanders backs federal employee ownership legislation



Senator Bernie Sanders, along with senators Patrick Leahy, Kirsten Gillibrand and Maggie Hassan, introduced two pieces of legislation on May 11 to support broad-based employee ownership. The WORK Act – modelled on the success of the Vermont Employee Ownership Center – would provide more than \$45m in funding to states to establish and expand employee ownership centres, which provide training and technical support for programmes promoting employee ownership. The second bill would create a US Employee Ownership Bank to provide \$500m in low-interest rate loans and other financial assistance to help workers purchase businesses through an employee stock ownership plan or a worker-owned cooperative. Given the performance of the British Business Bank something similar is needed in the UK.

USA: Link between broad-based employee stock ownership and increased employment stability established

Employee owned companies laid off half as many workers as other firms during the last two recessions, according to a study co-authored by Professor Douglas Kruse of Rutgers School of Management and Labor Relations and Professor Fidan Ana Kurtulus of the University of Massachusetts. The findings were published in the new book, [How Did Employee Ownership Firms Weather the Last Two Recessions?](#).

USA: Colorado state legislature supports employee ownership

On April 25, the Colorado state legislature passed a pro-employee ownership bill that would create a revolving-loan programme to be operated by the Colorado Office of Economic Development and International Trade (OEDIT), to be funded by gifts and donations. The bill also requires that the OEDIT train its employees to be sufficiently knowledgeable about employee ownership to be able to recommend it when appropriate and to promote it in their materials.

MEMBER PROFILE

Paul Stoddart is the business development director at **Equatex**.



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

Ownership stimulates a sense of responsibility and promotes focus. Owning company shares means being properly invested in the business that employs you, and therefore provides an opportunity to highlight a connection between what you do each day – and the reward for that effort – through a share plan. It can also serve to direct employee attention towards the factors that make the business more successful, such as sales performance and cost control. The outcome isn't necessarily guaranteed – simply facilitating share ownership through a share plan isn't a magic bullet. The real art is drawing clear links between employee or executive behaviour and the potential rewards.

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

By continuing to showcase the good and the

successful on an industry platform that has credibility and practical value, the Esop Centre continues to provide the environment for sharing and learning, alongside other organisations such as Proshare and GEO.

What would you tell someone on the fence about introducing employee share ownership to their company?

I'd say that it's time well spent to perch there for a little while to understand what you're trying to achieve, the direction you want to take and the modus operandi. I don't think many companies would dispute the benefit share plans bring to the employee benefits arena. However, share plans can be complex, expensive and time consuming to roll out – so these important choices have real consequences.

What do you think will change about employee share ownership over the next five years?

The continuing and unstoppable intrusion of technology into our lives will start to change behaviour by guiding employees to make better decisions, advising them how best to spend what they earn, and by helping them make the best investment decisions to achieve their goals. This will revolutionise our industry. Imagine individuals relying on technology to make those difficult choices for them? Imagine a gadget that knows all about you, with technology that can sift through masses of information to see what's available to get you to where you want to be? It knows there's a share plan, tracks the share price, sees your future needs, balances up the opportunity cost of participation and maybe suggests lifestyle changes to accommodate the expenditure?

Everything we interface with is changing quickly and significantly. This impacts how we work and how we live, and I think it will make our industry unrecognisable.

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

The introduction by Gordon Brown of the Share Incentive Plan in 2000. I think SAYE has a solid place in the employee benefits tool box. However, the SIP is a great multi-tool. Deployed properly, it can be an exceptionally versatile and effective way to deliver rewards through employee engagement.

Which change to employee share plans legislation, in the UK or elsewhere, would you most like to see?

The abolition of the 10 percent of salary limit for SIP.

Why do you think employee share ownership has enjoyed cross-party support in the UK?

Because of the universal appeal that non-discretionary broad based offerings have, supported by empirical evidence to show that it's fundamentally good for business. There is also the inertia that exists, the reluctance to withdraw such popular benefits such as SAYE and SIP when they are as entrenched as they are in the employment benefits landscape.

Which aspect of the Esop Centre do you most value?

Malcolm Hurlston.

What is your most marked characteristic?

Modesty is probably the most recognisable, although there are so many. Attempting to be funny is another one.

What do you consider your greatest achievement?

Producing and bringing up three children without going bankrupt.

What historical figure do you most identify with?

It's got to be my Dad – he's quite old and I look like him. But to answer the question in the way it was intended – Howard Carter. Someone said adventure is just bad planning – I don't think Mr Carter would agree with that!

Which living person do you most admire?

Aung San Suu Kyi

Which word or phrases do you most overuse?

I really can't repeat them here.

What is your most treasured possession?

My drum kit. It's a Roland TD20 electronic array of absolute percussional pleasure.

What is your idea of perfect happiness?

Enjoying the immense satisfaction of making a positive contribution. Simply being valued – it doesn't matter for what, or by whom.

ABOUT NEWSBRIEF

newsbrief is the Employee Share Ownership Centre's members only mid-month publication edited by Daniel Helen. Contact the editor to submit a story for the next issue.

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