

August 2024

## Share schemes & trustees conference Guernsey 2024

The Esop Centre is set to return to Guernsey for its **annual conference on employee share schemes and trustees**. Held in conjunction with STEP Guernsey, we look to emulate the success of the 2023 event, building on the achievements of this industry-leading networking and learning opportunity. The seminar will be on the morning of **Friday November 8** at the Old Government House Hotel, St Peter Port.

To reserve your place, email:  
[events@esopcentre.com](mailto:events@esopcentre.com)

We are putting together a programme of talks from expert speakers, who will address the key issues currently facing trustees and employee share scheme professionals.

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

Presentations will run from 09:00 to 13:15 (approx.), followed by a networking lunch for delegates and speakers.

Don't miss this great opportunity to update your knowledge.



Guernsey Les Hanois Lighthouse Photo by Enrapture Captivating Media on Unsplash

**Tickets:** Book early to secure discounted ticket prices:

Esop Centre/STEP members: **£380**/each  
(if booked before 04 October 2024. £420 thereafter)

Non-members: **£485**/each  
(if booked before 04 October 2024. £538 thereafter)

**Multi-booking discount: 50% off** cost of ticket for your **third delegate**.

To book, email [events@esopcentre.com](mailto:events@esopcentre.com)

## Sponsorship opportunities

We are pleased to be able to offer the following sponsorship opportunities to Centre members for the Guernsey conference:

### Headline sponsor

The benefits will include mention in all the pre and post event publicity and promotion including mention of the sponsorship in Centre monthly publications *newspad* and newsbrief; company logo displayed on the event web page; a brief welcoming address to the participants; and inclusion of materials with the delegate pack. The sponsor will also be named on event signage produced.

### Lunch sponsor

The lunch sponsor will be invited to address the delegates at the end of the morning's session and, if desired, to make a comment on the morning's proceedings and developments in the market. The lunch sponsor will also be named on event signage produced and may include materials in the delegate pack.

Please contact the [esop@esopcentre.com](mailto:esop@esopcentre.com) for further information.

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## EVENTS

### The employee voice – webinar Nov 19

Employee share schemes expert David Craddock will consider the empowerment of the employee voice through employee participation. His talk will include a case history and the principles developed to promote wider involvement in the company. David's deliberations will feature employee representation, workers' groups and the voting rights of employee shareholders.

The 25-minute talk will be followed by a Q&A session, so have your questions and comments ready for David on Tuesday November 19 at 15:00 (GMT). [Register now to take part in the webinar.](#)

## CENTRE AND MEMBERS NEWS

### How to implement an employee share plan as part of the IPO process

EQ provides a case study on [employee share plans when transitioning to a listed company](#). The case study outlines steps such as planning early, picking the right structure, sourcing shares, communicating with staff and considerations post IPO.

### Employee share ownership plans in Italy

In Italy, employee share ownership plans, or Piani di Azionariato Diffuso (PAD), are getting more popular. Last month Global Shares published a [brief introduction to Esops for Italian companies](#).

### KKR acquires Marmic Fire & Safety

Investment funds managed by KKR have acquired Marmic Fire & Safety, which provides fire equipment inspection, testing and maintenance services for 56 000 customers in many industries. [KKR will support Marmic in implementing a broad-based employee ownership programme.](#)

### Implementing electric vehicle schemes

Lewis Silkin identified the rise in [salary sacrifice EV schemes](#) as an incentive in attracting and keeping employees. These schemes can be highly regarded by those who value sustainability in an employer and can help meet organisational ESG targets.



### Employment tax update - August 2024

Macfarlanes reported on the [most relevant employment tax and reward activities](#), including:

- ⇒ P11D and P11D(b) filing and payment deadlines
- ⇒ Payrolling Benefits in Kind
- ⇒ Reporting profits on a tax year basis
- ⇒ Expanding the cash basis
- ⇒ Clarifying workplace nursery partnership requirement rules

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## CENTRE AND MEMBERS NEWS

### The blueprint for success: the importance of Esop education and engagement

**Menke** adviser Matt Nels gave a presentation on **educating and engaging employee owners** at the ESOP Association's *Let's Talk Esops* event on July 31 2024. Nels discussed the essential process of establishing a communication strategy and outlined ways to encourage active employee participation.

### National Economic Council hosts White House meeting on worker ownership

NCEO's Loren Rodgers attended the first inter-agency meeting on employee ownership, hosted by the National Economic Council, in the White House compound on July 25 2024. Topics included **Esops and worker cooperatives**, employee ownership trusts and direct employee ownership. Loren Rodgers was a panel member on the benefit of worker ownership for workers and communities. He and Adria Scharf of Rutgers University outlined research findings on the benefits to individuals, companies and communities. Loren described established research results as well as recent data on the resilience of defence contractors, the *Employee Ownership in the US Food System During Covid-19* study, and a preview of data recently collected by the NCEO on Esop transactions and the attitude of business owners, neither of which are yet public. The panel included Robert Witherell of the United Steelworkers and Terrell Cannon of the worker cooperative Homecare Associates. It was chaired by Alejandro Molina of the NEC.

### SAYE to return to Ireland after Revenue approves new savings carrier

Employers in Ireland can now reconsider the benefits of offering a Revenue approved Sharesave scheme as a way to retain key talent and reward employees. That is the message following news that a new licensed savings carrier is about to step into the market. For the first time since 2021, employers with a presence in Ireland will be able to offer their employees the benefits of SAYE.

In an interview for **Pinsent Masons' Out-Law**, **Lynette Jacobs** tells **HRNews** about the **anticipated announcement of AIB as a new licensed savings carrier**.

Explaining the differences between UK and Irish SAYE schemes, Lynette said "First, while like in the UK, there's no income tax payable when the options are exercisable; unlike in the UK where there are no national insurance contributions on the gain that the individual makes. Also there are a few key differences in the criteria for Irish Sharesave. One of those is that in UK Sharesave the maximum discount for the option price is 20 percent of the share price at the invitation date, normally, and in Ireland it's 25 percent. That doesn't actually make a difference in practice because if you're a UK company and you're offering it in Ireland you can limit your discount anyway to 20 percent. Secondly, while it's an all-employee scheme and companies generally invite everybody, or everybody who's been there for, say, six months or 12 months, perhaps, prior to the invitation date, under the legislation in the UK you can have a maximum qualifying period of up to five years, whereas in Ireland, it's three years."

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## CENTRE AND MEMBERS NEWS

### Employers in UAE turn to long-term incentives to retain employees

Employers in the United Arab Emirates (UAE) are increasingly turning to long-term incentive (LTI) schemes to attract and keep top-tier employees.

In an analysis piece for Out-Law, Pinsent's Luke Tapp and Michael Chattle said "Changes to the UAE's companies law (Federal Law No.32 of 2021) permitting public companies to increase their share capital to put in place employee share plans and an easing of restrictions that required a minimum of 51 percent share ownership by UAE nationals – which disincentivise foreign owners from setting aside additional capital for employee ownership - **have made issuing share-settled LTIs in the UAE easier and more appealing for businesses.**"

### Quarterly listed company update - What is new and what to do next?

The Travers Smith quarterly series covers the **key legal developments relevant to listed companies**. The current issue focuses on the new UK Listing Rules which came into force on July 29. Updates include:

- ⇒ Reform of the UK Listing Regime
- ⇒ Economic Crime and Corporate Transparency Act 2003
- ⇒ Draft Audit Reform and Corporate Governance Bill
- ⇒ Directors' Code of Conduct
- ⇒ International Sustainability Standards Board standards
- ⇒ BHS Judgement
- ⇒ FCA Review of Long Term Incentive Plan disclosures
- ⇒ European Securities and Markets Authority statement on pre-close calls

### Employee Retention Report 2024: top-performing industries

Vestd's **Employee Retention Report 2024**

provides data on the 34 percent of the UK workforce changing jobs each year.

Employee retention calls for a culture of "loyalty, motivation and satisfaction" tailored to the specifics of each industry. According to Vestd research, manufacturing employees have the highest tenure, with employees remaining at the same company for 5.3 years on average. Nearly half of manufacturing companies increased investment in employee wellbeing in 2023.

The marketing and hospitality sectors have the lowest medium tenure. While this could be related to the different age demographic, since younger generations (18 – 35) remain in one position for less time, these industries have also been found to score poorly in providing employee benefit incentives.

Ifty Nasir, CEO of Vestd, notes that financial stability and wellbeing have become key priorities for employees in all sectors.

"Employee share schemes or enterprise management incentives can be effective ways to encourage employee retention".

### Employee share schemes and liquidity events

In its blog this month, **The International Stock Exchange Group (TISE)** reports that HMRC data show a **seven percent increase in UK employee share schemes since 2022**. TISE discusses the impact of liquidity events, when employees can cash out their vested shares partially or in full, including secondary share trading, initial public offerings, mergers and acquisitions, and share buybacks. Employees need to understand the implications of liquidity events on the value and accessibility of their shares.

## Congratulations!



### Fairway has been shortlisted for three Citywealth IFC Awards 2025

- ⇒ Independent Trust Company of the Year (awarded runner-up in 2024)
- ⇒ Fund Administration Company of the Year
- ⇒ Mark Andrews, managing director of Private Client at Fairway has been shortlisted for Trustee of the Year - Channel Islands & Isle of Man.

Temple Tax has been awarded the ChBA Charter for Fairness Mark by the Chancery Bar Association for its commitment to reviewing and improving equality and diversity practices and “seeking to achieve fairness in work allocation, career development, marketing and earnings for female barristers.”

## MEMBER EVENT

### Webinar: EOTs + share schemes hybrid

Wednesday September 11 at 11:00am (30 minutes).

RM2's Richard Cowley and John Bezzant discuss direct employee share ownership in businesses owned by an EOT, including the best share plans to reward employees in an EOT business, tips on best practice and common mistakes.

Visit [RM2's webinars page](#) to register.

## UK NEWS

### Rolls-Royce to give its 42,000 employees £700 in shares

Engineering giant Rolls-Royce announced in an internal memo that it would give 150 shares each to its 42,000 workers worldwide. The news comes after the Derby-based company, which makes jet engines, announced profits of £1.1bn in the first half of this year, almost double what it made over the same period in 2023. It's the first time Rolls-Royce has gifted shares to employees, which will be handed out in September.

The move is expected to cost the company about £30m. UK workers will not be able to sell the shares for three years, after which they will be taxable, unless they are held for five years.

The firm's revival in recent months pushed shares to an all-time high of 501p on August 1, after the business upgraded its profit forecast and reinstated its dividend for the first time since the pandemic.

“These results have been made possible thanks to your hard work and our collective actions. You are making the difference. It is therefore important that you share in our success,” chief executive Tufan Erginbilgic told employees in the memo, which was first reported by the *Financial Times*.

“That is why we are giving you the opportunity to own part of Rolls-Royce,” the former executive at oil giant BP added.



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## UK NEWS

### Howden celebrates 30 years of employee ownership with internal share offer

In June, 656 Howden employees chose to invest in the global insurance intermediary group for the first time, through its 2024 Internal Share Offer scheme. This takes the total number of employee shareholders to approximately 5,200 in 48 countries out of the 55 in which Howden operates. That represents about a third of the total number of employees. Howden is the second largest employee-owned business by turnover and the fifth largest by headcount in the UK. The success of this year's offer underlines the benefits of Howden's unique capital model, which blends employee ownership with aligned, long-term external minority investors. That is what has made it possible to deliver sustained **growth of 25 percent CAGR over the last three decades**.

### 'We are one family': Speaker of House vows unity with Cayman

In an **inaugural official visit to the Cayman Islands, Speaker of the House of Commons**, Sir Lindsay Hoyle said he will champion "the British Overseas Territories as an important part of the British family". Centre president Malcolm Hurlston has family links with Cayman and frequently sees its UK representative.

### Revolut tells staff it is launching share sale at \$45bn valuation

British-based fintech company Revolut has told staff it is launching a sale of up to \$500m worth of existing shares at a \$45bn valuation, in a move that would cement

the fintech's status as Europe's most valuable start-up.

According to the *Financial Times*, employees were told that staff who have been at the fintech for at least a year and are not on gardening leave will be eligible to sell 20 percent of their vested share options at a price of \$865.42 a share. Former employees are ineligible, the FT was told.

Revolut said it was "committed to enabling its employees to share in the company's success by **becoming shareholders while also providing them with regular opportunities to sell shares**".

### Opinion: Employee equity in the UK is broken- Here's how to fix it

An opinion piece by Tom Leathes, ceo and cofounder of Motorway, for the FT's *Sifted*, argues for improving employee equity schemes for startups and scaleups in the UK technology sector.

He considers that the EMI share scheme "encourages fast-growth businesses to stay small and exit early — the exact opposite of what we should be aiming for if we want more homegrown global tech firms". It "doesn't correlate with scaleup growth timelines and the rules have critical limitations for companies with IPO-level ambition".

His recommendations include extending the EMI lifecycle to 15 years to encourage a long-term view, allowing scaleups to be able to offer EMI shares once they surpass 250 employees, and **enabling startup employees flexibility on secondary share sales of EMI options**.

## WORLD NEWS

### Australia: The Contenders expands employee ownership

Advertising industry website *Campaign Brief* reported that one of Australia's leading brand consultancies, The Contenders, has developed an employee partner scheme to enable its core team to gain ownership in the business. *With the launch of the Employee Partner Scheme, The Contenders is not only strengthening its commitment to a collaborative and inclusive work culture but is also setting a new standard for ownership and responsibility in the industry. By empowering its team members to become co-owners, The Contenders is fostering a sense of shared purpose and long-term investment in the success of the business. As it continues to grow and adapt to the evolving needs of its clients, this bold move underscores its belief that the future of consultancy lies in the hands of those who are most passionate about driving it forward.*

### Employee ownership trusts taking shape in Canada

The Canadian government has passed legislation (Bill C-59, June 20) that makes structuring EOTs easier with the first \$10m of capital gains tax-exempt on a company sale.

The EOT is seen as a model that works for both employees and succession planning. According to a 2023 Canadian Federation of Independent Business poll approximately 75 percent of small business owners plan to exit their company in the next decade. *Roughly 90*

*percent of respondents said ensuring current employees are protected was the most important factor they're considering - ahead of getting the highest possible price at 84 percent.*

But the model isn't without its risks. *Figuring out how to run the company under a trust once the owner is gone will be complicated. One of the challenges is how to manage this business as a collective that really didn't start as a collective.*

### India: Jupiter expands Esop pool with \$5m allotment, enhancing employee benefits

Financial services startup Jupiter has expanded its Esop, allocating 21,655 shares to its employees, valued at \$4.9m. Many Indian startups (including Zomato, Delhivery and Honasa) have recently increased Esop allocations to encourage talent, with 43 percent of startup founders reporting a decline in the ability to attract potential employees following mass layoffs in the sector.



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## WORLD NEWS

### USA: Paragus IT completes 8-year transition to being 100% employee-owned

First rolling out employee ownership in 2016, Massachusetts-based Paragus Strategic IT, a small business tech support company, has now **become 100 percent employee owned**. Under its Esop, the 65 Paragus employees *receive shares of stock in the company every year, with the distribution of shares determined by the percentage of the employee's salary on the overall payroll. For example, if an employee's salary was two percent of the total payroll, they would receive 50 of 2,500 distributed shares.* Each year another allocation is made, which cumulatively rewards longstanding employees.

### USA: Rovers North creates path to better future for employee owners

When the owners and founders at Rovers North in Vermont started considering their succession strategies over a decade ago, they weren't enthused about the options until learning of the Employee Stock Ownership Plan, the most common broad-based employee ownership business model in the United States.

Rather than create a situation where their employees could end up losing their jobs, the company founders decided to make them all co-owners of the business, a process they began considering around the year 2010 before starting in earnest in September 2023. They **completed the Esop transaction in June 2024**, according to *Vermont Business News*.

### Cayman: Beneficial ownership law begins amid public access push

As Cayman's new Beneficial Ownership Transparency Act and accompanying regulations officially commence, a push to have this information made publicly accessible continues. In the UK, transparency activists are pressing for registers in overseas territories to be made public and reveal who own and control business entities; and the new UK government has signalled interest. The law passed in November, allows access to beneficial ownership information as part of anti-money laundering and counter-terrorist financing investigations but stops short public access. Governor Jane Owen, in a recent interview with *the Cayman Compass*, said that UK Foreign Secretary David Lammy has already spoken "quite a bit about having **an effort against what he calls kleptocracy**". In explaining Lammy's position, Owen said, his thinking is about how governments around the world are "ensuring that the monies they are getting are properly [and] transparently accounted for and properly invested". Both in the Crown Dependencies such as Jersey and Guernsey and in the Overseas Territories such as Cayman, there is need for balance of interest.



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## EMPLOYEE OWNERSHIP NEWS

### Leeds roller door manufacturer celebrates 10 years of employee ownership

Union Industries, the leading manufacturer of high-speed industrial roller doors in the UK, has celebrated ten years as an EOT.

The Yorkshire company has been in business for 52 years, but its **most profitable period has been under the EOT**.

*In the last decade, the business has paid more than £3m in tax-free bonuses; in the last five years alone, employees have each received an annual bonus of £3,600, and in 2024 that rose to £6,500 per employee. It has also achieved record levels of revenue and profit, with profit soaring from £130,000 in 2013/2014 to £2.4m in 2023/2024.*

New starters are allocated shares after being employed for 12 months.



### Cardinal: Making employees partners “the right call for growth”

Cardinal Global Logistics’ migration to an employee-ownership model gave it a route out of the debilitating worker churn plaguing the industry.

Speaking to *The Loadstar* on the anniversary of the decision by its directors to sell 68 percent of Cardinal’s stock to an employee-owned trust, ceo Brian Hay said that, despite offers from private equity, it had proved the right call for growing the business.

“In truth we got very, very close to doing a deal with private equity, a deal that would have left the directors with a sizeable cheque on day one,” he said.

“It was very, very tempting, but we just felt that, like selling to a competitor, the company would end up in a cycle where it is simply sold to another private equity house, which undermined the **reason we were looking to sell – that was to develop and grow.**”

## EOT round-up

- ◆ Catering equipment design, supply, service and repairs **BI Catering Equipment Services**
- ◆ Technology firm **DeltaXML**
- ◆ Digital marketing agency **Engage Interactive**
- ◆ Law firm specialising in medical negligence **Graystons**

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## LIBRARY OF WEBINAR BROADCASTS:

The Role Of Direct Employee Share Ownership In Market Economics; Esop Sofa: Hot Topics In Employee Share Ownership – Newspad Review VIII ; Esop Centre *newspad* Online Round-table; Esop Sofa: Esop Round-Table *newspad* Review VII; Esop Sofa: Hot Topics In Employee Share Ownership – *newspad* Review VI; Employee Share Plans & The Benefits For SMEs; Employee Share Schemes, Levelling-Up & Social Mobility; Why Employee Share Ownership Matters; International Share Schemes: Exporting the Vision; Esop Sofa: Hot Topics In Employee Share Ownership – *newspad* Review V; Share Schemes And The Impact Of Inflation; The Future of Gig Working As A Dynamic Economic Alternative; The Employee Voice: Share Plan Votes ; Esop Sofa: Hot Topics In Employee Share Ownership – *newspad* Review IV; 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 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>



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### ABOUT NEWSBRIEF

Newsbrief is the Employee Share Ownership Centre's members-only mid-month publication.

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