



## NEWSPAD AWARDS 2023

Submissions are now open 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. Companies can nominate themselves or advisers can make submissions on behalf of their clients. The deadline for all nominations is 5:00pm on Friday January 12 2024.

The award categories this year are:

### 1. Best all-employee share plan

All-employee share plans help spread the wages of capital and boost company productivity and can be a particularly effective way for a large, or multinational, company to bring together a diverse workforce to help achieve key corporate goals. Employee engagement can be vital too to small or fledgling businesses: employee share plans give employees a stake in the company. Applications to this award category will be judged on how successfully the share plan meets the company's objectives, for example: in inclusivity within the company's workforce as a whole; or in the light of the complexities of cross-border arrangements; or in how the share scheme has been used to benefit employee and business alike.



### 2. Best share plan communications

Communication is key to the success or failure of an all-employee share scheme. This award category highlights the need for communications programmes that are sensitive to the circumstances of the company and the make up of its workforce.

### 3. Best use of technology, AI or behavioural science

Without effective technological solutions, all-employee share plans would be prohibitively expensive and time consuming for many companies. This award category recognises innovative uses of technology to manage, communicate and administer share schemes.

#### 4. Best share plan response to significant changes or challenging situations

Since 2020, the pandemic, global crises, rising inflation and the cost of living has brought many challenges to business, not least of which is the change to working life and finances. All-employee share plans can play a key part in rising to such challenges by contributing to employees' savings, morale and engagement. This award is designed to recognise ingenuity in either adapting a share plan or in creating a special plan to fit the shifting landscape or alleviate some of the pressures that arise from extraordinary situations.

The awards present a great opportunity to celebrate your achievements. Clarity matters more than length.

Rules of entry can be viewed on the Awards 2023 webpage: <https://esopcentre.com/metapages/awards/>.

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

- ◆ 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)
- ◆ Supporting documentation - where appropriate, back up your application with supporting documentation. Either upload the files at the end of the form, or email them to [esop@esopcentre.com](mailto:esop@esopcentre.com).

Please read the rules and terms of entry. 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*. Award certificates will be presented during the Centre's British Isles Symposium 2024. For queries, please contact [esop@esopcentre.com](mailto:esop@esopcentre.com) or call +44 (0)20 7562 0586.

#### British Isles Share Plans Symposium

The *newspad* awards presentation will close the next British Isles Employee Share Plan Symposium, on the afternoon of Thursday April 25 2024, at the central London offices of **White & Case**.

The programme will include interactive panel sessions based on content accessible in advance online. Please contact the team at [esop@esopcentre.com](mailto:esop@esopcentre.com) to express your interest in taking part.

#### Webinar

Esop Sofa – *newspad* review webinar  
October 11

The Centre's autumn Esop Sofa Review will be a return to a webinar format, at 11:00am on Wednesday October 11. Join our panel of share schemes experts for in depth discussion of their pick of articles featured in recent editions of *newspad*.  
**Registration is open.**



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## CENTRE AND MEMBERS NEWS

### **How does employee participation work in a German Start-up?**

In an article for *Lexology*, Bird & Bird's Louisa Graf describes how employee share ownership programmes can provide a strong tool for success in the war on talent, which has become a major challenge for many start-ups.

There are many forms of employee participation. The choice of a suitable employee participation scheme must be made individually for each start-up. The occurrence of the so-called exit event (e.g. sale of the company or IPO) is of particular importance in the usual models, as it reconciles the interests of the shareholders and the employees of a start-up by allowing the employees to participate in the value increase of a company rather than just in the profit, as is usually the case with (success) bonuses. However, the content of the programmes is similar across all models (in particular regarding the **vesting and leaver arrangements**).

### **Share scheme rights arising outside of the employment contract may transfer under TUPE**

Doyle Clayton reported that the Inner House of the Court of Session in Scotland ("IHCS") ruled that an employee's right to participate in a share incentive plan (SIP) which arose outside of his employment contract transferred under TUPE. The transferee employer was therefore obliged to allow

him to participate in a substantially equivalent scheme after the transfer.

This case (*Ponticelli UK Ltd v Gallagher*) has significant implications for companies drafting their equity based arrangements and who might have an eye on selling assets or outsourcing services in future, and businesses already involved in a sale and purchase of assets or the outsourcing of services.

Thomas Clark and Declan Bradley said that even where (as is usually the case) rights to participate in a share scheme are dealt with outside the employment contract, they may well be regarded as arising "in connection with the employment contract" resulting in the transferee employer having to provide a substantially equivalent scheme.

Although the decision in this case was reached by the IHCS in Scotland, it will be binding on employment tribunals in England and Wales and the **Employment Appeal Tribunal in England will almost certainly follow it.**

### **Employment tax update - September 2023**

Macfarlanes reported on HMRC's August Agent Update (Issue 111). Content most relevant to employment taxes and reward activities includes: Correcting payroll mistakes for an earlier tax year; Convention on social security coordination signed with Iceland, Liechtenstein and Norway; and **Online form for overlap relief.**

## City grandees say Square Mile could be set for Big Bang 2.0

CityA.M. reported, earlier this month, that the City of London is at an “inflection point,” with nearly two thirds of financial services leaders warning that the City’s star will wane without intervention.

According to Lloyds Bank’s financial institutions sentiment survey, 64 percent of sector leaders think that the City will stagnate as a global financial centre compared to rivals.

A quarter of firms said they would relocate some of their UK-based staff overseas if London loses its status as one of the world’s leading finance hubs in the next five years.

David Gauke, head of public policy at Macfarlanes and former Treasury minister, said that although the City retained many strengths “a number of factors – including political uncertainty, Brexit and increased international competition – mean that we cannot be complacent that it will always be at the very top.”

In response to these concerns, Chancellor Jeremy Hunt announced a package of reform in December last year known as the Edinburgh reforms. The reforms are designed to “unlock investment and turbocharge growth” by **repealing “burdensome pieces of retained EU law”**.

## AGM mid-season review 2023

Equiniti has published an AGM mid-season review, which provides a summary of voting for the 2023 AGM season (January to June inclusive). As part of this analysis, the update examines trends in proxy adviser voting recommendations to identify if they correlate with shareholder voting behaviour, with some consideration of the **resolutions that received less than 80 percent support**.



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## CONGRATULATIONS!

### **Employee Share Ownership Day**

Global Shares hosted this year's IPSA - Irish ProShare Association Employee Share Ownership Day 2023 in Dublin on September 14.

The event included presentations and panel discussions on employee ownership trusts, and the impact of mergers and acquisitions on share plans. Marc Hussey, senior country officer and head of banking Ireland, JP Morgan, provided a global macro-outlook of current market conditions including an overview of the volatility of today's climate and its impact on equity compensation.

### **Missouri makes 50% capital gains exclusion on Esop sales permanent**

In NCEO's blog, Corey Rosen reported that on September 6, Missouri Governor Mike Parsons signed **S.B. 20**, one of whose provisions makes permanent a law enacted in 2016 that provides a 50 percent reduction in state capital gains taxes for business owners selling to an Esop as long as the Esop owns at least 30 percent of the company after the sale. The law was originally set to sunset in 2023, but this new law removes the sunset provision, making it permanent. **Iowa passed a very similar law in 2012.**

### **Ocorian appoints Chantal Free as ceo**

Ocorian announced that Chantal joined the firm on September 12 from Capita where she was leading a portfolio of businesses across a range of sectors including insurance, legal, consulting and technology. Previously Chantal spent 23 years at Willis Towers Watson, the global risk and people consulting and brokerage firm, where she held several senior **roles in Asia and Europe.**

### **White & Case elects new chair**

White & Case announced the election of Heather McDevitt as the next chair of the firm, effective September 1 2023.

Heather said: "It is a great honour to be elected by my fellow partners as chair of White & Case. I look forward to working with our talented and dedicated partners and colleagues across the globe to ensure our firm continues to provide exceptional service to our clients. Building upon the success that has defined our journey, I am dedicated to continued growth in the years to come."

### **Investec renews commitment to UK Stewardship Code**

Investec announced that the Financial Reporting Council confirmed its renewal as a signatory to the UK Stewardship Code for another consecutive year, adding that the firm was proud of the Stewardship and Environment, Social and Governance **(ESG) related work it has done in this reporting period.**

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## **Catherine Merry completes Le Cure de France**

CMS employment incentives partner Catherine Merry completed “Le Cure 2023” late last month. The challenge - a four-day alpine cycle – raises money for **breast cancer research at the Royal Marsden Hospital**.

Of her achievement Catherine said “Huge thanks to all of my network (and beyond!) for all of the amazing words of support and encouragement and for all of the very generous sponsorships. The response has been overwhelming and it is difficult to put into words quite how much it has meant to me.

“As for the four days of Alpine cycling, it was quite simply an incredible experience and I am so very proud of myself. I still can’t quite believe that I can add “cycling in the Alps” to my CV!

“Le Cure couldn’t happen without the amazing volunteers and support crews that give their time and absolute all to plan the event and support the cyclists on the road. Big thanks also go to the very special bunch of veteran cyclists who support and encourage debutant cyclists like me.”

## **Nicola Brown shortlisted for Powerwomen Award**

Zedra Guernsey's client director, head of incentives Nicola Brown, has been shortlisted for the Powerwomen Awards (International) 2024 in the category 'Woman of the Year - Guernsey'.

Zedra has also been shortlisted for Best Employer – Career Progression. The Citywealth awards ceremony will be hosted in London, March 6 2024.

## **JTC shortlisted twice!**

JTC has been shortlisted for ‘Trust Company of the Year – Jersey’ and ‘Trust Company of the Year – Caribbean’ in the 2024 **Citywealth** IFC Awards.

## **Linklaters’ partner in fifty most influential in sustainable finance**

Rachel Barrett has been named in Financial News’ ‘Fifty Most Influential in Sustainable Finance’ list. Rachel leads the ESG team at Linklaters and has developed a reputation as one of the leading lawyers in the market on ESG issues, based on her extensive depth and breadth of **experience**.

## **UK NEWS**

### **Triple lock easing "unlikely" says Prof Len Shackleton**

Prime Minister Rishi Sunak is considering stripping bonuses from the salary benchmark to trim the rise from 8.5 percent to 7.8 percent to save the Government £600million.

Rishi Sunak was warned he must not break his triple lock promise to 12 million pensioners with “sneaky” changes to save cash.

Matching wage growth should mean a guaranteed 8.5 percent boost for those on the state pension from April next year. But the Prime Minister is considering stripping bonuses from the salary benchmark to trim the rise to 7.8 percent, leaving recipients £75 a year worse off than expected.

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It could save the Government some £600million, but campaigners warned it would be a complete “betrayal” of the pensions pledge.

Professor Len Shackleton, labour market expert at the Institute of Economic Affairs, said: “It is a concern that higher nominal pay combined with the triple lock will mean higher state pensions.

“The Chancellor might reasonably decide to suspend this. This would, however, mean a lot of flak from opposition parties, lobbyists and many within his own ranks, not to mention 12.5 -million pensioners. **It thus seems unlikely.**”

### **AI fraud on the rise?**

According to *ICAEW Insights*, many predictions about AI taking our jobs have not yet materialised, but the threat of AI-driven fraud is a much more worrying development.

Few technologies have attracted as much hype as AI, particularly the most recent versions of generative AI such as ChatGPT, with its uncanny capabilities to create text or images, or hold disturbingly human-like conversations via text. These unsettling technologies have inspired some frightening predictions.

They are not yet destroying thousands of jobs. Nor do they seem likely to wipe out humanity. But some AI tools will be used by criminals to commit fraud, against victims including accountancy firms and their clients.

Figures from the government’s most recent Cyber Security Breaches Survey, published in April 2023, suggest that almost one in three businesses (32 percent) were affected by cyber security incidents during 2022.

These are among the types of fraud where AI technologies are most likely to be used, often to help create convincing fake emails, documents or images which **could be used in phishing emails.**

### **You're Fired! Sugar's advisers miss vital residence rule**

Lord Sugar has a massive Income Tax bill after he mistakenly claimed that he was a non-UK resident at the time that his company paid him a £390 million dividend. As a serving member of the House of Lords, he is automatically deemed to be resident and domiciled in the UK. It was reported that he is suing his advisers.

The story of the £186 million Income Tax bill was broken this month by the The Bureau of Investigative Journalism and The Sunday Times. They claim that Lord Sugar's advisers failed to note the Tax Residence rules for parliamentarians in Part 4 of the Constitutional Reform and Governance Act.

In normal circumstances, tax advisers would just be advising emigrating company owners who have UK companies which boast substantial distributable reserves to be wary of the temporary non-UK residence rules. If you leave the UK having lived here for at least four out of the last seven years and

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## WORLD NEWS

return to the UK within five years, you are deemed to be a 'temporary non-resident'. As such, any dividend paid to you by your company when abroad substantially out of pre-departure profits will become subject to tax in the year of your return.

However, if you are not actually a non-resident, dividend income will be taxable in the year of receipt.

The rules in the **Constitutional Reform and Governance Act** affect serving MPs too.

### ICAEW urges FRC for balanced corporate governance code revisions

The Institute of Chartered Accountants in England and Wales' response to the FRC's consultation on revisions to the Corporate Governance Code stresses that the future of corporate governance is as much about nurturing good behaviours as it is about preventing corporate failures.

ICAEW is calling on regulator the Financial Reporting Council to ensure that an updated version of the Corporate Governance Code remains an example of global best practice and makes **compliance by business both feasible and desirable**.

### European shareholders contest more executive pay reports

European shareholders are increasingly contesting corporate executive pay reports, data showed on September 6, as investors unhappy with companies' approach to environmental and social issues vote against director remuneration.

The percentage of remuneration reports disputed by investors across seven countries reached 42.9 percent during the 2023 annual general meeting season, the highest in at least five years, according to an annual **review by shareholder engagement firm Georgeson**.

Damian Carnell of Centre member CORPGRO commented: *Directors' remuneration is a highly sensitive corporate matter.*

*First is the delicate issue of setting the directors' total earnings opportunity. This must be fully competitive, but also seen as fair by shareholders and others.*

*Secondly, the selection of performance metrics, the performance targets and linked pay-out amounts, signal strongly the intended future direction, and performance expectation defined by the company itself.*

*In recent years, investors have increasingly asked for ESG factors to be within directors' incentives. Across most advanced economies this is now commonly seen in listed companies alongside financial metrics to judge and reward success.*



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### **France: Renaulution Shareplan 2023**

In a press release on September 5, Renault Group announced the implementation of its employee share ownership plan Renaulution Shareplan for the second consecutive year. This offer is open in 29 countries and will involve nearly 98,000 employees in the creation and sharing of value.

Compared to 2022, Renault Group has increased the contributions offered under the 2023 plan by 30 percent to benefit eligible employees from the success of the implementation of the stages of the Revolution. This significant increase will allow eligible employees to receive up to 16 shares free of charge, compared to the 12 shares awarded free of charge in 2022.

Luca de Meo, ceo commented: “By continuing the implementation of one of the most ambitious employee share ownership plans, all sectors considered, we are strengthening the unity of the Group. Renaulution Shareplan establishes the conditions for a better sharing of value, so that the Revolution benefits everyone within the company.”

The offer is open to employees of Renault Group and its consolidated subsidiaries that are members of the PEG of either Renault SAS, DIAC or Retail Renault Group (RRG), in 29 countries, subject to local authorisations required. To subscribe to the offer, the employee must have at least three months of continuous or discontinuous seniority between January 1 2022 and October 2 2023 and an employment contract (with

a consolidated company and member of the PEG) in force on October 2 2023.

The offer is deployed in France and internationally in the following countries: Argentina, Austria, Belgium, Brazil, Czech Republic, China, Colombia, Croatia, Germany, Hungary, India, Ireland, Italy, Malta, Morocco, Mexico, Netherlands, Poland, Portugal, Romania, Spain, Slovakia, Slovenia, Sweden, **Switzerland, United Kingdom and Turkey.**

### **France: 2023 “Elis for All” employee share ownership plan**

On August 31 industrial laundry service supplier Elis announced the launch of a new “Elis for All” 2023 employee share ownership plan.

This operation is part of the development of employee share ownership, which is an objective of the Elis Group and strengthen the sense of belonging of Elis Group employees by offering them the opportunity to be more closely involved in the future development and performance of the group.

The offering only comprises a “classic” formula with discount and employer matching contribution (abondement), under which the subscriber is fully exposed to fluctuations of the Elis share.

A common ceiling of two million (2,000,000) euros, representing 2,000,000 shares, applies to these two

capital increases, i.e., 0.86 percent of the share capital at the date of the Management Board's decision.

The "Elis for All" offer includes a 30 percent discount on the reference price and a matching contribution **equal to one share offered for 10 shares subscribed**.

### **France: Veolia offers new Esop to nearly 190,000 Group employees**

On September 8, Veolia Environnement announced the launch of a new employee shareholding operation. This operation, offered to approximately 190,000 Group employees, aims to involve them in Veolia's development and performance. The settlement and delivery of the new shares to be issued is **expected to take place on December 13 2023**.



## **EO NEWS**

### **Common Trust raises \$2.6 million to propel small business transition to employee ownership**

Common Trust, a platform specialising in employee ownership buyouts for small businesses, has announced securing \$2.6 million in seed funding.

The financing round was spearheaded by Crossbeam Venture Partners, with substantial contributions from Schmidt Futures and esteemed investors well-versed in this arena.

Common Trust's primary mission is to empower small business proprietors to transition their enterprises to employee ownership seamlessly.

The platform is meticulously designed to assist selling owners and management in crafting personalized employee ownership trusts, procuring aligned capital to facilitate the buyout, and executing a successful transition.

Across the United States, there's a burgeoning trend of business owners approaching retirement, with countless small businesses poised for **a change of ownership in the coming decade**.

### **New EOTs**

- ◆ **The Specialist Blind Co**
- ◆ **family-owned steel company Alexander (Scotland) & Co Ltd**
- ◆ **Glen Drummond Chartered Accountants**

## LIBRARY OF WEBINAR BROADCASTS:

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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