

NEWSBRIEF

Conferences and events

Paul Mark High Table November 25

Our guest at the next High Table will be Representative Paul W. Mark from Massachusetts on Wednesday November 25.

Paul W. Mark, a Democrat, is currently sponsoring Bill H.1740 'An Act relative to job creation through employee ownership' through the Massachusetts state house.

Paul's constituency in Massachusetts has a particularly high percentage of workers in Esop owned companies and coops, including Ocean Spray which makes cranberry juice. His bill proposes requiring companies to notify employees of plans to sell and to give them first refusal in buying. It is a feature of the US Esop landscape that state measures add to federal support.

Previous recent guests have included Margaret Hodge and Lord McFall; David Pitt-Watson, Daniel Godfrey, Stephen Haddrill, John Whiting and Otto Thoresen. The events have received warm reviews from the guests for the lively discussion and intimate atmosphere.

The event will start with black velvet at 6:30pm followed by dinner in the Hodges Room of the RAF Club, 128 Piccadilly London W1J 7PY.

Ticket Prices

Tickets are £140 + VAT each.

There are a few seats remaining. To reserve your place please apply to jwigzell@esopcentre.com.

Vienna to host Centre European conference June 1 to 3 2016

Members are rapidly reserving speaker slots for the Centre's 28th annual European employee equity plans conference, which takes place in Vienna at the elegant five star Steigenberger Herrenhof Hotel.

The 100 year old Herrenhof Hotel is situated in Herrengasse, near the Kohlmarkt and Golden Quarter in the old city centre, is classified by UNESCO as a World Cultural Heritage site and is minutes walk away from major historic landmarks, such as the Hofburg Palace, Café Central, the Spanish Riding School, Sisi Museum, the state opera house, Burgtheater (the Imperial Court Theatre) and gothic St. Stephen's Cathedral.

If you wish to speak in Vienna (Austrian and East European interest is expected), or attend as a delegate, please inform us by e-mail to: fhackworth@esopcentre.com with a copy to esop@esopcentre.com.

The event will feature a share plan issuer panel whose members, including Vodafone, will attend free of charge, including both participation and accommodation. The offer is limited to one person per quoted plan issuer firm. Your representative, if accepted by the Centre under this scheme, would be entitled to two nights (June 1 & 2) half-board accommodation.

Only two free places on the issuers' panel remain to be allocated. If you would like to take up this offer please reply to fhackworth@esopcentre.com with a copy to esop@esopcentre.com.

Davos on the road in London

The Centre has decided to move its 17th world conference, which was to have taken place in Davos Thursday/Friday January 28 & 29 2016. As one member commented: Switzerland has priced itself out of the market. It will now take place February 9 or 10 2016 in London. Hold these dates and international director Fred Hackworth will release further details shortly.

ESOP Awards Dinner introduces UK Shareholders' Association

The winners of the ESOP Centre's 2015 employee share ownership awards were announced on October 28 at the Reform Club in London's Pall Mall.

ESOP Centre chairman Malcolm Hurlston CBE praised the employee share ownership industry for being ahead of the game on tackling disparities in wealth and called on them to do more to promote employee shareholders' democratic rights.

Introducing guest of honour John Hunter, chairman of the UK Shareholders' Association (UKSA), Mr Hurlston said: "It will be healthy for all investors if shareholders understand and use their rights, and that is why I am pleased to welcome John Hunter this evening to tell us about the UK Shareholders' Association and about how employee shareholders among other shareholders, including no doubt all of us in a private capacity, can make things better.

"Under John's leadership the volunteers of UKSA stand up for the rights of individual shareholders, which are too easily forgotten by the big battalions. I have joined UKSA and I would encourage you to join too. Perhaps next year we should have an award for progress in helping employee shareholders use their rights."

To join the UKSA, please download the sign up [form](#).

Announcement

Join the team

The Centre is recruiting, looking for young Oxbridge/ Russell Group graduates with a good degree and an interest in economics, politics and the media. If you know anybody who would relish the challenge contact jwigzell@hurlstons.com.

Members', national and international news

Centre profile: Justin Cooper

Justin Cooper is the chief executive officer, shareholder solutions, at Capita Asset Services.

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

Having worked in the share plans world for approaching 30 years now, the obvious answer is 'aligning the needs of the shareholder and the employee'. In simple terms, I see this as giving an employee a vested interest in the business that they work for. Never a bad thing.

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

I think the big challenge we have nowadays is simple apathy. Employee share ownership is so embedded in the overall remuneration strategy that we are no longer pushing for 'corporate adoption'.

What I do think we can do better on is 'employee adoption'... so working harder to get take-up rates higher. I see this as a real challenge given that the probable target audience will be that group of employees trying to save to get on the property ladder, etc. and have low disposable income – so communication is completely key. It comes as no surprise to me that the companies with the highest rates of take-up are those who are the most ingenious with the ways that that they create excitement in plan launches, celebrate successes at maturity and as importantly, provide regular comms in between these events.

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

Look at the stats. Engaged workforces try harder, achieve more and generally these are the places that people want to work at. Employee share plans form an important part of the overall employee remuneration package... and companies that have them tend to outperform those that don't.

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

I think digital comms will become even more important and 'self-service' the norm. I don't think that plan designs will change at all employee level as in the UK we are fortunate to have both a vibrant option plan (SAYE) and stock plan (SIP). At exec level, these will continue to evolve... but that has been the case for the past five years, last decade and so on.

What do you wish other people knew about employee share ownership?

That putting in a plan is only the first stage of creating success... making sure that your employees understand it, embrace it and get value from it is the real challenge.

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

Without doubt, the introduction of SIP in 2000.

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

Simple. We are a capitalist country with a value set of trying hard and wanting to achieve. I think employee share ownership ticks all the boxes- 'I try hard and help the company be successful and grow...and I get rewarded through share price growth and my involvement in a share plan'. Real win/win stuff.

Which aspect of the ESOP Centre do you value most?

Great advocate for employee share ownership and well connected at both the political and civil servant level.

Who would be the guest of honour at your fantasy dinner party?

David Niven – a great actor and a real character in an era of change in the world of film. My most enjoyed autobiography – a real laugh.

Which book has most changed your life?

‘White Fang’ by Jack London – an old book written a hundred years ago... I read it as a kid and I think it was a real ‘coming of age book’ to the extent of moving from simple stuff to a read that makes you think and/or shows you very different situations to those that you have experience in or are comfortable with.

What is your favourite quote and why?

Has to be the ‘Fight them on the beaches...’ speech by Churchill. I think people generally love to be lead and few people actually excel at true leadership. Churchill was absolutely the right man at the right time for our country.

What do you consider your greatest achievement?

Simple stuff. Kids, family... getting the right balance between work and home life (not always achieved!).

How do you relax?

Pubs, wine, good restaurants, golf and Brighton & Hove Albion. (The latter is seldom stress free...!).

Malcolm Hurlston interview with Share Radio Market Wrap Centre chairman, Malcolm Hurlston discussed the importance of the Esop Awards to promote all employee share schemes in an [interview](#) conducted by Simon Rose and Ed Bowsher of Share Radio Market Wrap on October 29.

He said: “The awards are trying above all to promote all employee share ownership where not just the top people in the company get equity, but equity is shared among everybody in the company”.

Pett Franklin announces upcoming webinar

Pett Franklin will be holding a webinar on December 3 to discuss Enterprise Management Incentives (EMI) Options and explore where EMI currently sits in the spectrum of employee share based incentives such as growth shares, employer shareholder shares (ESS), JSOPs, and other similar arrangements. For more information and to register your interest please contact Pauline Atkins:

Pauline.atkins@pettfranklin.com.

Deloitte's Remuneration Strategy Conference

Here are the notes from Deloitte's [conference](#) on October 12 examining the current state of executive remuneration and looking at the future.

Equiniti survey polls the views of leading pension experts

Equity's 2015 Annual Retirement [Survey](#) found that experts expect to see an increase in people taking cash beyond their tax-free allowance. Equiniti's life and pensions director, Nigel Pearce said: "Those with small pension pots are increasingly using the new freedoms to take their whole pots as cash, regardless of the tax implications, to use for a multitude of purposes. The vast majority of respondents agreed that people will continue to draw cash sums over and above their tax-free allowance".

Towers Watson appoints new controller and principal accounting officer

In Members' news, Susan Davies has succeeded Michael Thompson as Towers Watson's new controller and principal accounting officer, effective November 13. The full announcement can be found on the Towers Watson [website](#).

Market value of shares subject to restrictions on sale

The UK Tax Tribunal has ruled that the valuation of employee shares should be reduced to take into account the restrictions they are subject to on sale for the purpose of calculating the employee's income tax liability. The full story was covered in the Celia Alliance [newsletter](#).

Changes to IFRS2

The International Accounting Standards Board (IASB) is considering changes to the accounting treatment for share-based payments under IFRS2. Celia Alliance notes that "the proposed change to IFRS2, whereby an award which is net-settled is treated as wholly equity-settled for accounting purposes, is likely to be welcomed by companies". The full article can be read [here](#).

France improves tax regime applicable to free shares

The new Macron Act, established August 7 2015, seeks to improve the tax treatment of tax qualifying free share plans in France. According to an article in Celia Alliance Q4 2015 [newsletter](#), the new regime “will provide companies with greater flexibility as to how they structure awards within the tax qualifying regime”.

EOA: ESS start-up legislation

In international news, Employee Ownership Australia & New Zealand (EOA) has created an [infographic](#) giving an easy overview of employee share scheme (ESS) start-up legislation and outlining why you should use the regime if you fit the criteria.

Maximising the economic progress of Employee Ownership in America

The Center for American Progress outlines the economic benefits of employee ownership programmes in fostering sustainable economic growth and reducing inequality. The [article](#) calls on Americans to mitigate risk in order to maximise the benefits of Employee Ownership.

The reporters summarised: “Workers accept an additional measure of risk—with the potential for a larger reward—by participating in employee ownership programs. For the vast majority of workers, however, the benefits of these sharing programs far outweigh the risks. Research shows that adoption of an inclusive capitalism program in a workplace, on average, leads to increased employee participation in decision making, greater job security and satisfaction—and perhaps most importantly— larger, long-term wealth accumulation and better pay and benefits for workers.”

Introducing The 3rd Way: Building “Inclusive Capitalism” through Employee Ownership

A book [blog](#) introduces ‘The 3rd Way’ by co-authors Republican Veny W. Musum and Democrat Upendra Chivukula. In the new book the authors outline the need to restructure tax incentives in America to encourage broad-based employee stock-ownership plans throughout businesses and to adopt esops as the standard way of doing things across the nation.

Mr. Musum said: “The central purpose of this book is to make the case that by further enhancing the tax incentives for corporations to share equity with their employees, the nation will see an overall better performance by corporations, a more secure and motivated workforce, countless benefits to society, a stronger economy and potentially more tax revenue”.

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