



NEWSPAD AWARDS

Join the throng for 2019 newspad awards

There is still time to enter the [newspad share plan awards](#) this year.

The awards recognise the achievements of companies which offer employee share plans and hold up best practice models for other companies to follow. This year, new categories include: best HR director; best employee share plan practitioner; best executive/managerial incentive plan; most improved step change participation. Companies can nominate themselves, or advisers can make submissions on behalf of clients. The deadline for nominations is 1700 hrs on Friday November 29.

The award categories this year are:

- ♦ **Best all-employee international share plan** (more than 2,500 employees)
- ♦ **Best all-employee share plan** (fewer than 2,500 employees)
- ♦ **Best share plan communications**
- ♦ **Best share plan presentation:** e.g. new features or new plan
- ♦ **Best use of technology, AI or behavioural science in employee share plans**
- ♦ **Best creative solutions** (taking account of employee feedback, equality work, cultural and jurisdictional issues)
- ♦ **Most improved step change participation** (best push on comms and/or more generous offer terms)
- ♦ **Best executive/managerial equity reward plan** (involving more than 100 senior employees)
- ♦ **Best employee share plan practitioner** (with examples of client work)

- ♦ **Best start-up equity incentive plan**
- ♦ **Best HR director** (for provision of employee equity)
- ♦ **Best ceo**
- ♦ **Best chairman**
- ♦ **Company with best programme to encourage employee agm shareholder votes**

Application process: please complete both the following stages: a) Online application form - complete all sections of the online form, providing as much detail as possible. (Alternatively, entries can be made by one or two explanatory documents); b) Supporting documentation - where appropriate, please back up your application with supporting documentation. Either upload the files at the end of the form, or email them to: esop@esopcentre.com.

Please read the [rules and conditions of entry](#).

If you have any queries, please contact us at esop@esopcentre.com or call +44 (0)20 7239 4971. The winners will be decided by two impartial judges, experts in the use of employee equities, plus Malcolm Hurlston, founder of the Esop Centre. This year, the judges will be joined by Brian Basham, chairman of corporate research company Equity Development and famed City campaigner. Former Times journalist and "still a journalist at heart" Brian was one of the leading players in the great era of contested takeovers and is now also a leading campaigner for corporate and other good causes.

The finalists will be announced in *newspad* in the New Year.



EVENTS

British Isles symposium 2020

Now is the time to reserve your place at the Centre's fourth [British Isles share plans symposium](#) on March 26 next year.

We have put together an [extensive programme](#) covering key aspects of tax-approved all-employee plans, share plan regulation, the Centre's campaign for the crown dependencies, executive equity incentives and employee equity arrangements for SMEs.

Members who wish to participate in this key event – either by co-sponsoring our e-brochure and/or by delivering a presentation - should contact Fred Hackworth at: fhackworth@hurlstons.com or call the team on +44 (0)20 7239 4971.

The symposium will be introduced and chaired by Centre founder, **Malcolm Hurlston**. He will ask his audience: *How could all-employee share plan schemes be re-set to make them more popular with companies and employees?*

Jennifer Rudman of **Equiniti** will address a key question: *How do you ensure that all employee plans (Sharesave and SIP) stay relevant and provide benefits for today's workforce?*

Colin Kendon, partner (employee incentives) at **Bird & Bird**, will deliver a frank assessment of the popular Executive Management Incentive (EMI) share options based approved scheme used most often for selected employees.

David Craddock, who heads his eponymously named worldwide share schemes consultancy, will explain how SME companies are valued, so that employee shares can be issued. David is technical secretary to the ground-breaking *Worked Examples Group* which the Centre administers.

Jane Jevon of **Pett Franklin** takes the dust covers off the *Company Share Option Plan (CSOP)*, the forgotten share scheme; unlocking its potential and avoiding its hidden pitfalls.

Garry Karch, the leading Esop banker in the UK, will explain *How Employee Ownership Trusts (EOTs) are structured and financed*.

Martin MacLeod of **Deloitte** will ask whether recent changes in the UK corporate governance code go far enough on the executive reward front.

Robin Hartley, a senior consultant at **RM2**, will discuss how best to structure and install *growth shares*.

Claire Prentice of **Travers Smith** will be telling us about effective global equity plans.

Stuart Bailey of **Computershare** will guide us through a recent employee share plan case study.

And **Harry Meek** of sponsors **Linklaters** will be discussing the changing landscape of investor and corporate governance expectations.

Practitioner member delegates will pay **£395**. Non-member practitioners will pay **£595** and trustee delegates will pay **£330** and **£530**, members and non members respectively. (all ticket prices are VAT-able). Delegates from plan issuing companies will be admitted **free of charge**.

To reserve your place at the symposium please contact the team at events@esopcentre.com or call +44 (0)207 239 4971

“ *Extremely relevant and interesting.*

*A good opportunity to catch up with **contacts**; old and new!*

A great success. ”

WEBINAR

Game of Thrones: managing board room changes (Linklaters)

Tuesday November 26 2019, 09:00– 10:00am

Board level changes, particularly of executive directors, are highly sensitive, and increasingly regulated, and can often arise when a business is already in a state of flux. The change of leadership for a company is a dramatic moment, but it need not be a crisis. In this session we will look at [how to ensure the stability of your business during a time of change](#) and identify the key issues to consider and be aware of. This webinar will be of interest to: General Counsel, HR directors and in-house professionals involved in the appointment or termination of board members.

CENTRE and MEMBER NEWS

Stavros rise

New York based member Pete Stavros has been promoted to [co-lead KKR's flagship private-equity business](#) in the Americas. Alongside Nate Taylor, Stavros will be taking over day-to-day responsibility for the unit from Joe Bae, who was named KKR's co-president and co-chief operating officer in 2017.

KKR has recently launched a bid for Walgreen/Boots.

Stavros is the leading protagonist in the private equity world of free and meaningful equity for all employees. He was profiled in [newsbrief in October 2018](#). He has done deals across the health-care, consumer and industrial sectors, helping to lead a number of the firm's highest-profile investments,

including its 2006 buyout of hospital operator HCA Inc for \$21 billion, one of the largest buyouts ever. In 2010, he became leader of the industrial investment team.

Howells launches new IFRS2 Fair Value service.

International Reporting Standard N°2 requires a company to take a charge to its income statement for the value of the share awards it makes. To do this the company needs to multiply the number of shares under an award by a 'fair value'.

Howells has introduced a new service providing fair value opinion. The new service complements other IFRS2 reporting solutions provided, though deputy chairman, Graham Ward-Thompson, stresses that the new service can be used just as easily by companies who do not use the firm for share plan administration.

"This stuff isn't particularly straight forward but over the past year or so we've developed our processes to support companies. A year ago 'BS' and Monte Carlo meant something quite different to me!" said Graham.

He added "over the next six to nine months you will be seeing a number of exciting developments from Howells watch this space!"

For further information, contact: Graham Ward-Thompson +44 (0)7885 060 304, graham.ward-thompson@howells-associates.com

HMRC intensifies crackdown on hidden offshore assets

An international [information gathering exercise by HMRC](#) could spur an increase in the number of investigations the authority opens into tax avoidance and evasion. Steven Porter of Centre member Pinsent Masons flagged the issue after new figures

revealed a 24 percent increase in the number of requests HMRC made to overseas authorities for information on UK taxpayers in the past year.

According to the figures, HMRC made 540 such overseas requests, aimed at identifying hidden offshore assets liable for UK tax, in the past year. "These requests are just part of HMRC's approach to investigations," Porter said. "HMRC also targets taxpayers with offshore interests through nudge letters sent to their homes and can demand information from their accountants and tax advisers. HMRC is also benefiting hugely from the Common Reporting Standard which gives it access to data from over 100 foreign tax authorities. Taxpayers have almost nowhere to hide." For a closer look at engagement with HMRC and advice on responding, a paper by Paul Malin of Haines Watts is available with other recent Guernsey symposium material from esop@esopcentre.com price £100.

High Court claims by failed UK tax avoidance scheme users struck out

Users of failed [UK tax avoidance schemes could not bring proceedings in the High Court](#) in England where time limits for a tax tribunal claim had passed. That would be an abuse of the process of the court, the Court of Appeal has decided. Steve Porter of Pinsent Masons reports:

"This decision confirms the reluctance of the courts to allow tax claims to be brought anywhere but the tax tribunals, or by judicial review in the Administrative Court where appropriate, where in both cases tight time limits apply".

UK NEWS

Tax breaks could bring new wave of employee owners

Tax incentives could be used to encourage a new wave of employee-ownership transfers – creating 1.5 million employee owners by 2030 and bringing the largest redistribution of wealth in a generation, a report argues.

The [Equity for all](#) report, from thinktank Ownership at Work, says the creation of tax-advantaged employee ownership trusts (EOTs) in 2014 doubled the rate of growth in the sector. EOTs are now increasing at a rate of 30 percent a year, accounting for half of the UK's £30 billion-plus employee owned sector.

McDonnell plan costed by Vestd

Ifty Nasir of Vestd has costed the [Inclusive Ownership Fund](#) for *Accountancy Age*. Describing it as "a stealth tax for companies, a wealth inhibitor for employees, and a value destroyer for investors", he calculates it will reduce shareholder value by 10 percent while effectively increasing Corporation Tax beyond the 26 percent Labour has proposed, potentially to an effective rate of more than 30 percent.

If implemented as proposed, the IOF would force employers to give employees a suggested maximum 10 percent 'stake' in the company. This will affect all companies with at least 250 employees, or around 7,000 UK companies in total.

EOT NEWS

Richmond & Towers creates EOT

Richmond & Towers, which does PR for Pernod Ricard-owned Irish Distillers, Havana Club rum and Altos Tequila, has launched the [Suzanne Richmond & Marjorie Towers](#) Employee Ownership Trust, named in honour of the company's 1930 founders.

"This is a very exciting day for our business," said chief executive Nikki Thomson. "We think we are the first top 150 PR agency to be 100 percent employee-owned, reflecting the pioneering attitude that has kept the business successful for so long."



Following the sale, former ceo Rob Metcalfe has been named chairman, Thomson becomes chief executive and Matt de Leon was promoted to managing director.

"We believe employee ownership is the right model for a forward-looking company like ours, where so much is dependent on our people as individuals and the way they work together as a team," added Thomson.

"Rather than working for a small number of shareholders, everyone at R&T is now working for themselves and for each other. We are sure that our clients will see the benefit of this approach too. All the comments that we have had so far are incredibly positive."

Perega moves to EOT structure as part of corporate rebrand

Civil and structural engineering consultancy [Perega has become employee-owned](#), after rebranding and changing its name from Thomasons as part of a move to overhaul its identity, strengthening its focus on employees and clients.



Perega's shareholders believe the move to employee ownership will increase engagement and give staff more potential to collaborate and lead within the business.

Fraser Robb, managing director at Perega, said: "With foundations as a family business, we deeply value the people who make up Perega, including our team and our clients. We wanted to combine our history with a forward thinking approach. That's what this change is really about: ensuring the longevity, independence and reputation of the business so it can continue to provide high quality services."

"We recognise the benefit of encouraging and nurturing our people to help make the business better, rather than assuming the directors have all the answers. As such, we worked on improving communication, engagement and management. Becoming an [EOT] feels like a natural next step."

Design agency dn&co becomes employee owned

According to Joy Nazzari, founder of design agency dn&co: "For a creative studio, building a thriving business goes hand-in-hand with having an outstanding team."

"I am extremely lucky to have worked with such talented people over the last 14 years, and now is the time to share that success with those who make it possible by giving everyone at dn&co a stake in the business and a say in its future."

dn&co.

An [EOT will hold 100 percent](#) of the shares on behalf of employees.

dn&co specialises in place branding, and has created work for cities, neighbourhoods and cultural institutions such as the V&A, Here East – a tech centre on the London 2012 Olympics site – and the central London district of St. James's.

Helpful Book Company employees take ownership

The [11 staff at the Helpful Book Company](#), in Millom Cumbria, have taken over ownership of the company via a trust.

The business – which was founded by outgoing managing director Tim Wakeling in 2005 – sells books and online resources to help mainly older people get to grips with technology like tablets, smartphones and social media.

Tim, who is leaving the company to study and pursue his interest in entrepreneurship and employee-owned businesses, said "It's very similar to the way John Lewis works, the business will be owned by a trust we set up and that will be owned by whoever is currently working at the business.

They will effectively be in control and benefit from the company being successful."

He said if the business had been sold, it was likely the buyer would want to relocate, making it difficult for staff to keep their jobs.

"I am very interested in the whole area of employee owned businesses and studying how that works, with a view to doing some research at university," he added.

Laura Pattinson, who has been at the company 13 years and was its operations manager, will take over as managing director.

"Nothing is really changing," she said. "We are still the same people and the same editors and customer service staff.

Everybody who is employed at the time will reap the rewards as we all work for ourselves now.

It's very positive for the area. We have got so many customers who are so loyal to us and we are like a little family." Millom is a famous name in co-operative history - a misleading BBC report led to a national run on deposits. Now it is part of the Cumbrian rugby league hotbed.



WORLD NEWS

Jersey Finance launches New York office

[Jersey Finance](#) has opened its new office in New York as the crown dependency looks to enhance its visibility in the US and promote its proposition as a gateway to Europe for US alternative fund managers.

Ireland: Telfords Portlaoise proves that an Esop can make a company a winner

Telfords' [innovative employee share scheme](#) was cited as a major contributory factor in its being crowned national winners at the Octabuild Builders Merchant Excellence Awards 2019.

"The award would not be possible without the loyalty, dedication, commitment and the hard work from all our staff throughout the year. It was a team effort," commented Telfords' managing director Liam McEvoy in his acceptance speech.

France: Alstom announces the WE SHARE ALSTOM employee share purchase scheme

On November 13 [Alstom announced the launch of an employee share purchase scheme](#). This offering, proposed in 10 countries, aims to associate employees to strategic objectives and development of the group and follows the free share plan "We are Alstom" through which about 21,000 employees of Alstom worldwide became shareholders of the group.

South Africa: Tax agency issues ruling clarifying taxation of employee share ownership plan

The South African Revenue Service on October 23 issued a binding class ruling clarifying the taxation of employee share ownership plans. The ruling explained that: 1) administration costs incurred by the trusts are eligible for the deduction; 2) employees and trustees will act at arm's length; 3) consideration for share transfers will be at arm's length prices; and 4) dividends are exempt from normal tax, but subject to dividends tax. The ruling is valid for five years from April 16 2019. [South Africa, South African Revenue Service, 23/10/19] Reference: [View Binding Class Ruling No. 069/2019](#). [View Index](#).

South Africa: Clicks employees pocketed on average £18,500 each from its Esop

On average more than [7,000 of Clicks' employees received payouts of R355,000](#) (approx. £18,500) each over the past two years, the retail group said last month, in the final tally of a share scheme that ended in February.

That is not counting the much smaller pot of dividends they shared during the course of the seven-year scheme.

Clicks created the Esop in 2011 as part empowerment vehicle and part an effort to attract and hold on to scarce employees, specifically pharmacists and black managers.

Dubai: Saudi Aramco to make \$1 billion of shares available for employees

According to its IPO prospectus, Saudi Aramco is to [incentivise executives and other staff](#) members alongside the initial public offering (IPO) due to take place next month. Aramco will buy shares from the government and make them available for employees under special terms.

The prospectus talked of a "celebratory grant plan," implying that at least some of the shares would be given free to some of Aramco's 73,000 employees. Such share schemes are not uncommon in privatisations.

Aramco said it was considering introducing an employee stock purchase plan once it became a public listed entity.

US blog: Six ways under the Tax Code to defer or pay no Capital Gains Tax

American employee shareholders with capital gains have many ways to reduce the impact. They are spelled out in the [myStockOptions blog](#).

Meanwhile the Centre-supported Voice of

Employee Shareholders is looking for former British employees of French companies who may lose their rights under the Loi Eckhart. Contact VES member Robert Scallon via the Centre.

US: Ohio energy company becomes employee-owned

Utility Technologies International Corp, a company in natural gas pipelines and infrastructure, has completed a [transition to employee ownership](#).

The company, founded by ceo Richard "Dick" Dickerson in 1992, is now controlled by the 69 people who work there.

Several of UTI's former shareholders will stay on as management in the company. But as he was considering succession planning, Dickerson said he saw an employee stock ownership plan "as a way to not only capitalise on their investment but ensure the cultural legacy of the company."

"Once we understood the benefits available to us and our employees it was clear this was the best path forward," Dickerson said.

Employee ownership in the US is a retirement plan that allows employees to have an ownership stake in the firm through a qualified trust. First used in 1974, Esops had been adopted by 11,000 companies across the US, including more than 300 in Ohio, by 2015. In practice, they encourage companies to stay rooted in a single place and keep employee turnover low because they reward tenure with greater financial stakes.

US: Columbus architecture firm transitions to Esop

Last month, the urban design, planning and landscape architecture firm, [MKSK Inc](#) completed a transition of its [ownership structure to an employee stock ownership](#)

[plan](#). That means its 100 employees, split between Central Ohio and six regional offices around the country, are now its owners.

"It's an opportunity for us who established the firm to begin to transition the leadership and ownership of the firm to those who helped us get here, which is our staff," ceo Brian Kinzelman said. "As we look across the organisation, we wanted to make sure we have a generational transition for the company, and this is a great investment that will help us attract and mentor and develop more young talent and build experience. We have a tremendous retention rate and pay a lot of attention to that, we are all about the culture of the place," he added. "You're working for yourself and not someone else this way, it's a collective ownership and brings a certain equity and a feeding of an entrepreneurial spirit."

Centre associate and Esop specialist [Menke & Associates](#) advised MKSK in the business transition.

US: Employee ownership in Title Alliance doubles with rapid growth

Title Alliance, which has 40 joint ventured title insurance agencies across the US, has announced it has [doubled the percentage of the company owned by its team members](#) through the company's Employee Stock Option Plan Trust

Title Alliance is now 40 percent employee owned, which is double where the company was at the start of 2019. Title Alliance's Esop includes important benefits such as a strong retirement plan with no out-of-pocket contributions, job stability and pride in ownership for the team members who dedicate themselves to achieving the company's vision. The Esop was first established in 2014.

"Our employees are the lifeblood of our company," said ceo Jim Campbell. "Being in

the partnership business, it only seemed fitting that they have a stake in our success.”

Esop member, Kimberley Olshefski added “Title Alliance is a great place to work, but it means even more knowing that as one of the employee owners of the Esop Trust, my future is positively impacted by the company’s success. Knowing that, I am more committed than ever to assure that each customer receives exceptional levels of attention and service.”

Why Unilever is shaking up the archaic way people are paid

Recent *newspad* award winner Unilever has had its ups and downs since it began in the 1800s, most recently last year when irked shareholders forced it to abort a plan to ditch London as one of its two head offices and opt for Rotterdam alone. But a year ago, it quietly [began an experiment on employee pay](#).

Peter Newhouse, Unilever’s global head of reward, has long thought the traditional package of a fixed salary and one-size-fits-all benefits is “archaic”. He thinks it would be better for both workers and businesses to tailor pay according to people’s needs.

To test the theory, Unilever last year selected about 200 staff in the UK, the US and the Netherlands. Some were middle managers, others had no supervisory role. Each was told they could join the executive share scheme and then, if they chose, shift the balance of their pay to take more or less of it as a bonus. The outcome was that 20 percent decided to put their entire bonus into the executive scheme and 20 percent chose to shift the balance of their fixed and variable pay. Twice as many people on higher salaries chose to shift the balance of their pay, compared with those on lower pay, and all the better-paid people went for

more bonus. Of the lower paid staff who shifted, 90 percent chose more fixed pay, the common sense solution in their circumstances.

Mr Newhouse says the test showed people like being given more of a choice on pay. But the idea also relies on something many companies lack: a trusted performance review system. No one is going to give up a guaranteed salary for a performance-related bonus if they do not trust managers to assess their work fairly.

Mr Newhouse is keen to keep looking at ways to make pay more flexible. If an employee has a partner at another company with full medical cover, for example, it might make sense to swap that benefit at Unilever for a higher salary or bonus. Either way, he does not see a future for the traditional pay package people cannot personalise. “It’s quite Dickensian,” he said. “I’m convinced that when we look back in future at what we do now we’ll think, ‘My goodness me, why did we do that for so long?’”

China: Huawei's huge bonus

Huawei, which is 99 percent employee owned will pay out Rmb2bn (\$286m) [in bonuses](#) as a reward for helping the world’s largest telecoms equipment maker counter US sanctions imposed by the Trump administration.

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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