



## CENTRE AND MEMBERS NEWS

### New thinking on the power of employee share ownership

David Craddock for Z/Yen Group's *Pamphleteer's Blog* offers a compelling analysis of how direct employee share ownership can shape both market economics and political structures not just in theory but in real-world application. Craddock argues that direct employee share ownership is not only a motivational tool but also a discovery and self-regulatory mechanism. It aligns with the principles of a social market economy, balancing personal reward with social responsibility.

Employee Ownership Trusts may offer a valuable collective model for succession planning, but direct share ownership empowers people by giving them a personal financial stake. The effect is to strengthen accountability, motivation and democratic engagement.

From increasing productivity and reducing inflationary pressure to decentralising power and enriching democratic structures, direct employee share ownership emerges as a vital force for economic resilience and civic renewal.





## Government launches Employment Rights Bill Implementation Roadmap

The **Roadmap outlines** a phased approach over the next two years, starting this summer and using the familiar employment law implementation dates of April and October. It aims to balance giving businesses time to prepare with delivering reform at pace. Some changes relating to industrial action will take effect as soon as the Bill receives Royal Assent, while two headline changes—on zero hours contracts and the removal of the two-year qualifying period for unfair dismissal—will not occur until 2027. That reflects their complexity and impact. Employers will welcome this clarity and the longer lead-in time. There is still uncertainty about when the Bill will receive Royal Assent. The Bill is moving to the Report Stage in the House of

Lords, having passed the Committee Stage in late June. Initially expected to be finalised by the end of this parliamentary term, slow progress and extensive debate have led to speculation (so far unconfirmed) that Royal Assent may not occur until parliament resumes in the autumn.

The Roadmap outlined when consultations which will affect the secondary legislation with the detail of the Bill, such as the second threshold trigger for collective consultation, will be launched.

The implementation dates for the legislation and timings of the consultations are helpfully outlined in the **CMS Employment Rights Bill tracker**.

## Non-Disclosure Agreements: new restrictions in force from October 1

**Doyle Clayton** offers insight into new legislation coming into effect on October 1, which place further restrictions on when NDAs can be used. *“Changes will ensure that victims of crime cannot be prevented from making certain disclosures about criminal conduct of which they are the victim. Employers should review and update any template settlement agreements or COT3s and **check confidentiality obligations in employment contracts**”.*



Image by Ubaidillah from Pixabay



## Share industry news and updates

**EQ's** *monthly bulletin on the world of employee share plans and share registration* covers:

- ⇒ Financial Services and Markets Act 2023 - Private Intermittent Securities & Capital Exchange System (PISCES)
- ⇒ Companies and Limited Liability Partnerships (Annotation) Regulations 2025
- ⇒ Future UK Digital Reporting
- ⇒ Protection and Disclosure of Personal Information (Amendment) Regulations 2025
- ⇒ FRS 101 (Reduced Disclosure Framework)
- ⇒ UK Stewardship Code
- ⇒ GC100 and Investor Group
- ⇒ Register of Overseas Entities (Annotation) Regulations 2025

## Podcast: Broad-based employee ownership with KKR's Pete Stavros

From his early years watching his father as a construction worker, Centre member Pete Stavros, co-head of Global Private Equity at KKR and founder of Ownership Works, has seen that when employees care about their work, they can help create better outcomes for their employer—and most likely for themselves. In *episode five of the Morgan Stanley at work: Invested at Work podcast*, Pete shares his journey to pioneering an innovative model of employee engagement and ownership that puts the people at the heart of the enterprise.



Image by Alemon from Pixabay

## Texel Group's transition to EOT

**Fieldfisher** has advised Texel Group on its transition to an EOT. *The deal was a complex transaction* requiring “change of control approvals from the Financial Conduct Authority and the Monetary Authority of Singapore, and involved employees across all the Texel offices, including London, New York, Los Angeles, Brussels and Singapore”.

## Channel Islands funds update: July 2025

**Ogier's** *Channel Islands funds update*

included an outline of the new Prospectus Rules and Guidance 2025, which were effective from July 1 in Guernsey. “The new Prospectus Rules reflect industry feedback and are designed to ensure transparency without compromising investor protection. The principal changes are two-fold:

⇒ *the scope of application has been restricted by the introduction of numerous new exemptions which bring (among others) the following outside the scope of the New Prospectus Rules:*

- ◇ *various offers of category 2 controlled investments under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, i.e. general securities and derivatives which do not constitute collective investment schemes*
- ◇ *promotion to an unlimited number of "professional investors" (a new category defined under the New Prospectus Rules)*
- ◇ *raising the threshold for promotion to (non-professional) investors to 200 persons*
- ◇ *offering securities by way of distributions or incentive schemes”*

⇒ *new disclosure requirements and clarificatory amendments to existing rules.*



## **SAYE it again for Ireland but take-up slow**

Although Sharesave became available again in Ireland in September 2024, **employee participation has been slower than expected**. In an interview in *HRNews*, **Pinsent Masons** partner Lynette Jacobs explains why. Slow adoption may relate to lack of awareness, employer preference for other incentive plans and administrative or regulatory hurdles. *“Currently, it’s only offered through one administrator, Computershare, which may be a barrier for companies using other providers”*. Jacobs highlighted the need for better communication and education around SAYE’s benefits to encourage broader adoption, and detailed the differences between Irish and UK Sharesave.

## **Billion employee target for Vestd India**

**Vestd** has launched *Vestd India* through a partnership with Trica Equity, with the mission to **“put meaningful equity in the hands of one billion employees”**. India has a booming IPO and startup scene with an increasing equity culture. Since 2020, Esop cash-outs have hit ₹120bn (£1.035bn), with Flipkart alone distributing £518m to employees. Trica has enabled 44,000 employees and 7,500 investors to support 750+ companies. The partnership aims to make employee ownership a standard, not a perk, and intends to make the vision scalable, inclusive and lasting. It will

- ⇒ offer accessible ownership for all employees, from interns to executives
- ⇒ provide clear, jargon-free dashboards and built-in compliance support
- ⇒ maintain ethical, impact-driven practices as a certified B Corp

## **Oregon boost for employee-owned businesses**

**NCEO** tells us that on June 11 2025, Oregon Governor Tina Kotek signed House Bill 3646 (HB 3646) into law. It marks a key development for employee ownership in the state as it helps employee-owned businesses secure public contracts.

Oregon state agencies may now give direct preference to businesses where employees own at least 50 percent of the company, either directly or through an Esop. The bill does not specify how that 50 percent must be dispersed between employees. This is a significant step, as employee-owned companies have historically faced challenges in public procurement, sometimes even losing eligibility for other preferences upon **transitioning to broad-based ownership**.

## **Congratulations**

**Linklaters** named one of **Financial Times’ most innovative law firms**; and, for the 12th year in a row, named as a top **UK employer for gender equality**.





## Employment Rights Bill a stealth tax on employees, warns IEA

The Employment Rights Bill returning to parliament Monday July 14 will impose a £5bn stealth tax on British workers, according to **a new report published by the Institute of Economic Affairs**. The analysis warns that employment mandates, sold as helping workers, really function like hidden taxes that reduce their wages over time. According to the report's author, Professor Len Shackleton, politicians exploit public misunderstanding about who really pays for employment rights. In practice they often only benefit certain groups. Despite that the costs are passed back to all employees through lower wage increases than they would otherwise receive.

The Employment Rights Bill's measures – including day-one unfair dismissal rights, restrictions on zero-hours contracts, and enhanced union powers – will also make employers more risk-averse in hiring decisions which will put a brake on the growth the government seeks to achieve. The report, *Liberating the Labour Market*, reveals how Britain's labour market freedom score has already plummeted from 81 percent on the Heritage Foundation's Economic Freedom Index 20 years ago to just 63 percent today, undermining what was previously a key competitive advantage for the UK economy.

## Looser bonus rules and tax breaks needed to save London stock market, says CBI

According to a report in *The Guardian* the London stock market risks “drifting into irrelevance” without government and regulatory reforms, ranging from tax breaks for stock market listings to looser bonus rules for directors.

The 20 recommendations put forward by the Confederation of British Industry suggest financial incentives, marketing campaigns and boardroom pay are central to guaranteeing the success of the London Stock Exchange, which has been losing stock market listings and floats to foreign rivals. “With domestic capital shifting away from UK equities, new listings having slowed ... and high-growth firms often looking overseas to raise capital, the **UK stands at a pivotal moment for the future of its public equity markets**,” the CBI said.



Kaihsu Tai, CC BY-SA 3.0, via Wikimedia Commons



## Beyond compliance: How diversity is redefining the corporate talent pipeline

Against the trend *The Business Desk* suggests that some organisations are no longer treating diversity as a tick-box exercise. Instead, they are still reframing it as a strategic lever for innovation, resilience and competitive advantage. That was the message from a group of experienced HR leaders, recruiters and senior professionals talking candidly and some under the Chatham House rule, about how companies are reshaping their talent pipelines for a more inclusive future.

Their message from the HR fraternity is: in an increasingly competitive labour market, diversity is a strategic necessity and only those who embrace inclusion will gain better performance, deeper insight, **and a workforce fit for the future.**

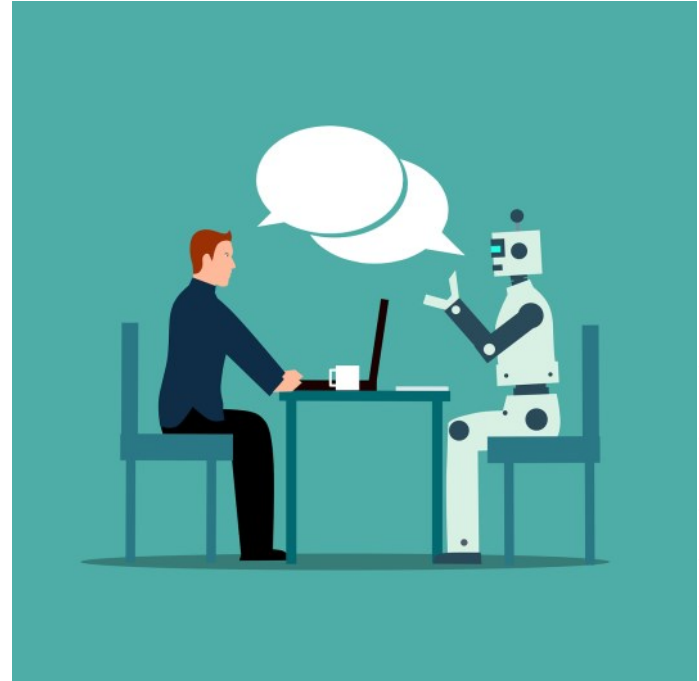


Image by Mohamed Hassan from Pixabay

## Stocks climb after new tariff deadline unveiled

*Shares* magazine reported that London stocks closed in the green on Tuesday July 8, after US President Donald Trump's new tariff deadline eased investors' jitters, although **uncertainty remained on the table.**

The FTSE 100 index closed up 47.65 points, 0.5 percent, at 8,854.18. The FTSE 250 ended up 43.20 points, 0.2 percent, at 21,581.68, and the AIM All-Share closed up 3.54 points, 0.5 percent, at 775.50.

## Underpaid tax by US firms surges

HMRC suspects as much as £8.8bn in tax was underpaid by US companies in the previous tax year. This is a jump of 57 percent compared to the previous year, according to figures obtained by accounting firm UHY Hacker Young. The rise means nearly half of all underpaid tax from overseas territories relates to American firms, which now account for 46 percent of the £19bn thought to be outstanding, **City A.M reported.**



Image by Gerd Altmann from Pixabay



## India:

### Esops through trusts in India: unpacking the tax deduction debate

A report in the *International Tax Review* explored the complexities surrounding tax deductions for Esops in India when implemented through trusts. The trust model raises issues in accounting and tax treatment, particularly concerning employer tax deductions. The High Court case of *Biocon* is an example. Key takeaways:

- ⇒ Though there may be advantages for employers on Esop issuances through trusts, and enhanced certainty for employees, tax clarity is lacking
- ⇒ Employers may have to justify the legitimacy of deduction claims under current law
- ⇒ Seeking clarification from the Central Board of Direct Taxes is advised.

### Proxy adviser seeks update on ₹4.8m Esop clawback from former chair

*Live Mint* reported that InGovern Research Services has issued a note requesting details regarding the employee share options awarded to former chair, Rashmi Saluja, from both Religare and its subsidiary, Care Health Insurance. Saluja received Esop grants representing approximately 2.5 percent of Care's share capital, and more than 80 percent of the insurance firm's Esops were allotted to her.

## Esop allocation news - India



Photo courtesy of Piyanshu Sharma on Unsplash

- ◇ Affle 3i allots 51,580 equity shares under Esop, boosts paid-up capital
- ◇ Bluestone expands Esop pool, coo Sudeep Nagar receives US\$11m worth grant
- ◇ EPL Limited allots 150,000 shares under Esop scheme, increases paid-up capital
- ◇ Flipkart launches US\$50m Esop buyback for up to 7,500 employees ahead of potential IPO
- ◇ Metro Brands allots 5,113 Esop shares; capital rises to ₹1.3bn
- ◇ Tata Elxsi allots 435 equity shares under Esop
- ◇ TVS Supply Chain Solutions allots 6,530 equity shares under Esop
- ◇ Swiggy expands Esop pool with ₹1.5bn fresh grant



## Ireland:

### **Government urged to end to tax barriers of moving companies into employee ownership**

The **Irish ProShare Association (IPSA)** has **held talks with the government** in a bid to overhaul the tax treatment of Employee Ownership Trusts and stimulate their use across the country.

IPSA has long argued the current tax structures represent an obstacle for business owners seeking to move their company to employee ownership through Employee Ownership Trusts. The group has **called for Ireland to replicate the EOT model in the UK**, where there has been significant uptake through a generous relief on Capital Gains Tax.

## Israel:

### **New Israeli court ruling on employee stock options**

Writing for *Lexology*, Israeli law firm Barnea Jaffa Lande, in **its recommendations for employers** explains that the court's determinations underscore how important it is for employers to manage their undertakings to grant stock options to employees, especially in startup companies that use options as a key remuneration tool. Quite a few employers include general references in their employment agreements to a future entitlement to stock options, subject to the board of directors' approval of an Esop or of a particular stock option allotment, but fail to take practical measures to fulfill the undertakings. In such situations, procrastination or a lack of good faith could give rise to an employee's legal right, even if the formal suspending conditions have not been fulfilled.

## South Africa:

### **No one-stop solution to successful talent retention**

An opinion piece on *Bizcommunity.com* by Shaun Smit has advocated employee ownership in South African. Esops can function as a retention tool and way to share value, taking further compliance with Broad-Based Black Economic Empowerment. The Employment Equity Amendment Act, effective January 1, introduced "five-year sectoral targets for black people, women and people with disabilities" and "underscores the importance of retaining historically disadvantaged talent as a moral, strategic, and legislative priority." Any company with 50 or more employees must comply with these regulations or face significant penalties and exclusion from public contracts. As Esops and Msops align employee interests with business success and create a co-ownership mindset, the article argues they can be **transformative way to improve engagement and performance if adopted as one option** within a mix of retention and compliance strategies.

## Australia:

### **EOT in Australia?**

On the *Owner to Owner* podcast, Honor Northam - founder of Honorbread, a bakery and key local employer in Bermagui, New South Wales - discussed employee ownership models in Australia and their potential. In the conversation she explored **how cultural perceptions of ownership can hinder the adoption** of employee ownership models, and highlighted how the promising future of employee ownership in Australia needs to be supported by greater advocacy and public understanding.



## USA:

### Top six employee-owned companies named

On June 18, *Investopedia* listed the top six employee-owned companies in the US. They are:

Publix Super Markets; Penmac Staffing; Brookshire Brothers; WinCo Foods; Robert W Baird & Co; and Recology. They avoid the disengagement in the workplace estimated to cost American businesses as much as \$438 billion last year. “This is why many companies have put a lot of effort into keeping their staff motivated. They have done this by not only paying their workers competitive wages but also giving them **an actual ownership interest in the business that they work for.**”

### In Tennessee, 109,554 people own the company they work for

In *Commercial Appeal Memphis*, Wade Deaton discusses the **positive impact of employee ownership on company culture**, including how Esops inspire active thinking and entrepreneurial problem-solving. “People started to realise that all our work was interconnected, and that it directly affected the company’s bottom line as well as our wallets.” Deaton is an advocate for Esops and supports a new coalition, *Expanding Esops*, to increase employee ownership in Tennessee.

### The Esop “not to do” list – 10 mistakes to avoid

According to *the HR Director*, the top **ten common mistakes that damage an Esop’s ability to function optimally** are:

1. Overly optimistic soft commitments
2. Incorrect Esop pool sizing
3. Lack of future-proof allocation strategy
4. Deviation from standardised Esop plans
5. Ambiguity regarding cash-out events
6. Overly broad “Bad Leaver” definitions
7. Insufficient communication
8. Failure to showcase value
9. Overlooking employee taxation implications
10. Ignoring company tax obligations

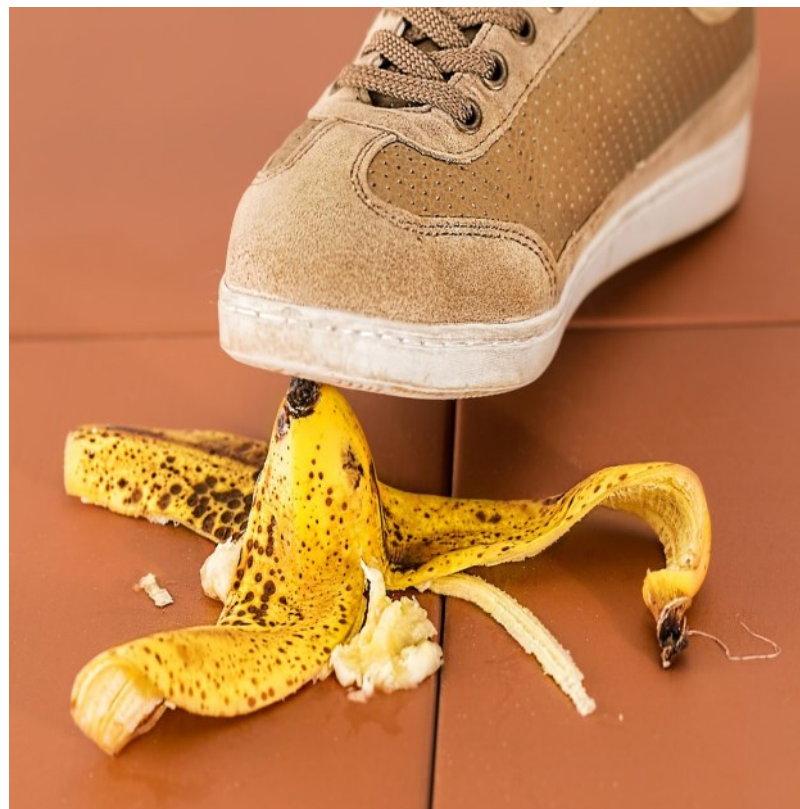


Image by Steve Buissonne from Pixabay



## USA:

### Michigan state launches \$500k employee ownership pilot programme

Michigan's Department of Labor and Economic Opportunity and the Michigan Center for Employee Ownership have launched a \$500,000 pilot programme to promote employee ownership in local business, particularly as a succession strategy. In Michigan 50 percent of business owners are

baby boomers. Nationwide, 75 percent of US business owners intend to retire within ten years, but only 34 percent have a succession plan. The programme aims to increase awareness, with **\$400,000 allocated to cover the costs of financial evaluations, legal services and technical assistance** for a businesses seeking to transition to employee ownership.



Photo courtesy of Brad Switzer on Unsplash

### Ritchie Trucking Esop case settled for \$1.9 million

The plaintiffs in the Esop litigation class action suit filed against Ritchie Trucking Service Inc in the US District Court for the Eastern District of California claimed a more than fair market value was paid for stock in a 2018 transaction that transferred company ownership to the Esop, which damaged the retirement interests of plan participants. Lexology reports that the “Ritchie

settlement is only one in a significant line of *Esop-related lawsuits that underscore the dangers of employee ownership transitions*, particularly when corporate insiders stand to benefit from setting the valuation terms of company stock. This case stresses the need for companies considering Esop structures to consider carefully factors, including transparency, extensive and thorough documentation, and the strict observance of fiduciary duties by all parties involved.”



## Talbots Law strikes deal for firm whose roots date back to 1580

*Insider Media* reports that the acquisition of Tinsdills Solicitors by employee-owned Talbots Law, saw **85 Tinsdills employees joining the Talbots Law**. Talbots Law became an EOT in 2021. Since its transition to employee ownership the firm has focused on increased presence through acquisitive growth. "This deal takes our combined turnover to over £40m turnover and expands our footprint to 19 offices," said Dave Hodgetts, chief executive.

## Acquisition sees 46-year-old practice join growing regional law firm

*The Business Desk* reported that Ison Harrison acquired law firm Savage Crangle, part of a series of strategic moves that included an acquisition of Armstrong Luty in Skipton earlier this year. Ison Harrison became an employee-owned business in 2022. Since transitioning to employee ownership, the firm has opened seven new offices and reported a near doubling in turnover with "individual profit distributions to employees totalling over £11,500 each."

## Thomas Carroll Group strong financials in first year as employee-owned

In its first year as an employee-owned trust, financial services group Thomas Carroll posted a rise in profits "from £454,000 in 2023 to £2.14m in 2024", reported by *Business Live*. The increase was boosted by an exceptional, non-recurring tax credit due to the EOT transition. However, "the group's profit before tax still rose 76 percent year-on-year to £1.65m", and turnover grew 7.1 percent, reaching £15.61 million.





## **Contracting and accounting group Sapphire exceeds £500m sales and eyes takeovers**

Contracting and accounting firm Sapphire reported a £525m turnover for the year ending September 30 2024, a milestone managing director Mark Connor considered “a reflection of the momentum we’ve built since becoming employee owned”. The company adopted employee ownership in 2021 and credits this with driving productivity, engagement and retention. In 2024, Sapphire awarded its **first employee ownership bonus and shared £350,000 with long-serving umbrella contractors** - an industry-first initiative.

## **Neilcott on fast-track to debt-free employee ownership**

According to *Construction Enquirer*, Neilcott Construction has halved the original ten-year repayment time of a £22.5m loan taken out to help fund its £40m employee ownership buyout in 2021. Only £1.5m remains outstanding. There are plans to clear this amount by autumn 2025. As its 2024 pre-tax profits doubled to £7m, among other strong performance markers, Neilcott paid a £5.4m capital contribution to its EOT and **distributed £300,000 in profit share to employees**.

### **EOT Roundup**

- ◆ Recruitment specialists **C4S Search and Zero Global**
- ◆ Manufacturing business **Darcy Group**
- ◆ Masonry specialist **Grayson**
- ◆ Jeweller **Harriet Kelsall Bespoke Jewellery**
- ◆ Sheffield digital agency **The SEO Works**
- ◆ Provider of mechanical and electrical services **TMES Group Ltd**
- ◆ Bathroom supply business **Wetrooms International Group**

---

## LIBRARY OF WEBINAR BROADCASTS:

Esop Sofa: 2025 AGMs, Remuneration Policies And Share Plan Design; Esop Sofa 2024 Review: Budget & PISCES; The Employee Voice; The Role Of Direct Employee Share Ownership In Market Economics; Esop Sofa: Hot Topics In Employee Share Ownership – Newspaper 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>



Z/Yen Group Limited t/a The Esop Centre. Registered office:  
1 King William Street, London EC4N 7AF. Company number  
2965552 England

+44 (0)20 7562 0586 | [esop@esopcentre.com](mailto:esop@esopcentre.com) |  
[www.esopcentre.com](http://www.esopcentre.com)

### 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](mailto:juliet_wigzell@zyen.com)