



EVENTS:

YOU ARE INVITED TO TAKE PART IN SEPTEMBER 25 WEBCLAVE

Jersey conference 2020 postponed

Updated government guidance on events and gatherings in Jersey, issued on September 1, and in particular the rule on off-island visitors, made it impractical to go ahead with the seminar as planned on September 25. Fortunately, we shall be able to re-schedule at the Pomme d'Or hotel, and a spring 2021 date will be announced.

Experts, including: Katherine Neal, Ogier; Graham Muir, CMS; David Pett, Temple Tax Chambers; David Craddock, David Craddock Consultancy Services and Paul Malin, Haines Watts, will present an updated programme, and Rt Hon. Mark Field, who was a strong supporter of the Crown Dependencies when a Minister of State at the Foreign and Commonwealth Office, will be guest of honour.

First Esop Centre Webclave - 09:30am

September 25: In the meantime, we have arranged a virtual networking event for Centre members. The 70-minute event will be chaired by Professor Michael Mainelli and after a few words of introduction from guest of honour the Rt.Hon. Mark Field, delegates will be invited to break into discussion groups and to ask questions of our participating Eso experts. Email juliet_wigzell@zyen.com if you would like to take part.

British Isles share plan symposium: March 24

The Centre's fourth annual share plans symposium and *newspad* awards presentation will take place on Wednesday March 24 2021 in central London. Delegates from share plan issuer companies are welcome to attend FREE OF CHARGE. The revised programme will be as posted on the Centre website for the original event with topic slots updated.

Our thanks to Ocorian, the independent provider of corporate and fiduciary services, for sponsoring the symposium. Ocorian offers guidance on installing and operating employee equity schemes in companies of all sizes.

A challenging programme segment dealing with executive remuneration, post pandemic, is tabled too. Speakers wishing to update their presentations should inform Fred Hackworth at: fred_hackworth@zyen.com. For all other enquiries about this event, contact Juliet at juliet_wigzell@zyen.com or call +44 (0)20 7562 0586. Admission prices will remain as advertised: £395 + VAT for delegates from member practitioners and £595 for non member practitioner delegates.

WEBINARS

Employment-related securities: the complexity unravelled into practical application

September 17, 12:00 noon

The **employment-related securities legislation** contains essential tools for employee share scheme development and implementation. Far from limiting employee share scheme activity, a proper understanding of the employment-related securities legislation opens a vista of tax planning opportunities for practical application.

In this webinar, employee share schemes expert, David Craddock breaks down these complex concepts into understandable language, drawing upon his 35 years plus experience in employee share schemes and involvement with government committees at the time this highly influential legislation was developed and first implemented.

Esop Sofa – hot topics

September 28, 16:00

In a reprise of the well-received June 4 webinar, YBS Share Plans' Darren Smith will discuss the burning questions of the day with share plan expert guests on his virtual sofa.

Institutional investors' views on the use of share plans: focusing on the use of share plans during the continuing pandemic.

October 6, 11:00am

Share plan and employee incentives specialists Fleur Benns and Lynette Jacobs will discuss the use of **employee share plans amid the economic fall out of the continuing pandemic**. Their talk will give an insight into institutional investors' thoughts on share plans and how the views of institutional investors impact on their operation.

Selling your company to an EOT - how it differs from an MBO

October 15, 11:00am

Employee Ownership Trusts (EOTs) provide an attractive new exit route for retiring entrepreneurs.

William Franklin, a leading adviser on the valuation, accounting and financial aspects of all forms of remuneration, incentive and employee share schemes, will explain how they actually work and how they differ from MBOs.

Here is our library of broadcasts:

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 AND MEMBER NEWS

Employee ownership, the wealth gap, and the current crisis

NCEO's **Corey Rosen** writes in *The Hill*:

“Sen Ron Johnson (R-Wis), one of the most conservative members of Congress, and Rep Alexandria Ocasio-Cortez (D-NY), one of the most liberal, have both introduced sweeping proposals to broaden employee ownership in the US. That surprising fact testifies to just how practical—and urgent—this idea is.

Too many Americans have too little wealth. This lack of access to wealth is economically, socially, and psychologically devastating. Wealth means options; wealth means security; wealth means we can plan for the future. With wealth, we can send our kids to college, take a chance on a new job or starting a business, handle an emergency, and much more.”

Six reasons why agencies should consider employee ownership

In the past five years, a growing number of **agencies and professional firms have become employee-owned**, RM2's Nigel Mason writes in *PR Week*.

Rewarding workers with company shares during the pandemic

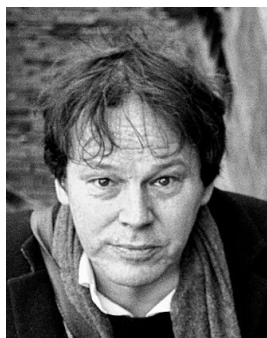
In an opinion piece for *Plansponsor*, Computershare's Sheila Frierson discusses five factors to consider for **rewarding front-line employees during this period of economic difficulty**.

“We know that many businesses in the retail and logistics sectors are actively looking at ways to help front-line and hourly paid staff, many of whom are experiencing difficult working conditions and a greater impact on their finances as a result of the pandemic. Companies also want to ensure that employees continue to feel valued and appreciated during this very difficult period.

“Wage increases, cash bonuses and additional paid time off (PTO) can provide short-term motivation and help retain employees during tough times, but many companies are also looking for ways to reduce their own spending.”

Remembering David Graeber

David Graeber (1961–2020), the radical anthropologist and author known for his work on debt and “bullshit jobs,” movement politics and direct action, died on September 2 at fifty-nine.



David Graeber in 2015

Graeber, as many have said, was a rare activist academic, an anarchist as invested in organising as in scholarship. The child of working-class parents in New York, he showed an early interest in Maya hieroglyphics and went on to study anthropology. He participated in anti-globalisation protests in the 2000s, against the IMF and WTO, and in 2011 he helped to start Occupy Wall Street. After being controversially denied promotion by Yale University, Graeber taught at Goldsmiths College and at the London School of Economics. At the time of his death, he had just finished a history of social inequality spanning the last four millennia, co-written with the archaeologist David Wengrow, who also wrote a remembrance for the (the New York Review of Books) Daily.

UK NEWS

HMRC publishes research on tax qualified plans

HMRC has made a welcome attempt to understand the reasons why share schemes are (and aren't!) popular among employers, intermediaries and employees.

The research, carried out for HMRC by researchers IPSOS/MORI, is qualitative so we are only looking at a small number of opinions, some partial and some uninformed. However this in no way detracts from the value of the initiative.

TASS is a new word for our lexicon, standing for Tax Advantaged Employee Share Schemes. It is new but useful in that it corrals all the share schemes where, via HMRC, the government is directly aiming to influence behaviour through throwing taxpayers' money at it.

Because of the separation of powers between HMRC and ministers, it has lacked access to nudge, the currently fashionable approach to behaviour. The research is timely because the TASS schemes are increasingly challenged by newer ideas and, from the US, the arrival of share plans such as RSUs which some find more efficient.

Share schemes in the UK date back to an era when pensions were sacrosanct. Equity rewards were therefore additional to wages and pensions. Now pensions are far from sacrosanct.

With the comfort of pensions in the background, equity rewards via share schemes were essentially an introduction to the value of risk taking, that pill sweetened by the savings element of ShareSave.

The **important element in HMRC's new demarche is the promise to take the qualitative work forward**. There is scope for a new path in our different times.

Let your employees cash out — it's good for everyone

Startups are taking **longer than ever to exit**. The time taken to reach a merger, acquisition or initial public offering for venture capital-backed technology companies has risen dramatically from a median period of seven and half years in 2006 to almost 11 years in 2018.

That means that founders and employees can wait over a decade for access to liquidity. Add Covid-19 into the mix and that wait is only going to get longer. The question is, can, or even should, businesses expect workers to wait that long when their companies perform well?

Lords consider mass unemployment risks

The House of Lords Economic Affairs Committee took evidence from the TUC and others this month as it examined the effects of Covid on the labour market, and what action is needed to protect jobs.

The TUC, CBI, OECD and others will be giving evidence at the inquiry, which began by looking at government interventions such as the CJRS – and whether they should be extended.

The evidence sessions which took place at 15:00 on Tuesday September 8 can be viewed on [Parliament TV](#).

Pandemic will accelerate employee ownership drive

The disruption of the Covid-19 crisis has been of sufficient magnitude that many companies have had to rethink business plans and strategies in ways unimaginable less than six months ago.

In an opinion piece for *The Herald*, Stuart Brown, head of branch and business banking at Barclays, discusses the challenges that have emerged during the last few months, the likes of which have never been seen before. Many businesses have been resourceful, interrogating new opportunities and exploring different business models – seeking out

solutions so that they come out the other side in better shape for the challenges that lie ahead. One approach which the **pandemic has shone a light on is employee ownership**.

Ashley's staff given £100m incentive

Unfailingly controversial **Mike Ashley has come up with new equity incentives** at Frasers Group, formerly Sports Direct. Catching the spirit of the times they can reach contractor staff as well as direct employees in a move which recognises changing business structures.

Employees have good opportunities too to gain substantial rewards if conditions are met. Towards the top instant wealth is achievable.

The ask is not straightforward so consistently good comms will be needed to keep the goals clear.

Higher ranked employees can qualify for bonuses of between £50,000 and a million. The share price would almost need to treble.

WORLD NEWS

USA: Unidentical twins

Restricted stock and restricted stock units are now the **most popular type of equity compensation** in the USA, according to [mystockoptions.com](#). RSUs in particular are the most frequently granted equity awards in public companies. Restricted stock/RSUs may be granted instead of or in combination with stock options, which continue to be a major type of equity award but have declined somewhat over the past decade.

However, many people, even financial advisers, are now inaccurately calling RSUs "restricted stock" or even "restricted securities". But the three things are far from the same, as [mystockoptions](#) explains. RSUs are likely to grow in UK popularity too so we recommend a crash course in what are tagged the "unidentical twins".

USA: Siebert Corporate Services to offer Carver Edison's Cashless Participation™ for stock plan services

Siebert Financial Corp. and Carver Edison **announced a new partnership** to offer Carver Edison's Cashless Participation to Siebert's stock plan clients. This partnership provides current and future Siebert Corporate Services clients a powerful new tool in stock plan participation. Cashless Participation will help employees maximise their contributions to their company-sponsored stock plans without additional payroll deductions.

USA: Applewood Seed Company announces employee stock ownership plan

Gene Milstein, founder, and his wife, Dee Milstein, co-owner of **Applewood Seed Company**, **announced the formation of an employee stock ownership plan**, transferring significant ownership of the company to current and future employees.

As part of a comprehensive succession plan, the Milsteins formed the Esop to implement their goal of keeping Applewood Seed as a privately-held business. The Esop is designed to supplement the extensive Applewood Seed employee benefits programme which includes Profit Sharing, 401(k) contributions and a generous health plan. The officers of the company will continue to be Gene Milstein as president, Norm Poppe as ceo and Ryan Guilford as coo.

USA: SimVentions completes transfer to employee stock ownership plan

SimVentions has announced that the company completed **the transfer of its ownership from existing shareholders to an employee stock ownership plan**, it reported on August 14.

"The plan has several objectives," said ceo Larry Root. "First, to provide ownership of the company to those that build and execute the work of the company; second, to provide a significant retirement benefit and a reason to want to make the company more successful; third, to provide a tool to motivate, retain, and attract employees; and finally, to create a market for the transition of equity from the current shareholders without a sale to outside interests."

South Africa: SA Express staff make daring bid to buy the airline to save their jobs

In an echo of Britain's Esop history the staff of **SA Express airline in South Africa** are making a daring bid to buy their airline. It was a story in the Financial Times about four unions in the United States who aimed to buy Frontier Airlines that led to esops reaching Britain. Although it blazed the trail the Frontier bid did not end well. The unions made concessions for the deal to be able to work but a third party stepped in to walk away with the prize.

Canada: Rogers engages staff in retirement savings amid plan design changes

In considering changes to its retirement savings programmes, Rogers Communications Inc. is generally focused on three main internal and external factors: regulatory changes, employee feedback and demographics, reported *Benefits Canada*.

The organisation has four defined benefit plans, four defined contribution plans, a registered retirement savings plan, **a tax-free savings account and an employee share plan**. According to Mureth Rhone, senior manager of benefits and wealth programmes, the combined assets in these programmes is currently about \$3 billion and close to 80 percent of its 25,000-strong workforce is enrolled in one or more plans.

Netherlands: Signify share repurchase periodic update

Signify, a world leader in lighting, has announced that it has **repurchased 111,740 shares in the period August 10 to August 14, 2020**. The shares were repurchased at an average price of EUR 27.99 per share and an aggregate amount of EUR 3.1 million.

These repurchases were made as part of the company's repurchase programme, which was announced on July 30 2020. Signify will use the shares to cover obligations arising from its long-term incentive performance share plan and other employee share plans. The total number of shares repurchased under this programme to date is 370,748 shares for a total consideration of EUR 9.8 million.

India: Zomato plans to file for IPO in first half of 2021

Online restaurant guide and food ordering platform **Zomato plans to go for an initial public offering** (IPO) in the first half of 2021, its founder and ceo Deepinder Goyal told employees on September 10.

Goyal said: "The value of our business is going up dramatically, all thanks to the hard work and commitment of our team. We hope to create a lot of value for our current employees who have Esops sometime in the next year.

"A number of ex-Zomans are doing their own startups etc., and wanted to sell their Zomato employee stock ownership plans. We have been able to help them in that process. In total, our ex-employees have sold almost USD 30 million (around Rs 225 crore) worth of shares to investors," he added.

Australia: AMP's fall is a bad day for Australian icons

According to *Financial Review*, at the beginning of the month, Debra Hazelton, AMP's fourth chairman in four years, threw up the "for sale" sign across the wealth management group. It was a week after the resignation of David Murray and AMP Capital chairman John Fraser and the demotion of AMP Capital boss Boe Pahari, who'd been promoted in July despite a \$500,000 penalty in the 2018 settlement of a sexual harassment claim brought by a female subordinate.

A recent portfolio review, which will allow potential buyers to make formal bids for bits of the company, could break up the 171-year-old AMP.

AMP shares traded at an average price of \$24.59 when the company listed on June 15, 1998. On September 7 2020, the stock closed at \$1.59, a fall of about 95 percent. **Employees who bought into the \$1000 share plan**, introduced by ceo Francesco De Ferrari in late 2018, to help boost morale and encourage a turnaround in the company's fortunes, have lost about \$300 so far.

EOT NEWS

Brands2Life has become the biggest UK PR agency to become majority employee-owned

Communications agency **Brands2Life has given its 140 employees part-ownership** of the business, using an employee ownership trust.

Co-founders Giles Fraser and Sarah Scales said: "We have always said that our staff are our biggest and most important asset, that is why we put them into our corporate identity two years ago, so this move will enable us to further reward and motivate everyone here.



"It also gives everyone at Brands2Life even more opportunities to contribute to the performance and future growth of the business. At a time when agencies are being challenged more than ever, we think that collective ownership gives us the best possible platform to grow and thrive in the years ahead. In our 20th year, we are really pleased that we're able to take this next step."

Damia Group launches employee ownership trust

The 15 employees at specialist IT recruitment firm **Damia Group now control 100 percent** of the shares within the business.



Chris Bardoe, founder at Damia Group, said: "Many of our team have worked for us for a long time, and some of them have been with us since the business was established in 1995. Employee ownership roots these jobs in the region for the longer term."

Huxley Golf puts trust in employee ownership

Specialist supplier and installer of all-weather surfaces for golf, **Huxley Golf is now owned by an Employee Ownership Trust**, following the Huxley family's decision to provide for the long-term future of the business.

Director Paul Huxley commented: "My father founded the Huxley company nearly seventy-five years ago in 1946 and it has been a very successful family-owned business ever since, largely because we've always been blessed with amazing staff. The creation of our Employee Ownership Trust will ensure that, for many years ahead, the Huxley Golf business will retain its independence, culture and values built up over decades, as well as providing long term stability for staff, distributors, suppliers and customers."

Huxley Golf

Premier All-Weather Surfaces for Golf

"This new and exciting chapter in Huxley Golf's growth could not have happened without the company being financially strong, with an excellent track record, enviable reputation and first-class team. I am grateful to our three new directors and to all staff for their support for this important step in the Huxley Golf journey."

ROADCHEF ROUNDUP

A round-up of recent press coverage of the Roadchef employee benefit trust scandal:

Death of the whistleblower who fought boss for workers' £10m

Renewed calls for end to decades-long 'struggle' over bonuses at Killington Lake services

Former staff at Pont Abraham Roadchef suffer set back over shares pay-out

Roadchef shares scandal widow demands action by UK government

Government urged to end share scheme struggle for Sedgemoor Roadchef workers

At least 250 Northampton and Watford Gap Roadchef workers close to getting significant pay-outs after 34 years

Kent MP Helen Whately helping workers at Maidstone Roadchef service station on the M20 who are still waiting for payout

Roadchef workers campaigning to receive payment after 30 years

Strensham Roadchef workers campaigning to receive payment after 30 years

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:

T: +44 (0)20 7562 0586

E: juliet_wigzell@zyen.com



Z/Yen Group Limited t/a The Esop Centre. Registered office: 41 Lothbury, London EC2R 7HG. Company number 2965552 England

+44 (0)20 7562 0586 | esop@esopcentre.com | www.esopcentre.com