



EVENTS

Webinar: EOTs - the credible alternative for succession

Thursday May 27 2021 15:00 (BST)

The use of **Employee Ownership Trusts (EOTs) by private companies** has seen a considerable rise in 2020 and is expected to continue in 2021. A well-run employee-owned company can benefit from a longer-term business strategy and not having to consider the conventional exit routes of a trade sale or a flotation. In turn, a more engaged and more secure workforce can lead to higher productivity and profitability. The business ethos that lies at the heart of the EOT is that it is set up to hold shares on behalf of all the employees of the company. As a business succession tool, supporting the sale to an EOT, the transaction is free of capital gains tax and facilitates income tax-free bonuses to employees. The EOT structure is, therefore, a formidable element within a management buyout arrangement. The most tax-efficient and motivation-maximising EOT will require a structure that allows the EOT to work alongside the tax-advantaged tax approved employee share schemes, possibly with linkage to meaningful and measurable performance conditions. In this talk, employee share schemes expert, David Craddock, will demonstrate how the EOT has become the credible alternative for succession planning.

Building back better with your employees through shared ownership

Thursday May 27 2021 18:00 (BST)

Esop Centre **joint web event with City of London Institute of Directors**. Aimed at SMEs, this on-line panel discussion aims to 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 part in rising to challenges, including those caused by the pandemic, by contributing to employees’ savings, morale and engagement.

Among those sharing their experience will be David Clarke, director of EOT-owned DBS Internet Marketing and Keith Haddow, financial director of Centre member TTP Group. Graham Muir, partner at CMS will tackle the legal queries and Professor Michael Mainelli will chair the panel.

Members’ webclave

Wednesday June 9 2021 11:00am (BST)

We hope you will join us for our **third members’ webclave** where Matt Whittaker, ceo of Pro Bono Economics will make a keynote address. Matt was director of the Resolution Foundation before taking on the leadership of Probono. Earlier in his career he was a star member of the Hurlstons team and on the staff of the House of Commons library.

‘Webclaves’ are online conclaves: private, invitation-only meetings to bring Centre members together to discuss areas of common interest. Discussion topics and speakers to be announced.

Here is our library of broadcasts:

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

Employee share ownership 'could kickstart post-Covid recovery'

Commenting in *Out-Law* on the recent Social Market Foundation report on Eso and the post-Covid economy, **Lynette Jacobs of Pinsent Masons** said: "Studies cited in the SMF report clearly show that the operation of tax-advantaged all employee plans such as Sharesave (SAYE) and Share Incentive Plans (SIPs) is linked to improved company performance including increased turnover and profitability – with some evidence that offering both plans has an additional impact."

However, the report highlighted a number of barriers to increasing access to employee share plans, including scepticism of the model by businesses, the cost and time associated with introducing a share ownership plan, risk aversion and increased mobility within the labour market.

Pinsent employee incentives expert Fleur Benns added: "We have been lobbying government for these changes for some time now – it is hoped that the SMF report will add real weight to the argument that, as we move into the future world of work post pandemic, now is the time for real action in this area."

LGL Group launches Industry Insights podcast

LGL Group launched its Industry Insights Podcast with a **mini-series: ESG in Alternatives**. This mini-series will be exploring different aspects of the ESG landscape and discussing their importance in the alternatives market. In the first episode, Stephen McKenna spoke to Matt Moscardi about the continuing rise in ESG from a data perspective and his thoughts on what the future may hold.

Clifford Chance launches virtual legal work experience programme in the UK

Clifford Chance has launched a new virtual work experience programme (Ready, Set, Law) offering 16-18-year olds an introduction to the commercial issues affecting the future of the law.

The **free virtual programme** offers students an early opportunity to find out more about what a career in commercial law looks like. The programme complements the firm's Global Virtual Internships aimed at university students which launched last year. Both initiatives are open to all.

Global Shares blog: How do VCs value firms compared to the founders?

It has been said that **business valuation is an artform**, or at the very least that it owes more to art than science. It's interesting to think of it in those terms, as doing so highlights the sometimes highly subjective process that goes into coming up with that most objective of things – a number.

The process can be particularly arcane when it comes to settling on a valuation for a startup, when founders will understandably want that number to be as large as possible, whereas VCs will bring their own version of the “art of valuation” to the table and may well come up with a different number for that same business.

When there is a difference between the founders' number and the VC number, the VC is unlikely to be “persuaded” to see things the founders' way. If a potential investor thinks a startup is valued at figure X, then to all intents and purposes that becomes the valuation, unless the founders believe they can do better elsewhere.

Katie Stephens becomes Deloitte director

Congratulations to *Esop Sofa* webinar panellist Katie Stephens of Deloitte - Incentives & Reward, UK & Channel Isles - on her promotion to director from June 1.

Helen Hatton talk on corporate governance of financial crime prevention

On June 21, Helen Hatton will be delivering an online School of International Financial Services (SIFS) session on the **corporate governance of financial crime prevention**.

The one-hour webinar is part of SIFS' Spring / Summer 2021 Regulatory series.

Centre Jersey conference speaker, Helen is widely recognised as the prime architect of the modern Jersey regulatory regime. She resigned as deputy director general of the Jersey Financial Services Commission in May 2009, having led the implementation of regulatory development in the island from its blacklisted state in 1999 to achieving one of the world's best IMF evaluation results, to establish Sator Regulatory Consulting, which merged with BDO Jersey in April 2016. To register for the event priced at £50, email events@sifs.co.uk.

Activist hedge funds and takeovers

A new paper, co-authored by Centre friend Andrew Pendleton, professor of employee ownership and reward at University of New South Wales Business School, analyses the employment and productivity effects of activist hedge funds. They have been widely criticised for achieving short-term gains at the expense of other stakeholders, including employees. The results show that their ownership and presence in acquiring firms is a significant determinant of post-merger employment reductions. There is little evidence that these mergers and acquisitions have better operating performance relative to other takeovers. However, there is a negative effect of activist hedge fund ownership on labour productivity. The paper “**Activist Hedge Funds and Takeovers: Their Effects on Employment and Performance**” is open access.

UK NEWS

What makes a job meaningful and why that matters

Work provides many things over and above the monthly pay cheque: status and identity, community and social connection, doing tasks that we find stimulating, and the opportunity

to make a positive contribution to society. All of these things make work feel meaningful.

In an [article for *The Conversation*](#), [Andrew Bryce](#) explains his research exploring how paid work is experienced as meaningful compared to the other activities people do in their everyday lives. He also identifies the types of job in which people experience the most meaningfulness and explores how these results can be explained by the particular qualities of different occupations.

Entain launches employee share ownership initiative as Q1 online revenue climbs 32 percent

EGR reports that gambling firm [Entain](#) has [rolled out a company-wide employee share ownership plan](#) to give UK and international colleagues the chance to save and share in the public growth trajectory of the FTSE 100 company. Around 22,500 employees at all levels of the business have been invited to apply for the new ShareSave scheme, where they are able to save up to £100 per month for the chance to buy Entain stock at a 20 percent discount. Entain said the share plan showed [ESG concerns](#) were at the heart of its strategy.

WORLD NEWS

Australia: Bramble's "MyShare" project

In an [interview with *Employee Ownership Australia*](#), [Joanna Mak](#), the Senior Manager of the MyShare Plan at Brambles, shares some of the strategies that led to a five percent increase in the MyShare participation rate during the global pandemic. Brambles is an Australian supply-chain logistics company that operates in over 60 countries. Almost half of Brambles' 11,000 employees participate in the MyShare employee share plan.

Australia: Federal budget to revamp employee share schemes in \$500 million package

Cathy Wears, share plan lawyer at Centre member [CMS commented](#), in a LinkedIn post, on Australia's 2021/22 federal budget, which included some welcome changes to employee share schemes that aim to simplify the operation and taxing of share awards and to ease some of the heavy regulatory compliance burdens that companies currently face when operating their global share plans in Australia.

Tax on leaving employment: "At the moment, the Australian tax rules provide that when an employee leaves employment and retains an option (or other 'tax-deferred' award), they are automatically taxed on the value of those awards even when they don't (or can't) realise the value of the shares under awards at that time.

"Removing this requirement is certainly good news for both employees and companies and removes the headache for companies having to monitor these situations. This is particularly helpful for private companies who may not have a ready valuation of their shares in these circumstances to help participants calculate their tax correctly."

Simplifying Regulatory Requirements: "Anyone operating share plans in Australia will be aware of the current complex regulatory framework for licensing and disclosure obligations. This is especially tricky for unlisted companies (or companies listed on AIM in the UK) who cannot benefit from the more wide ranging listed ASIC Class Order. In order to be compliant, such companies are forced to work through a patchwork of regulatory requirements and it is very easy to fall between the gaps.

"While we await further details, it is expected that there will be a removal of - or a significant reduction in - disclosure and licensing requirements. Certain 'grey areas' about what is considered to be consideration in calculating the value of share awards are also expected to be clarified, making navigating compliance a little easier.

“There are also proposals to extend the little used ASIC Unlisted Class Order exemption, by significantly increasing the value of shares that may be allocated under awards per employee. Again, this is great news for unlisted companies.

“We certainly believe companies operating global share plans in Australia will very much welcome these changes. However, it would be good to see them go a little further, especially the regulatory requirements. Unlisted companies tend not to have the budget to spend on compliance so any help from Australia’s Government will, I am sure, be gratefully received!” Cathy added.

The changes are due to come into force on or after July 1 2021.

South Africa: Minister unpacks employee share ownership schemes progress

Trade, Industry and Competition minister **Ebrahim Patel is drafting guidelines on employee ownership** and other broad-based ownership schemes. He intends to publish a practice note dealing with some clarifications around community trusts and individual ownership schemes.

Additionally, the minister and his department is creating a register of companies that have implemented employee share ownership plans (Esops).

More than 150,000 South African employees are part-owners of the companies they work for through shareholdings in those firms. Patel estimates that more than R100-billion of value has been transferred to employees.

South Africa: Momentum Metropolitan delivers on empowerment promise

On April 22, Momentum Metropolitan Holdings delivered on its proposed employee ownership share plan, **empowering more than 13,000 employees** from an allocation of about 44.9-million shares. This follows the shareholder approval as announced in November 2020.

The inclusive employee share ownership plan benefits all permanent, SA-based employees

and though weighted in favour of black employees, including African, Coloured and Indian as defined in the broad-based black economic empowerment (BBBEE) codes, it includes all race groups.

Black employees, who constitute more than 78 percent of the group’s employee base, will receive at least 85 percent of the economic benefits from the scheme. Black women employees will receive 55 percent of the economic benefits from the scheme. Current employees will receive 80 percent of the share allocation, with the remaining 20 percent being set aside for new employees joining the group over the next five years.

USA: Zendaya made sure the crew on her new film 'Malcolm & Marie' were given shares

American actor, singer, and producer, Zendaya Maree Stoermer Coleman made sure everyone involved in the making of her film "Malcolm & Marie" had the **opportunity to own shares** that would provide a bonus payday when the film was sold.

The new drama, which earned major Academy Award buzz, was made with a skeleton crew during quarantine. Many of the people who worked on the set were from Zendaya's hit-HBO show, "Euphoria."

USA: Texas Esop Initiative looks for help to get a floor vote

The **Texas Esop Initiative** is asking fellow Texans to support the H.B. 2246 Bill, by writing to the State Calendars Committee to ensure they get a vote on the House floor, after members of the State Affairs Committee voted overwhelmingly in favour of the Bill, again with the help of the Texan public.

H.B. 2246:

- ◆ Allows a professional corporation to organise as an Esop as long as all of the voting trustees are licensed
- ◆ Allows certified Historically Underutilised Businesses (HUBs) to form an Esop without forfeiting HUB status

- ◆ Creates contracting preferences for Esops at the state, city, county, and special district level
- ◆ Establishes an Employee Ownership Assistance Office in the Office of the Governor/Texas Economic Development and Tourism Office

Canada: Unlocking the potential of employee ownership in Canada

Canadian non-profit, social finance organisation Social Capital Partners welcomed the **federal government's decision to explore options** to unlock the potential of employee ownership trusts (EOTs) as part of Canada's economic recovery. This is a first step toward making broad-based employee ownership a more significant part of the Canadian economy. SCP produced "Building an Employee Ownership Economy" in October 2020, a report calling for the establishment of EOTs in Canada, as a way to grow Canada's comparatively low levels of employee ownership.

A recent survey by the Canadian Federation of Independent Business (CFIB) suggests significant interest among Canadian business owners in employee ownership. Fifty-nine percent of respondents were either strongly or somewhat in favour of introducing policies similar to the US and UK, and 53 percent said they were more likely to sell to their employees if such a policy were introduced.

France: Soitec wins two awards for its employee share ownership schemes

Soitec (Euronext Paris), designer and manufacturer of innovative semiconductor materials, has received the **C&B Trophy from the French club ORAS** for its employee share ownership programmes. The trophy follows the Grand Prix awarded to Soitec by the French Federation of Employee Share Ownership (Fédération de l'Actionnariat Salarié, FAS).

The C&B Trophies, created and initiated by ORAS (Observatoire des Rémunérations & Avantages Sociaux), reward companies and their teams for the success of their compensation and employee share ownership

schemes and are granted following a set of selection criteria with regards to their relevance, exemplary nature and innovative strength.

Both awards recognise the outstanding success of Soitec's employee shareholding programmes, which aim to involve employees in the company's objectives and share the fruits of its growth with them.

France: iliad Group employee share offer - Up2Share

The iliad Group is **launching another Up2Share employee share ownership programme**, aimed at giving its people a stake in the group's strategic objectives and business development.

On January 25 2021, iliad's board decided on the principle of carrying out a share issue for employees who are members of iliad Group's employee stock ownership plans both in and outside France. The Board set the maximum number of shares to be issued at 296,552, representing 0.5 percent of the company's capital at December 31 2020.

Norway: Adevinta - notification of trade

On May 7 2021, **employees of Adevinta ASA purchased 23,033 Adevinta shares** through a broker on the Oslo Stock Exchange as part of Adevinta's Employee Share Purchase Plan at an average share price of NOK 141.5060 per share. The transactions are related to the first enrolment window in the Adevinta Share Purchase Plan for 2021 which closed in December 2020, and based on savings made during January, February and March 2021.

The purpose of Adevinta's Employee Share Purchase Plan is to motivate and retain employees as well as to increase the interest in Adevinta's result and performance through owning Adevinta shares.

Sweden: Concentric AB selling own shares

The participants in LTI 2018 have the right to receive 60,375 shares. In accordance with the terms of LTI 2018, 40,250 shares have a purchase price for the participants of SEK 116.70 and 20,125 shares have a purchase

price of SEK 175.10. The board of Concentric has resolved to sell the remaining 54,565 shares on Nasdaq Stockholm. The difference between the sale price and the purchase price in the terms of LTI 2018 will be paid to the participants.

Prior to this sale of own shares, **53,085 shares have been transferred from Employee Share Ownership Trust (ESOT) to Concentric AB.**

EOT ROUND-UP

Language teaching company, **TEFL**, which has risen to global prominence since being launched in a Highlands garden shed in 2008 has become employee-owned.

A Yorkshire-based supply chain and logistics consultancy, **Hatmill** has become 100 percent employee-owned.

Build-Lite (UK) Ltd, a Rotherham-based supplier to the construction industry, has sold the shares in the holding company to an employee-owned trust formed for the benefit of the company's 15 strong workforce.

East London engineering and construction contractor **Kilnbridge** has been sold to an EOT on behalf of 800-staff.

Park Cameras has passed on the reins of its business to its team following the sale of investors shares to employees via an EOT.

UK precision engineering firm **Retrac** has transferred ownership to an Employee Ownership Trust in an eight-figure deal as the business targets future growth.

structural engineer **Heyne Tillett Steel** will swap Clerkenwell for larger offices in

Hackney this month, after setting up an employee ownership trust for its 132 staff.

Leeds-based specialist events company **First Event** has become an employee-owned business.

Camerons Strachan Yuill Architects (CSY Architects) has established an employee ownership trust which will become the controlling shareholder of the business which has 24 staff.

Home, kitchen and garden eCommerce company **DOMU Brands** is now owned by its employees.

Communications agency **MC2** becomes employee owned.

Architects practice **Purcell** has become the latest big-name company to transfer ownership to its staff. The move, which has been in the pipeline for a couple of years, means more than a quarter of the UK's 100 largest architecture practices are now run through employee-ownership trusts.

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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