



October 2023

SEND YOUR NOMINATIONS FOR THE NEWSPAD AWARDS 2023

The Centre is accepting submissions for the 2023 *newspad* all-employee share plan awards.

The *newspad* awards recognise the achievements of companies which offer employee share plans and hold up best practice models for other companies to follow.

If your company or client made a notable contribution to employee share ownership, issued an inspirational share plan or showed excellence in its communication and presentation; has been creative in using share plans to overcome significant changes or challenging situations, increasing participation or using technology; or maybe upped its game through the enthusiasm of the chairman, ceo or share plan team leader; then why not tell the world about it?

Companies can nominate themselves or advisers can make submissions on clients' behalf. Entrants can apply for awards in more than one category.

Submitting nominations is free and simple. Required information is kept to a minimum. Clarity matters more than length. The deadline for nominations is 17:00 on **Friday, January 12 2024**.

The awards present a great opportunity to celebrate your company's or clients' achievements.



The award categories this year are:

1. **Best all-employee share plan**
2. **Best share plan communications**
3. **Best use of technology, AI or behavioural science**
4. **Best share plan response to significant changes or challenging situations**

Category descriptions and rules of entry can be viewed on the Awards 2023 webpage:

esopcentre.com/awards



Application process

To submit an application for the *newspad* all-employee share plan awards, please complete both of the following stages:

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

Please read the rules and terms of entry on the Centre's website or entry form.

The winners will be decided by two impartial judges, experts in the use of employee equities, plus Malcolm Hurlston CBE, founder of the Esop Centre. **The finalists will be announced in *newspad* and award certificates will be presented during the Centre's British Isles Symposium 2024.**

If you have any questions, please contact us at esop@esopcentre.com or call +44 (0)20 7562 0586. We look forward to receiving your nominations.

EVENTS

British Isles Share Plans Symposium—April 25 2024

Under the heading: *Employee Share Plans – Beyond the 1%*, the theme of next year's symposium will focus on increasing productivity through an uplift in the percentage of total equity in employee ownership. If at least 10 percent of equity is in the hands of employees this should give productivity a boost and benefit all investors.

The programme will include interactive panel sessions based on content which you can access in advance online. The in-person session will be on the afternoon of Thursday April 25 2024, at the central London offices of **White & Case**. The *newspad* awards presentation will close the symposium, followed by a drinks reception.

Please contact the team at esop@esopcentre.com to express your interest in making a presentation, suggesting a talk topic or attending as a delegate.

An invitation to an FS Club and Esop Centre newspad Round-Table

Date: Wednesday, October 25 2023

Time: 11:00 - 11:45 BST

Background: Following the success of our August online round-table - [read the report on the Centre website](#) - we have arranged a further informal chat on employee share ownership hot topics, including articles featured in recent editions of “It’s Our Business”, newspad of the Esop Centre

The annual dividend allowance is set to drop further to £500 in April 2024, so companies with SIPs paying dividends to participants should look at their participants’ holdings to see how many are receiving cash dividends potentially over £500:

- ◆ Should dividend shares be offered (if not already), where there is a choice of cash or dividend shares?
- ◆ Should more information be provided to participants to understand how to pay the tax or elect to reinvest?

[Register now](#) to join us on October 25 and share your thoughts on this and more, including:

- ◆ SAYE bonus rate – how’s it going, what’s happening in practice?
- ◆ What happens next with the Call for Evidence on SAYE and SIP; and the consultation on taxation of Employee Ownership Trusts and Employee Benefit Trusts?

Let us know what employee share ownership issues are in your in-tray and bring your questions and comments to the table!

The event will be chaired by Centre chairman Robert Pay and the discussion will be led by steering committee member, Jennifer Rudman of Equiniti.

CENTRE AND MEMBERS NEWS

Global Equity Matrix released

Last month Baker McKenzie published its updated guide on the key compliance issues for employee share and cash awards, covering tax and securities, exchange control, labour and data privacy [issues in 50 countries](#).

Everything you wanted to know about Growth Shares, but were afraid to ask...

Navigating the world of growth shares can be quite tricky for companies and employees alike. In this article Cathy Wears, of counsel at CMS, demystifies a sometimes complex area, giving some useful tips and explaining [how to implement growth share arrangements](#).

Is ESG good for TSR?

Last month Kroll, a leading independent provider of risk and financial advice, published a detailed study of the impact of ESG on historic Total Shareholder Return (TSR) outcomes.

In all of the regions considered in the study, TSR for ESG leaders exceeded the average, and the TSR result for average ESG companies exceeded that of the ESG laggards. This strong ESG and TSR correlation was seen in nine of the 11 industrial sectors considered (the exceptions being health care and consumer staples).

Damian Carnell of CORPGRO commented: “This study is most welcome in that it provides a detailed quantitative assessment of an ESG value link to delivered TSR results, that hitherto has been supported only by intuitive argument.

“The study deploys the relationship between ESG leaders and ESG laggards as defined by the MSCI ESG company rating. As there are now over 600 ESG rating methodologies worldwide, further studies against leading providers, such as Sustainalytics, Bloomberg, ISS and Moodys would be welcome.

“Institutional investors generally support ESG within executive incentives but only when the metrics are strategically relevant, the impact is material and the measure is well defined with targets of similar difficulty to the rest of incentive pay. Companies can expect increasing push-back where this is not the case. (See section C - Variable Remuneration).

“A detailed sub-analysis of the E, S and G impacts on TSR, ideally by industry, would be a strong tool for company ESG metric selection for executive incentives.

“We can now expect Kroll and others to explore the ESG and TSR correlations in even more detail as we move forward. As with much management theory, attribution of outcomes can be hazy, but excellent management intuition is often right, and is not based on wishful thinking.

“A valuable outcome in time will be an understanding of the optimal ESG investment by category. As with most investment areas, excessive investment will see diminishing marginal returns. **More numbers, and deeper insights are sure to follow.**”

How the EOT offers the ideal exit strategy

An article by David Craddock on how the EOT offers the ideal exit strategy at zero tax, was published in issue 189 of the London Chamber of Commerce and Industry’s **London Business Matters** (pages 102-104) last month.

Guide - Qualifying bonus schemes for employee trust-owned companies

Fieldfisher has produced a guide, authored jointly by the firm’s Jennifer Martin with Paul Cantrill of Cwmpas, in which they explore some of the key technical requirements and considerations, that will be **of interest to EOT-owned companies and their advisers.**

Investec re-enters US fund finance market

Investec Bank announced on October 9 that it is expanding its fund finance offering to US private equity with a new office and team hire in New York.

Olivia Deroy has been appointed in an origination and relationship management role for Investec’s Fund Solutions team in the US.

Investec Fund Solutions differentiates itself in the market by offering a broader product set than US private equity funds typically have access to currently, which allows Investec to offer help in solving funding problems.

The US team will look to originate deals primarily in the private equity asset class however is also able to provide **solutions to infrastructure and real estate.**

NCEO publishes Employee Ownership 100

The NCEO's 2023 *Employee Ownership 100* list ranks the largest broad-based employee-owned companies in the US. This list includes the largest broad-based employee-owned companies in the US using governmental or other credible third-party sources. Most are Esop-owned, and one is a co-operative. To be on the list, companies must be at least 50 percent employee-owned; most on the list are 100 percent.

Collectively, these broad-based plans employ close to 685,000 people. You will find some of the largest and most popular grocers and supermarkets on the list. **Beyond that there is a real mix of industries.**

Pinsent Masons appoints consumer credit specialist to strengthen financial services offering

Joining from Sainsbury's Bank, consumer credit specialist Caroline Whitten has been appointed as legal director at law firm Pinsent Masons. Based in Edinburgh, she will work alongside recently appointed insurance regulatory and commercial legal director, Chris Riach, who has rejoined Pinsent Masons after several years in-house with a large life insurer.

Colin Read, partner and head of regulatory, insurance & funds at Pinsent Masons, said: "We are delighted to welcome Caroline to the team. Her extensive retail banking and regulatory expertise will undoubtedly **improve our overall offering to financial services clients in Scotland and further afield.**"

Share plan stalwarts Carine Schneider and Paul Arens form new consulting firm

Compass Equity Strategic Advisors aims to redefine strategic advisory services for private and public companies worldwide. Its target is to guide businesses toward **sustainable growth, innovation and success.**

Share plans and employee incentives conference

Travers Smith's Mahesh Varia chaired the Whitepaper Conference Company's share plans and employee incentives conference on "**shaping new developments into solution-focussed answers for clients**", on October 12. Access to the recording of the conference cost £272 per team or £175 a person online.

Mahesh said afterwards "The conference was attended by a record 138 delegates. Ultimately what makes a conference are the speakers. Fiona Bell, Hannah Tipper, David Ellis, Mark Ife, David Pett, John Dunlop and Ian Shaw all gave excellent insights. A brilliant event to be part of!"

The cost of money worries

New research from WEALTH at Work has revealed the impact of money worries on employees, with 41 percent of respondents saying they don't feel supported by their workplace when it comes to getting help to **understand their finances.**



CONGRATULATIONS!

Macfarlanes' Mark Petch has been named a "Rising Star" in The Legal 500 (Legalease) 2024 directory for Employee Share Schemes, alongside some great recognition for the team: Robert Collard and Rasmus Berglund. Other Centre members named too, include: Victoria Kirsch and Gillian Parnell – **Baker McKenzie**; Carla Walsham – **Deloitte Legal**; Jennifer Martin – **Fieldfisher**; and Matthew Hunter - **Tapestry Compliance**.

CMS advised Finsbury Food on its sale to Frisbee Bidco for £143.4million. Cathy Wears and Dilpa Raval supported Finsbury with the employee share plan aspects.

Ocorian and **JTC Group** have both been shortlisted in the **Asset Servicing Times' Industry Excellence Awards**. Ocorian was nominated for the title of "Best Global Fund Administrator" and for "Innovation in Fund Administration"; JTC for "European Fund Administrator", and "Client Service for Fund Administration".

Course - Tapestry's Cert. ESP Course 2024

Registration is now open for Tapestry's 2024 Certificate in Employee Share Plans Course (Cert. ESP).

Dates: Part one will run May 13-17 2024 with exams on July 2; part two will run

September 16-20 2024 with exams on November 5.

The course will be taught by industry expert lawyers from Tapestry and is accredited by the Chartered Governance Institute UK & Ireland (CGIUKI). Course participants who successfully pass the examinations are eligible for affiliated membership and therefore have the opportunity to become members of the CGIUKI.

The course will run with virtual interactive teaching sessions, so you can take the course wherever you are – at home or at the office. There are optional in-person events planned so students can benefit from face-to-face **networking with peers on the course**.

Event- Impact Summit

Monday, Nov 13 2023 14:00 - 17:30 GMT
Financial inclusion advocate Gareth Evans will be speaking at a half-day conference to discuss how tech for good can address the challenges of sustainable development. The focus will be on those having impact in the Environment, Social and Governance space. Speakers will give keynotes and join panels taken from the 2023 Impact Award winners and leaders in ESG.

This event comes as Tech for Good, and access to data in particular, now sit centrally for decision making that transfers aspiration into actionable plans.

Entrance is free. Follow link for **further details and tickets**.

UK NEWS

Labour urged to support Employee Share Schemes for a £2.4bn UK boost

Business Leader reported that after Rachel Reeves pledged that Labour would fight the next election on the economy, experts are calling on Labour to pledge its support for widening employee share schemes to generate a £2.4bn boost to the UK economy.

Speaking at the Labour Conference, the Shadow Chancellor said Labour would grow the economy from “the bottom up and the middle out” in the “interests of working people”.

In response, business leaders have called for Labour MPs to support a campaign to encourage more businesses to start share schemes. Led by equity specialists, Vestd, the campaign aims to supercharge the growth of startups and SMEs.

Vestd’s analysis shows that if 250,000 more businesses set up share schemes, it could generate a £2.4bn boost to the UK economy.

The Employee Share Ownership (Reform) Bill, introduced to parliament by Labour MP Sir George Howarth in November 2022, aims to open up employee ownership share schemes to lower-income workers and push businesses to be more transparent about their share ownership.

Ifty Nasir, founder and ceo of Vestd, said: “Giving people a genuine stake in the company they work for is a powerful motivator – and a large reason why employee share schemes are seeing a

surge in popularity, up 90 percent over the last decade.

“If more businesses set up share schemes it could offer a huge boost for the UK economy, and if share schemes became the norm, **the uplift would be like nothing we’ve ever seen before.**”

CIOT urges stricter EOT regulations to nurture genuine employee ownership

“Rigorous” rules are required to prevent the exploitation of Employee Ownership Trust (EOT) tax benefits, says the Chartered Institute of Taxation (CIOT).

Responding to a government consultation, the CIOT said the tax benefits of the initiative should be used to promote and incentivise genuine employee ownership and engagement, whereas many employees are not currently seeing the benefits.

Christopher Thorpe, of CIOT, said: “As well as tackling potential abuse, our main concern is to ensure EOTs fulfil their original intention and sentiment.

“The main benefit, at the moment, lies with the former owner who may qualify for CGT relief on the creation of the settlement, whereas the only benefit for employees is the £3,600 income tax-free bonus.

“If employees receive any additional benefit from the company, often in the event of company shares being sold and the proceeds distributed, the trustees will pay CGT with employees being taxed on that same amount as earnings.”

The CIOT also warned that if rules are too prescriptive, it could affect the day-to-day running of EOTs and EBTs, discouraging owners from setting them up.

Mr Thorpe added: “While we want to see a rigorous set of rules to allow the vendor of the company to enjoy the tax benefits, they should not be so prescriptive as to make the establishment and future running of an EOT unnecessarily onerous or commercially unviable.

“While we can see some merit in the introduction of criteria of minimum employee involvement, overly-prescriptive rules on membership could discourage business owners from selling to an EOT, given the potential difficulty of finding people from specific groups.

“We are, however, pleased to see that many of the recommendations we put forward in our 2021 submission have appeared as proposals within this consultation and, as such, **we broadly support them.**”

Tackling the UK’s productivity problem

Poor productivity has upset many UK economic success stories across the past half century. There’s no smoking gun or obvious culprit but rather a number of complex reasons.

Last month, the ICEAW reported that the UK has grappled with low productivity growth for several decades and the gap with its international peers has only widened in the years since the global financial crisis (GFC). A complex and multi-faceted issue, the UK’s chronic lack of productivity is considered a key challenge to address as the UK seeks to navigate a

return to strong economic growth, raise living standards and to make sure the benefits of that growth are distributed as widely as possible.

Productivity is effectively a measure of how efficiently an economy turns its inputs, such as labour and capital, into outputs, such as goods or services. It is a fundamental determinant of living standards

Unfortunately for the UK, productivity growth has been weak for a long time. Labour productivity data from the Office of National Statistics (ONS) shows that the annual percentage change in output per worker has varied considerably over the years, but there is an undeniable downward trend.

The trend varies by UK region. ONS data shows that London and the South East outperform the other regions; output per hour in London, for instance, was 33.2 percent higher than the UK average in 2021, while in the North East it was 17.4 percent below average.

A subsequent article looks at the **role of UK business and accountants in fixing it.**

In a *Pamphleteers’ blog* article, David Craddock offers a prescription for how UK companies and the British government can improve industrial productivity **through the application of employee share ownership economics.**



UK predicted to dodge recession

According to *CityAM*, the UK will avoid a recession, despite the impact of the Bank of England's interest rate hikes, new forecasts from the EY Item Club said. In its autumn forecast, the EY Item Club predicted the UK economy would grow 0.6 percent over the course of 2023, up from 0.4 percent growth projected in July. The economy has been far more resilient to interest rate hikes than many experts predicted, thanks to a remarkably strong labour market and **the fairly rapid fall in energy prices**.

Employment Tribunal decision: Mr N Spencer-Edwards v John Lewis plc

The claimant's claims of unfair dismissal within the meaning of the Employment Rights Act 1996 and of wrongful dismissal were dismissed. The hearing of July 28 2023 was a preliminary hearing for case management purposes. If the claim had been a simple claim of unfair and wrongful dismissal, then that would have been unusual. However, the details of the claim (which were pleaded very briefly) were expanded by the appending to the ET1 claim form of several documents which the claimant had written when appealing internally against the decision to dismiss him, and in those documents there were many references to illness suffered by the claimant. It therefore appeared that the hearing of July 28 2023 had been **listed in part in order to see whether or not** the claimant was making a claim of a

breach of section 15 of the EqA 2010, read with section 39 of that Act, or of sections 20 and 21 read with section 39. It is to be noted that John Lewis is a plc.



Jersey Finance Roundtable 2023

Jill Britton, director general of the Jersey Financial Services Commission, joined key figures from Jersey's finance industry for the Jersey Finance Roundtable 2023.

In the article Jill gives her views on a range of topics including Jersey's regulatory framework over the last 12 months, **Jersey's impact on the international stage and current trends such as digital AI, and cyber security**.

Financial Services Minister 'hopeful' of Cayman's grey list removal

Financial Services Minister André Ebanks is cautiously optimistic that Cayman may soon be removed from the Financial Action Task Force grey list, saying that the jurisdiction has "put in the work" required.

The FATF plenary will be held in Paris and, on its conclusion on Oct 27, many within the industry believe **Cayman will be removed from the list of non-compliant countries**.

France: Capgemini's tenth Esop: share buyback to neutralise dilution

On October 12 2023, as part of its tenth Employee Share Ownership Plan, Capgemini announced the launch of a share buyback to neutralise the shareholder dilution associated with this plan.

Capgemini will allocate in advance the proceeds of the plan - which takes the form of a capital increase reserved for employees - to the repurchase of existing shares. This share buyback operation is designed to neutralise the shareholder dilution resulting from the capital increase, and will take place before December 19 2023, the date on which the capital increase will become effective. On that date, employee shareholding will be increased by a maximum of 3.2 million shares (representing 1.84 percent of existing share capital), with no material impact on the Group's cash position and no significant dilution of existing shareholders.

This share buyback transaction follows the announcement on **September 14 2023 of the launch of the Esop.**

Hong Kong: Wynn announces new employee share ownership scheme

Destination casino gaming and entertainment resort facilities business, Wynn Macau has announced it allowed 586 employees to subscribe for an aggregate of 586,000 ordinary shares of HK\$0.001 on October 5 as part of an Employee Ownership Scheme. According to the Hong Kong Stock

Exchange dispatch, this share grant represents approximately 0.01 percent of the issued share capital of the company as of the date of this announcement.

The shares granted to each participant will be vested 50 percent on October 5 2026 and 50 percent on October 5 2027.

After the share grant is awarded, 521,569,834 and 10,476,863 underlying Shares will be available for future grants under the scheme mandate limit and service provider sublimit of the Employee Ownership Scheme, respectively.

None of the selected participants were said to be a director, chief executive, or substantial shareholder of the company or their respective associates **or otherwise a connected person of the company.**

USA: Esops as solution to retirement crisis

Ron Kind (D-Wis) and Erik Paulsen (R-Minn), both former US representatives who served on the House Ways and Means Committee, authored an editorial in *The Hill*: **Employee ownership could be the key to solving our retirement security crisis.**

They point out that "At a time when retirement seems out of reach for many Americans, there is clear and convincing evidence that people who work for private businesses with employee stock ownership plans . . . have far greater retirement security than the average American." Citing recent research from Ernst & Young on S corporation Esop

participants and NCEO research on Esops and retirement security, Kind and Paulsen note how Esops help workers; at the same time, they cite a report from Matrix Global Advisors and an NCEO analysis of Esop litigation to criticise regulatory uncertainty around Esops that makes them more difficult to establish.

They express hope that the project at the US Department of Labor (DOL) to establish clearer guidance for Esops will "finally put to bed the regulatory uncertainty that has cast a shadow over employee ownership for decades: the Esop community is ready to work with the DOL and the administration to usher in a new era of employee ownership."

USA: Economic impact of opioid abuse

In an article for the Federal Reserve Bank of Philadelphia's *Economic Insights*, Wenli Li, Raluca A Roman and Nonna Sorokina review the history of the opioid crisis in the US, its economic impact, and the many government policies designed to contain the epidemic.

For example, researchers have found that the opioid epidemic has particularly harmed the labour market and production. For the labour market, workers who reported misuse of prescription drugs, including opioids,

were more likely to report workday absenteeism and more days of absenteeism than workers who didn't report prescription drug misuse. And counties in which more per capita opioid pain medication had been prescribed had lower labour force participation rates, lower employment-to-population ratios, higher disability insurance claiming rates, and higher unemployment rates.

The opioid crisis has multiple and complex dimensions, as its evolution over the last few decades has demonstrated. Despite this complexity, we can safely conclude that the crisis has negative economic outcomes; it has become less driven by opioid prescriptions, thanks to the many state laws and regulations targeting the supply and prescription of opioids; and **designing effective policies that curb the demand for opioids remains a challenge.**



LIBRARY OF WEBINAR BROADCASTS:

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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