



EVENTS—STILL TIME TO CATCH THE EARLY-BIRD

Employee share schemes and trustees 2021 – still time to catch the early-bird

This year's Esop Centre employee share schemes and trustees conference, held in partnership with STEP Jersey, will be hosted on-line on Wednesday **December 1 2021** from 10:30am.

The event comprises a 90 minute live virtual conference, where **Lisa Springate, head of legal and technical at Jersey Finance** will set the scene with the keynote address. Then the speaker panel will discuss their presentation topics, with delegates able to interact live, followed by breakout discussion groups for all participants. Plus, participants will have access to supporting material, featuring the speakers' pre-recorded presentations, which will be released to participants a week before the live panel session.

With the international reach of trustees and the growth in the establishment of employee ownership trusts, it has never been more important for those interested in employee share schemes and trusteeship to stay informed with expert views and enjoy the continuing education which our conferences and seminars offer.

The programme is drafted to provide relevant technical information, which we trust will be acceptable as counting towards your Continuing Professional Development or Continuing Competence.

The programme will include talks on: *Recent changes in UK tax laws: court and tribunal decisions and the Finance Bill 2022; The rise of Employee Ownership Trusts; The Common Reporting Standard – what happens to the data within HMRC?; Round-up of the most common new structures in Jersey; Hot topics in employee share plans*, among legal, tax, and regulation updates.

Share schemes experts on the panel include: David Pett, barrister, Temple Tax Chambers; Elaine Graham, director, Zedra Guernsey; tax expert Paul Malin of PMC; Katherine Neal, head of employee incentives at Ogier; Graham Muir, partner, CMS and David Craddock, founder and director, David Craddock Consultancy Services.

Prices: Esop Centre/STEP members: £125 - Non-members: £195.

Early-bird offer: Book and pay before October 31 2021 to claim one of the following early-bird discounts:

- ◆ For one to three places: deduct **20 percent** of total order.
- ◆ For bookings of **four or more** places: deduct **25 percent** of total order.

To reserve your place email esop@esopcentre.com or call the team on +44 (0)20 7562 0586.

Webinar: Esop Sofa- newspad review IV – November 18

In our next newspad review webinar, Global Shares' Darren Smith will chair a panel of share schemes experts for in depth discussion of their pick of articles featured in recent editions of "It's Our Business", newspad of the Esop Centre. Details to be announced, but registration is open.

Here is our library of broadcasts:

Innovative Tax Techniques For Employee Share Schemes; Share Schemes For Non-Employees & The Gig Economy; Esop Sofa: Hot Topics In Employee Share Ownership; Building Back Better With Your Employees Through Shared Ownership ; EOTs: The Credible Alternative To Succession; 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

Law firms launch wellness schemes to reduce burnout and retain talent

According to the *Financial Times*, international law firms are **launching wellbeing programmes** and taking steps such as hiring “burnout advisers” to hold on to staff as a boom in deals activity stokes a war for talent.

Centre member Baker McKenzie is among those to have introduced programmes to improve staff mental health and stem exits.

Law firms have been deluged with work in the past two years thanks to record M&A volumes and an impending rush of litigation generated by the Covid crisis. The resulting demand for talent has led to a pay war for junior lawyers, exacerbated by higher rates of attrition than before the pandemic.

A study by legal mental health charity LawCare published in September found that almost 70 percent of lawyers surveyed between October and January had experienced mental ill health in the previous 12 months. Almost 30 percent of participants said their work required them to be available to clients 24 hours a day, while 12 percent said they averaged fewer than five hours' sleep a night.

What can business learn from entertainment?

A PwC panel discussion on **changing expectations of work** concludes: To attract future generations of talent who are used to flexibility and choice in every other aspect of their life, organisations must change the way they work. And as they change, they would be wise to learn from how the entertainment industry has transformed to give consumers greater choice and personalisation.

Organisations must think about careers in the same way entertainment companies plan a successful series, with regular twists and turns and consistent development for key characters. Employees don't want their work life to be the same ‘episode’ every day. Many want to feel progression and development as their own story unfolds.

Employers can no more dictate that their people keep working for them than entertainment companies can dictate that customers must watch their latest series. Instead, they must focus on creating experiences that people want to be a part of.

CMS China: PRC Personal Information Protection Law update

Adopted by the Standing Committee of National People's Congress on August 20 2021, the **PRC Personal Information Protection Law (“PIPL”)** will take effect as of November 1 2021. It is the first comprehensive and specialised legislation regarding personal information protection in China. Panpan Tang and Spring Zhu provided a brief of the PIPL.

JTC acquires us-based SALI fund services

JTC announced the **acquisition of SALI Fund Services**, a US-based provider of fund services to the Insurance Dedicated Fund and Separately Managed Account market.

Founded in 2002, SALI provides a sophisticated turn-key solution for the creation and administration of IDF's and has over \$15.8bn of Assets under Management.

The acquisition of SALI, combined with the recent acquisitions of NES Financial in 2020 and Segue Partners earlier this year, advances JTC's strategic objective to strengthen its presence in the US.

KKR's Joseph Bae, Scott Nuttall succeed founders as co-ceos

KKR said last Monday (October 11) it has **elevated its co-presidents** Scott Nuttall and Joseph Bae to co-chief executive officers, succeeding the storied private equity firm's billionaire co-founders Henry Kravis and George Roberts.

KKR had named Bae, 49, and Nuttall, 48, as co-presidents in 2017. KKR said on Monday that Kravis, 77, and Roberts, 78, would remain involved in the running of the firm as executive co-chairmen.

KKR's strong interest in employee share ownership will be unaffected by the change.

In addition to its leadership changes, KKR will take steps to eliminate its dual-class share structure.

KKR ESG, Impact, and Citizenship report

KKR **looks back at 2020**, commenting that following an “unprecedented” year, “our commitment to being a responsible investor was more important than ever.”

What happens if the Employee Ownership Trust sells the shares?

Wrigley's Solicitors' Mike Ford and Malcolm Lynch **consider the implications** for the previous owners, the Trust and the employees on the onward sale of the shares in the trading company.

Congratulations!

Pinsents, Travers Smith and easyJet the big winners at Legal Business Awards

The **2021 Legal Business Awards** returning as a live event following the pandemic, brought together 600 guests in Covid-safe conditions September 30.

Pinsent Masons was crowned Law Firm of the Year for a third time, with judges

impressed by the firm's desire to match strong financial performance with its commitment to ESG principles, client handling and innovation.

Travers Smith, meanwhile picked up two awards – CSR Programme of the Year and David Patient, who led the firm with distinction as managing partner until handing the baton over in July, was named Management Partner of the Year.

Newspad Awards 2019 winner easyJet was recognised as Maakie de Bie was named general counsel of the year while her legal team had a strong night overall. The airline also came Highly Commended in the In-House Team of the Year category, while Rebecca Mills was Highly Commended in the Rising Star In-House Counsel of the Year category.

White & Case celebrates 50 years since founding its London office

Speaking about the Firm's 50th year in London, office executive partner Melissa Butler said: “We're very proud to be celebrating such a milestone this year. The London office of White & Case opened with two lawyers in 1971, although the Firm's involvement with London dates back to the 1940s. It was understood by the Firm's leaders that a presence in London – a key financial hub and a centre for English Law – was essential for the continued growth of the Firm. Over the next five decades, the London office developed to become one of the largest law firms in the UK in terms of annual revenue, and recognised as the number one US-headquartered law firm advising UK listed companies. The achievements of the London office are a testament to everyone who works here today and who has been a part of our story over the past five decades. We look forward together to writing the next chapter in the success story of White & Case in London.”

MEMBER'S EVENT

White & Case capital markets ESG week – seminar series October 18-22

In the lead-up to COP26, White & Case's capital markets practice will present a series of seminars focused on the ongoing implementation of ESG as a core principle across capital-raising instruments. Details and registration at: <https://whcs.law/3zGnU8q>

UK NEWS

Government is urged to close a loophole in employee ownership trusts that avoids tax

The Chartered Institute of Taxation has said the **chancellor should clamp down on the abuse of a tax break** designed to encourage employee ownership that is being used to sell businesses without incurring any tax, as reported in *The Times*.

Employee ownership trusts were created in 2014 by the Treasury to encourage businesses to convert to employee ownership. Research had shown that employee-owned businesses had more engaged and more productive workforces.

As an incentive the government removed the cap on Capital Gains Tax charge for selling a company to a trust.

In its **submission on enhancement and anti-abuse measures, funding and other tax issues**, CIOT warned: "Although there remains strong support for the principle and broad outline of the EOT reliefs, there are certain issues with the EOT provisions that appear to create costs for all parties, risks to the revenue and to give only limited prompts within the legislation to the employee engagement from which

many of the benefits of employee ownership are understood to derive."

STEP report reviews the social and economic benefits of trusts

Trusts are often misunderstood in the UK. They are often perceived as no more than a tool to evade tax with their use limited to the highest echelons. Since this reputation is damaging and threatens the continuing existence and use of trusts in the UK, the Society of Trust and Estate Practitioners commissioned a report to **review the social and economic benefits of trusts**. STEP's aim is to 'open the curtains' by addressing common misconceptions and highlighting the positive benefits of trusts. While the report had a worldwide focus, **this article**, first published in *Trusts & Estates Law & Tax Journal* in September 2021, reviews and summarises the UK perspective.

Aon announces United Growth employee compensation plan

Aon has announced **its United Growth Ownership Plan**, through which its employees will receive either stock options or cash-settled performance units, the value of which will be determined by the broker's growth as a company.

Tech investors should start backing worker-owned co-operatives

According to Co-operatives UK **a new class of highly resilient, tech-powered companies** is emerging with a different model from the norm. Worker-owned co-operatives are growing in number in Europe and proving more resilient than regular startups. Over three-quarters of them survive their first five years, compared with 50 percent of other startups.

For co-operatives that are able to attract investment, the all-time survival rate goes up to 92 percent. Worker-owned co-ops cover all sections of the economy, from community-owned pubs to supermarkets and sports teams.

WORLD NEWS

Canada: A policy idea that's gaining political traction: employee ownership

The Globe and Mail reports that major political parties in Canada are starting to embrace policy reform that would allow private companies to transfer ownership to employees, making the idea a potential area of co-operation in the new minority government.

While employee ownership is common in the US and UK, and is associated with better company performance, stronger job protections, higher levels of job satisfaction, and potential to reduce wealth inequality, along with being a viable option in exit strategy planning; the trouble is that there are several legal obstacles to instituting such ownership structures in Canada, including the fact that Ottawa doesn't allow trusts to engage in leveraged buyouts on behalf of employees. But increasingly, it appears that politicians are willing to rewrite the tax code.

In its spring budget, the Liberal government said it would "examine" the barriers to creating EOTs. The Conservative Party recently went a step further. In its election platform, it pledged to allow the trusts to be established. And the party said that it would impart a tax advantage to sellers.

China Evergrande's EV unit grants share options to directors, 3,000 plus employees to 'promote and support' development

The electric vehicle (EV) unit of China Evergrande Group, the world's most indebted developer, has granted share options worth HK\$1.26 billion (US\$162 million) to directors and employees in a bid to "promote and support" the company's development, according to a filing on September 21.

A total of 323.72 million share options were granted to three independent non-executive directors and around 3,180 employees of China Evergrande New Energy Vehicle.

India: Mobikwik sets aside seven percent of its equity shares for employee stock options

One MobiKwik Systems owned Digital payments platform MobiKwik, which has filed its draft red herring prospectus (DRHP), announced last month that the listing will provide a wide range of benefits to its employees through Esops. The company has set aside 4.5 million equity shares under its Esop 2014 Scheme to create a pool of Esops for the benefit of eligible employees.

Tide employees to cash in

Tide, UK based business financial platform, which began operations in India in 2020, recently facilitated the secondary sale of Employee Stock Ownership Plans to investors for its employees in India, Bulgaria and the UK, following its recent Series C funding, due to oversubscription. Approximately 50 percent of all permanent employees have been allotted Esops at various levels across all departments.

Liza Haskell, chief administrative officer, Tide said, “Due to our oversubscribed Series C round, we had enough investor interest to give Tideans (employees) an opportunity to sell a portion of their vested shares to investors.”

These shares were across all departments but varied by levels in each division. Considering the complex nature of the secondary share sale programme, Tide held in-depth training to help employees assess the options available to them. Tide also covered the financial advisor and processing fees for those who chose to sell their vested shares.

India: Persistent launches one of the most inclusive employee stock option plans in the global IT services industry

Persistent Systems, a global leader in Digital Engineering services, announced the **extension of its Employee Stock Option Plan** to a large section of its global employee base. The ESOP will reward employees for the resilience they have shown during the last two years. Approximately 80 percent of Persistent’s employees are expected to be covered under this plan.

Anand Deshpande, founder, chairman, and md, commented "In our 30+ year history, Persistent's culture has been committed to supporting the career growth and aspirations of our team. This announcement reiterates our commitment to inclusivity and shared access to long-term financial benefits for our global Persistent team."

EOT ROUND-UP

- ◆ Bespoke civil and structural engineering consultancy firm **Christie Gillespie Consulting Engineers**, realises a life’s goal in adopting employee ownership trust.
- ◆ HR consultancy network **The HR Dept** will be owned by an EOT from November 1.
- ◆ Civil engineering contractor **Ground Construction** has moved over its equity to an Employee Ownership Trust.
- ◆ **DXW**, an agency that designs, builds and runs digital public services, has sold a majority of its shares to an EOT.
- ◆ Cable manufacturer **ICS2** ties the employee-ownership knot.
- ◆ Timber merchant and engineered timber systems producer **Harlow Bros** announces plans for EOT.
- ◆ **Pennard Vets** has become an EOT, making it the largest veterinary practice in the world to become employee-owned.



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ABOUT NEWSBRIEF

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