EsopCentre

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it's our business

newspad of the Employee Share Ownership Centre

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WELCOME

In this issue

From the life president

Have we been hearing the wrong messages about ShareSave? There has been much bleating about employees facing tax burdens but little self-examination of whether employers did enough to encourage investment in the first place. After all, as Paul Jackson pointed out in his "No Free Lunch" column last month "Nobody participating in ShareSave risks losing if the share price goes down".

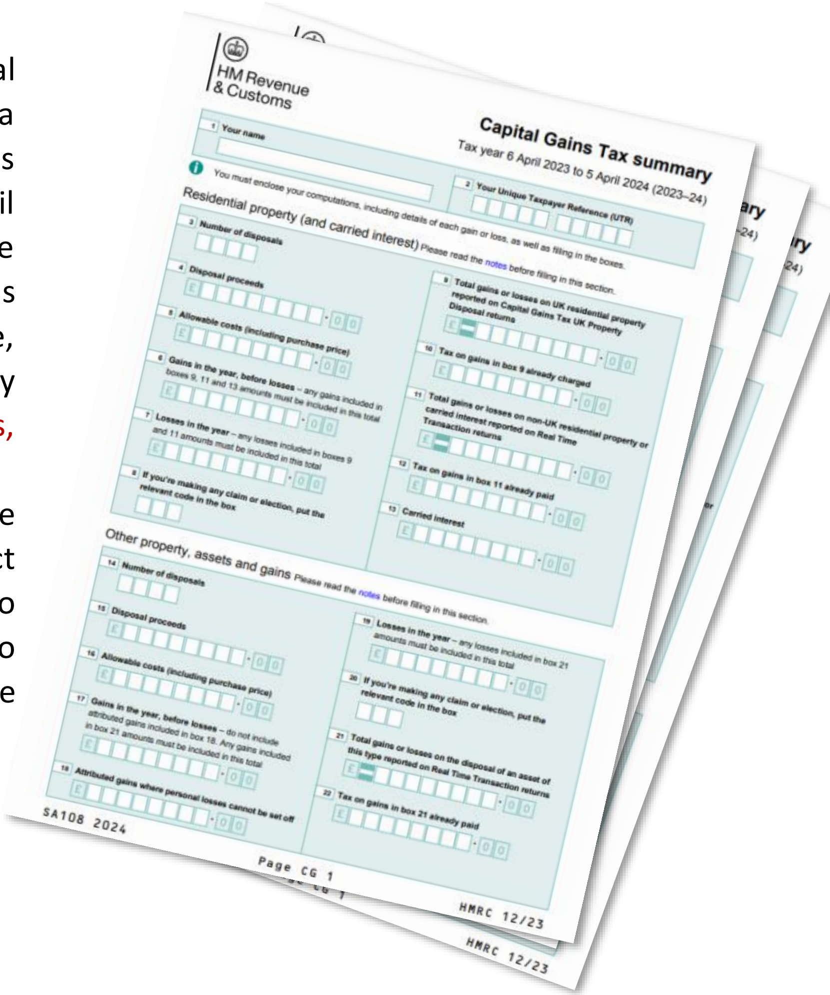
The real cause for joy should be the extent to which employees can be helped to reduce the CGT burden. The best example I have seen was the renewable energy company Drax, an entrant in the Centre's Awards this year – the winners of which will be announced at the April 25 symposium. Drax reported that it was able to help nearly 90 percent of employees minimise capital gains. It's time for more employers to boost ShareSave and ask themselves if they have really done enough.

Malcolm Hurlston CBE

April 6 - reduction of the CGT exemption allowance

The second cut in the CGT personal exemption allowance - from £6000 to £3000 a year, as announced in the Chancellor's Autumn statement - takes effect from April 6. Employee shareholders in SAYE Sharesave schemes will be hit when their options vest. As share markets continue to advance, many Eso participants will be affected as they will have to fill in CGT payment forms, perhaps for the first time.

While SIP employee participants are not liable to CGT charges; and it is likely that the impact of the reduction of higher rate CGT from 28 to 24 percent will be marginal for most Eso participants, it will be interesting to observe the impact of the halving the allowance.



TotalEnergies celebrates 100 years with employee shares

To celebrate its 100th anniversary, TotalEnergies is awarding 100 shares each to its 100,000 employees worldwide, provided they remain in post for at least five years. At TotalEnergies' current share price of €63, the shares gift is worth around £5400 to each salaried employee.

Chairman and ceo Patrick Pouyanné said that employee shares awards were the best way of linking employees with the progress of the company. About eight percent of TotalEnergies is owned by its employees.

PISCES consultation

In the last budget, the chancellor announced PISCES, the Periodic Intermittent Securities Capital Exchange System. Its aim is to allow unlisted companies to scale by providing liquidity and potentially reshape the shareholder base, strengthening the current core equity capital, by streamlining price clarity, the shareholder profile and the growth and income expectations.

PISCES will allow trading in unlisted shares on a defined basis yet to be developed fully. The aim is to promote the UK as a good place for fostering company growth and achieving full listed company status. The PISCES proposal is open for public consultation with HMT until April 17. Trading is expected to start some time in 2025.

PISCES has deep implications for share incentives, employee share ownership and corporate governance. It will heighten companies' accountability to a wider, and potentially more demanding, set of shareholders than the current founders, family companies and PE backed concerns. It will considerably ease the use of shares in executive compensation plans and broad-based share plans, and help fast growth companies to compete for talent against bigger rivals.

Private companies represent a broad church: family owned companies; PE-backed companies; start ups which are founder owned; and subsidiary companies.

Most unlisted UK companies are limited companies, but a minority are unlisted plcs, where company law does not permit constraints on the transfer of their shares.

PISCES will provide relevant companies with a visible share price and a secondary market in shares which make it simpler to use shares in executive compensation and broad based share plans by providing both an exit and share price transparency.

For executive compensation the use of shares in LTIPs will mean that Performance Share Plans, Option Plans and Restricted Stock may all be seen. Indeed, the scope of LTIP vesting metrics may expand to include TSR deployed either on an absolute or relative basis (as is common among major listed companies).

Light touch corporate governance is most likely needed. Even the QCA orporate governance code might be too heavy for these smaller fast growth companies. Similarly, the governance experts within major institutional investor and the proxy voting agencies will need to think whether and how the principles for major listed companies might be applied, to PISCES companies.

Centre member Damian Carnell of CORPGRO took the view: *The PISCES proposal is a welcome initiative and should be good news for these companies and the UK economy more broadly. While in principle straightforward, there remain many aspects that need to be addressed fully for it to work smoothly in practice. Hopefully the consultation process will flush these out and provide sensible solutions.*

A new set of important companies will now have much easier access to operating powerful executive share incentives and strong engagement effects flowing from broad based share plans. The group of those permitted to trade shares should include Esop trusts. Esops can also act as a closed market mechanic, and allow an exit for employees at times when the PISCES trading window is closed.

Esops normally have a borrowing power that can be used to obtain third party capital which can be deployed in subscribing for new issue shares. The PISCES trading arrangement will make lenders somewhat more comfortable than a vanilla loan to aid the Esop in acquiring unlisted equity.

As PISCES will not permit new capital raised directly, the Esop trust can do so indirectly while simultaneously feeding shares into powerful distributive share plans. This should definitely be a win-win outcome if well thought through.

The Centre may submit a view.

British Isles Share Plan Symposium - April 25

Readers are welcome to join us at the Esop Centre's seventh British Isles Share Plan Symposium in London on **Thursday April 25**.

Under the ambitious heading: *Employee Share Plans – Beyond The 1%*, the 2024 Symposium will focus on increasing productivity through raising the percentage of total equity in employee ownership. If at least 10 percent of equity were in the hands of employees, it would boost productivity and benefit all investors. A keynote address by chartered governance professional, NED and accredited mediator, **Lorraine Young** on this theme will kick off the event.

After which, delegates will hear share plan experts from: Baker McKenzie; CMS; David Craddock Consultancy Services; Deloitte; EQ; Global Shares; Macfarlanes; MM&K; RM2; Tapestry Compliance; Wealth at Work; and host **White & Case**.

Speakers will be discussing international share plans: looking at long term incentives for a mobile workforce, recent changes in restrictive covenants in the UK and other key countries, and asking whether US style ESPPs could offer a simpler multi-jurisdiction solution. On share plans in SMEs, you can learn about managing direct share ownership in an EOT-controlled company; how to navigate valuation issues in unquoted UK companies; and about the risks and rewards of growth shares.

Looking to the future, we shall examine executive remuneration in the light of the looming election and the impact on share plans of recent updates to institutional investor guidance. There will be an explanation of why tax is important in an all-employee tax advantaged scheme, a look at share plans as part of personal financial planning and how direct share ownership can enhance productivity and social mobility.

The programme will consist of interactive panel sessions based on material available in advance online. The in-person session will be on the afternoon of Thursday April 25, at the central London offices of White & Case.

The annual ***newspad*** **all-employee share plan awards** presentation will close the symposium, followed by a **celebratory reception**.

To register email: events@esopcentre.com, listing the name, role, organisation and email addresses of your delegates.

Admission rates:

Delegates from **share plan issuer companies** may attend **free of charge**.

Share plan practitioners:
Members: £450; Non-members: £800
Share plan trustees:
Members: £400; Non-members: £650

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

**All prices are subject to UK standard rate VAT*

There will be opportunities to attend remotely for international delegates not able to travel to London.

Sponsors

vestd

WHITE & CASE

Employee share plans are great – why aren't they more popular?

In an opinion piece for *Investors Chronicle*, Paul Jackson wrote: Marks & Spencer made no bones about it. "Sharesave is a risk-free savings plan," it told its employees in 2020. "You will always get back the money you have saved." And it rightly added that if the M&S share price goes up, you could get back much more. But it also said: "Remember shares can go down in value as well as up."

That's the problem with compliance. It can put people off. M&S managers evidently think they have to carry this warning to cover themselves, but they're missing the point. Nobody participating in Sharesave risks losing if the share price goes down. Sharesave is entirely voluntary, and the opportunity only comes around once a year. It's inclusive, and designed to encourage saving, with a share option tacked on that comes for free – at the end of three years, the amount saved can be used to buy M&S shares at a preferential rate. The decision is simple: if the share price is below the option price, take the cash; if the share price is higher, convert the cash into shares. Those risk-averse can sell immediately. (Nominal) downside risk zero; upside risk no limits. You could think of Sharesave as a one-way bet.

The price of the option was set at 20 percent below the price at which the shares traded in the market during three days in November 2020. At this time, retailers were suffering due to the impact of lockdowns and the cost of the pandemic: the M&S share price had fallen almost to 100p, and the Sharesave option price was set at 82p.

Some companies don't offer all-employee share plans. You have to wonder whether they genuinely care about their staff. How well a company promotes the plans can speak volumes. On compliance, all that's really needed is to advise employees to weigh up Sharesave against other saving and investment plans. They'll struggle to find a better deal.

Sharesave is a clever concept, unique to the UK. It's positive for the economy, individual companies, employees and shareholders. Yet how many include employee share plans in ESG assessments? The rules could do with updating and it could be key to greater productivity, yet it seems to pass by largely unnoticed. Are all these stakeholders really content to let it wither on the vine?

London business confidence soars

London business confidence soared last month as the UK's ongoing economic recovery lifted spirits in the capital. Business confidence in London rose 14 points to 52 percent in March, according to Lloyds' Business Barometer. This was driven by a 23-point increase in firms' optimism in the economy as a whole. In the country overall, business confidence remained at 42 percent in March, matching the highest level recorded last year, *City A.M* reported.

Fears over 'uninvestable' London stock market

According to the *Evening Standard* the City's status as a leading financial centre is under threat, amid a huge gap in the value of similar companies in London and New York.

A warning over an exodus of major companies from the London stock market was sounded on March 27 as investors pull money out of Britain in search of better returns in the United States.

A huge gap in the value of similar companies in London and New York is putting pressure on chief executives to switch their listing in moves that could be devastating to the capital's status as a global financial centre.

There is growing talk that a giant such as Shell could quit London, turning stock market strife into a full City crisis. Figures compiled for the newspaper show the market for new flotations — companies raising money to join the London Stock Exchange — has collapsed.

Why are UK companies using share buybacks more?

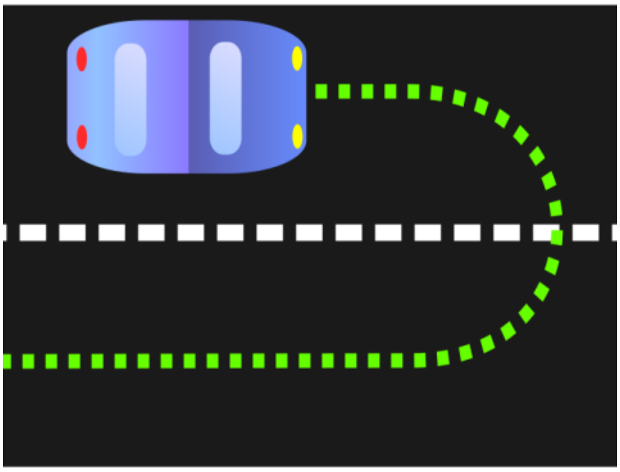
In February, Natwest started a £300m share buyback programme, and has bought back over 20 percent of its shares since 2020. Historically, the US has been more of the home of the buyback, with the UK preferring to issue dividends instead, but in the last couple of years, UK companies have been far more open to the practice.

UK companies bought back an average of £18bn in stock a year between 2012 and 2019, but by 2022 that number was over £50bn. This has been at the same time as keeping their dividends, not simply replacing them with buybacks. This isn't just large companies doing this. IG Group has a dividend yield of 6.4 percent, while also having bought back 7.5 percent of its stock last year. Meanwhile, OneSavings Bank yields 8.7 percent, and bought back 8.5 percent of its stock in 2023, according to *City A.M.*

Long term sickness at highest levels since the 90s

The number of people leaving the workforce owing to long term sickness is at its highest since the 1990s. Adults economically inactive with ill-health rose from 2.1m in July 2019 to a peak of 2.8m in October 2023, the Resolution Foundation found. It is the "longest sustained rise" since 1994-1998, when records began. The government said its recent Budget measures are estimated to boost the labour force by 300,000 workers, the BBC reported.

HMRC U-turn



HMRC has reversed a decision to close its self-assessment telephone helpline for half of the year. The tax authority announced on March 19 that the line would be closed between April and September, with taxpayers directed to online services instead. But less than a day later it said the phone line would stay open this summer, the BBC reported. "The pace of this change needs to match the public appetite for managing their tax affairs online," said HMRC ceo Jim Harra.

National Living Wage should start at 18 says pay-setting group

The national living wage, the rates of which change annually on April 1, should be paid to all over-18s instead of starting at 21, said the Low Pay Commission. At almost £3 an hour, the gap between the amount paid to 18-20-year-olds and older adults has widened to 'an unfair level'.
The Commission is now calling for the distinction to be scrapped – handing a significant pay rise to hundreds of thousands of workers. However, the proposal triggered an immediate backlash from business groups who warned it would be unaffordable. Kate Nicholls, the head of trade body UKHospitality, said: "Now is not the time to be loading businesses with extra costs."

"Craig was not Satoshi" - Phil Sherrell

In an interview with *The Times*, Phil Sherrell, a partner at Centre member Bird & Bird, told how he successfully acted in the High Court for the Crypto Open Patent Alliance to prove that Craig Wright, an Australian computer scientist based in Surrey, was not Satoshi Nakamoto, the founder of the cryptocurrency bitcoin.

Tax Case: Distributions were dividends not capital gains

Distributions in specie made from a share premium account were confirmed by the Upper Tribunal to be income distributions and not capital. The Upper Tribunal considered if the payments by a non-resident company satisfied the definition of a dividend for the purpose of English law.

⇒ Mr Beard is a UK resident and shareholder in Glencore, a publicly listed company incorporated in Jersey and domiciled in Switzerland.

⇒ Following a corporate restructuring of the company. he acquired shares in 2011 as part of a profit participation exercise for employees.

⇒ He received cash distributions in each of 2011-12 to 2015-16 paid from the share premium account of the company.

⇒ In 2015, Glencore also made an in specie distribution of shares in a subsidiary company, Lonmin plc and Mr Beard was a recipient.

⇒ In October 2019, HMRC issued a closure notice assessing Mr Beard to Income Tax on the distributions.

Mr Beard appealed to the First Tier Tribunal on the basis the in specie distribution was capital in nature and therefore subject to Capital Gains Tax.

⇒ The FTT held that all the distributions from a non-UK resident company were income distributions.

⇒ Permission to appeal was granted by the Upper Tribunal.

The UT confirmed that in accordance with UK case law, in determining the correct tax treatment of a payment by a non-UK company such as Glencore, the correct approach is to establish the character of the payment under the corporate law of the jurisdiction in which the paying company is incorporated and apply UK tax legislation to that payment. The appeal necessarily concerned both UK tax legislation and Jersey company law.

Thank you to our previous hosts of the Esop Centre British Isles Employee Share Plan Symposium

Baker McKenzie.

MACFARLANES

TRAVERS SMITH

US style pay packages a significant risk of higher inequality

Allowing US-style executive pay packages in the UK could "create a significant risk of higher inequality", academics warn. More than 20 leading social scientists told the UK's biggest investment companies and pension funds it would also create "much lower levels of happiness, health and wellbeing across society". Many firms and bosses have been calling for such packages, the *Guardian* reported. This is despite the bosses of the FTSE 100 collecting median average pay of £4.4m in 2022 (the latest year available).

British Gas owner doubles boss's pay to £8m – despite qualms over previous rise

The boss of British Gas owner, Centrica, has seen his earnings nearly double to £8.2m, despite having admitted that his smaller pay packet the previous year was "impossible to justify".

Chris O'Shea earned a basic salary of £903,000, which was topped up by cash and share bonuses worth an extra £7.3m.

The chief executive's total remuneration ballooned largely thanks to a £5.9m bonus scheme that rewarded him for hitting targets linked to the company's share price, profits, cashflow and measures incuding safety and customer satisfaction.

Centrica's share price has risen steadily in the past two years, partly coinciding with the surge in global gas prices after Russia's invasion of Ukraine.

But the company insisted that O'Shea's performance was behind the rise.

Germany: Higher remuneration for SAP Executive Board

SAP's solid performance in 2023 has translated into significantly higher performance-related pay for its executive board members. The board collectively received €19.9 million in performance-based compensation, up from €12.3 million the prior year. Total remuneration across all executive board members rose to €28 million from €18.8 million in 2022.

Ceo Christian Klein was the top earner at €7.16 million, while new cfo Dominik Asam received €3.9 million, including €1.6 million to offset forfeited pay from his previous employer Airbus.

Short-term performance bonuses were up, with 115.1 percent target achievement versus 61.2 percent in 2022. Long-term incentives benefited from SAP's rising share price last year. The compensation system will change slightly from 2024 to give more weight to ESG factors in long-term pay components. Outgoing supervisory board chairman Hasso Plattner received €430,000, while his initially announced successor Punit Renjen made €227,500 before being replaced by Pekka Ala-Pietilä.

USA: Elon Musk hit with $128m severance pay suit by ex-Twitter ceo & other execs

Four former top Twitter executives - ex-ceo Parag Agrawal, former cfos Ned Segal and Vijaya Gadde, and ex-General Counsel Sean Edgett - have filed a $128 million lawsuit against Elon Musk and X Corp (formerly Twitter) over unpaid severance and benefits. The complaint, filed in federal court in California, alleges that Musk fired them without cause after his $44 billion acquisition of Twitter in 2022, despite their contracts entitling them to full payouts for a "good reason" departure like the company going private.

It cites Musk's own quote about planning to "cheat Twitter's executives out of their severance" to save $200 million. The executives claim this is Musk's "playbook" - refusing to pay what he owes to force expensive litigation. Agrawal alone was allegedly owed a $60 million golden parachute. The lawsuit aims to recover the promised severance worth $128 million collectively for the four former Twitter leaders ousted by Musk. No comment yet from Musk or X Corp on the high-stakes complaint over the billionaire's takeover compensation tactics.

US companies spending more on executive compensation than federal tax

Ford, Tesla, and Netflix are among those named in a report detailing America's largest companies that spend more on executive remuneration than on federal tax payments.

The report, from Analysis by Americans for Tax Fairness (ATF) and the Institute for Policy Studies (IPS), identifies 35 firms whose senior executives earned more in compensation than the employers spent on net tax bills between 2018 and 2022.

A further 29 firms paid more to their top five executives in at least two of the five years in that period.

The total compensation for named executive officers, usually including the ceo and cfo alongside other executives, at the 35 companies totalled $9.5billion.

Meanwhile, federal income tax payments amounted to negative $1.8billion, meaning as a cohort the group received more in government funds than they paid in taxes.

The interesting rise of the employee ownership trust model in NI

According to the *Belfast Telegraph*, the number of Employee Ownership Trusts in Northern Ireland has risen significantly since the Covid-19 pandemic.
The top five sectors for employee ownership are professional services, manufacturing, construction, wholesale and retail, and information and communication, confirming that EOTs work in a variety of business activities.

New EOTS

- Healthcare manufacturer E&O Laboratories
- Marina Emsworth Yacht Harbour
- Insurance law firm Fenchurch Law
- Leak sealing solution business Kinetics Controls and Innovation
- International telematics firm Mobilevalley
- Law firm Parfitt Cresswell
- Made-to-measure blind maker The Specialist Blind Co

WORLD NEWSPAD

France

Legrand plans to launch its first international Esop

Between March 18 and April 2 2024, Legrand employees were given the opportunity to acquire Legrand shares at a subscription price of 74.13 euros. This price included a 20 percent discount. The plan is available in France and in other countries around the world, including China.

Shares will be subscribed through an employee shareholding fund (FCPE) or, in some countries, directly by employees. They will be subject to a five-year lock-up period, except in exceptional cases of authorised early release.

China

Alibaba Group Cainiao IPO update

On March 26 Alibaba Group Holding Limited announced that its logistics subsidiary Cainiao Smart Logistics Network Limited had withdrawn its initial public offering and listing application on the Hong Kong Stock Exchange.

At the same time, Alibaba Group planned to offer to minority shareholders of Cainiao (including employees) an opportunity to sell all of the outstanding shares of Cainiao held by them to Alibaba Group for US$0.62 per share, representing a total consideration of up to US$3.75 billion. Cainiao shareholders may choose to accept the offer and sell their shares to Alibaba Group for cash consideration or continue to own Cainiao shares. Alibaba Group owns approximately 63.7 percent of the fully-diluted equity interest in Cainiao (including vested equity interests under Cainiao's employee share ownership plan).

After completion of the offer, Alibaba Group plans to align Cainiao's business to realise synergies with Taobao and Tmall Group and Alibaba International Digital Commerce Group, as well as support Cainiao to execute a long-term strategic expansion of its global logistics network.

South Africa

Shareholder approval for the implementation of the ABHL's Eso Scheme

On November 21 2023, African Bank announced that preparations for an Initial Public Offering had commenced. The first phase of these preparations entailed the design and development of an Employee Share Ownership Scheme, the development of a management scheme, and the sourcing of appropriate strategically aligned partners.

In anticipation of the IPO, the Bank intends to implement a broad-based Esos. The purpose of the Esos is to align employee and shareholder interests, allowing employees to participate in the value created post the IPO and to support the attraction and retention initiatives of the Bank. The share trust would hold no more than 10 percent of the ordinary shareholding of ABHL post the issue of shares and each eligible employee will receive an equal allocation.

At the extra-ordinary general meeting held on March 26 2024, shareholders voted in favour of the necessary resolutions to implement the Esos. Further details of the Scheme will be made available in the half year results to be released in May 2024.

Commenting on the creation of the Esos, African Bank's ceo, Kennedy G Bungane stated: "We are on the cusp of a significant milestone, one that honours the rich heritage of African Bank. We look forward to the moment where our bank for the people, by the people, serving the people, will one day also be owned by the people. Our broad-based employee share ownership scheme is a stepping stone in achieving that vision and will ensure that the people have a say in the Bank that was created for them. It represents another important step in our Excelerate25 strategic journey as we continue building a customer centric, data and digitally enabled diversified business that is scalable and sustainable."

India

Reduced Esop and angel tax among startups' demands from government

Indian startups are seeking reduced taxes on employee stock option plans, relief from the "angel tax", and enhanced public-private partnerships from the government, according to PhysicsWallah co-founder Prateek Maheshwari and a top official. Maheshwari, who chairs the India EdTech Consortium, said they are working with the government to make the Esop framework more employee-friendly, as multiple unicorns have requested. Improving public-private partnerships to allow startups to contribute technology solutions is another key ask.

Anurag Jain, secretary in the Department for Promotion of Industry and Internal Trade (DPIIT), said the Esop taxation issue has been raised with the Finance Ministry. He highlighted efforts to build an enabling environment for startups, including plans to integrate them into the National Single Window System. Jain expects liberalisation measures after the upcoming elections which will improve startups' access to public funding through IPOs and other avenues beyond foreign venture capital.

Meesho initiates its largest Esop buyback

Online shopping platform Meesho is set to spend Rs 200 crore to buy back shares from around 1,700 former and current employees. Eligible employees can voluntarily participate in this program, the company said in a statement.

The Indian marketplace announced “the initiation of an Employee Stock Ownership Plan buyback programme of Rs 200 crore, making it the company’s largest Esop liquidity pool to date”.

Tiger Global-backed MyGate to offer Esop buyback for 51 employees

Tiger Global-backed community management startup MyGate has announced an employee stock ownership plan buyback for 51 employees who have completed four years with the company. The eligible staff can sell back 20 percent of their vested shares, though the buyback value was not disclosed. This move comes amid improved financial performance for MyGate in the last and current fiscal years. In financial year 2023, the startup's net loss widened 30 percent year-on-year to Rs 227.1 crore, though losses narrowed 35 percent when excluding Esop and liability costs.

Co-founder Abhishek Kumar cited MyGate's strong financial position as enabling the "small gesture" to thank long-tenured employees through the buyback opportunity. While Indian startups saw widespread layoffs recently, Esop buybacks and allocations are expected to rise in 2024 as founders bank on stock options to attract talent, according to an *Inc42* survey. The Esop buyback allows MyGate's longest-serving staff to monetise a portion of their vested shares.

Japan

MUFG to introduce share-based compensation plan for employees

MUFG Bank announced on March 28 that it has decided to introduce a share-based compensation plan using the Esop trust structure as a stock incentive plan for employees in management positions who satisfy certain requirements at three MUFG subsidiaries (MUFG Bank, Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Morgan Stanley Securities Co).

Defining its purpose as being "Committed to empowering a brighter future," MUFG positions human capital as one of the most important types of capital and aims to become a global financial group capable of contributing to society and customers by empowering each employee

The Esop Trust, similar to performance share plans or restricted stock plans prevalent in the US, would be a stock incentive plan under which MUFG shares and money equivalent to the liquidation value of MUFG shares are delivered or paid to eligible employees who satisfy certain requirements based on predetermined share-based compensation plan rules.

The plan is expected to enable the eligible employees to benefit financially from MUFG's growth by holding shares in the company, to encourage each employee to strive to improve corporate value and ROE from a medium- to long-term perspective by better demonstrating their leadership. In addition, making the eligible employees shareholders is expected to increase their job satisfaction and pride in working for MUFG, as well as boosting retention by diversifying their incentives.

Further details, including the acquisition of shares by the Esop Trust, will be announced when they are resolved.

Barbados

11,000 workers to become sugar industry co-owners

Barbados's Minister of Agriculture and Food Security, Indar Weir announced that more than 11,000 workers at the two state-owned sugar companies will become owners of 20 percent of the stock as the companies transition to private ownership.

"My view," Weir said, "is that when the full transition is completed, for the first time in our entire existence workers in the sugar industry are becoming owners. A sugar industry with workers becoming owners has to be the real deal…This to my mind represents the greatest piece of enfranchisement to ever take place in this hemisphere."

Ambassador Clyde Mascoll, the chair of Barbados Agricultural Management Company, said, "No one individual can come from any part of Barbados or any part of the world and believe that he or she has the knowledge when the people who actually work in these institutions are the ones with the knowledge and only need guidance."

The companies have been losing money in recent years. The ownership stake for workers is the first step in a gradual process of privatisation, details of which are to be determined.

USA

The surging wealth of employee owners

According to information from the Department of Labor total assets held in Employee Stock Ownership Plans in the US exceeded $2 trillion in 2021 and have likely grown further since. With around 15 million participants, including over 10 million active employees, many longtime Esop members like those at Publix are millionaires.

In 2021, there were 3,445 leveraged Esops averaging $166,000 in assets per participant - a 44 percent increase from 2018 levels. While leveraged deals are driving new Esop formation, the $1.8 trillion held in older unleveraged plans account for most total Esop assets at $139,000 per participant on average. Like unions, Esops have proven an effective mechanism for wealth creation among non-college educated employees by granting them ownership stakes.

ETC announces it is 100% employee owned

Talia Kalman reported for Madison WMTV that Wisconsin-based theatrical and architectural technology company ETC has become 100 percent employee-owned through an expansion of its Employee Stock Ownership Plan. The move was revealed by board member James Foster, son of ETC's founder Fred Foster, at a company meeting in February. Previously, employees owned 42 percent of ETC through a partial Esop, with the remaining 58 percent held by outside shareholders. That 58 percent stake will be reallocated to ETC's employees over the next 50 years. Ceo Dick Titus told Kalman that 100 percent employee ownership will boost retirement benefits while ensuring decisions prioritise employee and market interests. Founded in 1975 by UW-Madison graduates, ETC manufactures lighting, rigging, networking and control products for venues worldwide. The company employs over 1,200 people across 15 global offices while remaining headquartered in the Madison area. The Esop transition makes ETC one of thousands of 100 percent employee-owned companies in the US, putting full ownership in the hands of its workforce.

DigiCOPY announces 100% employee ownership

Wisconsin based DigiCOPY has transitioned to 100 percent employee ownership through an Esop. Under this structure, the company provides stock ownership to all employees at no cost.

President and ceo Craig Shuler claimed the Esop was "the most unique retirement benefit" because it allowed staff to increase their retirement savings in line with the company's success.

The transition makes DigiCOPY one of approximately 6,600 employee-owned companies in the US covering around 14 million worker-owners, according to the National Center for Employee Ownership.