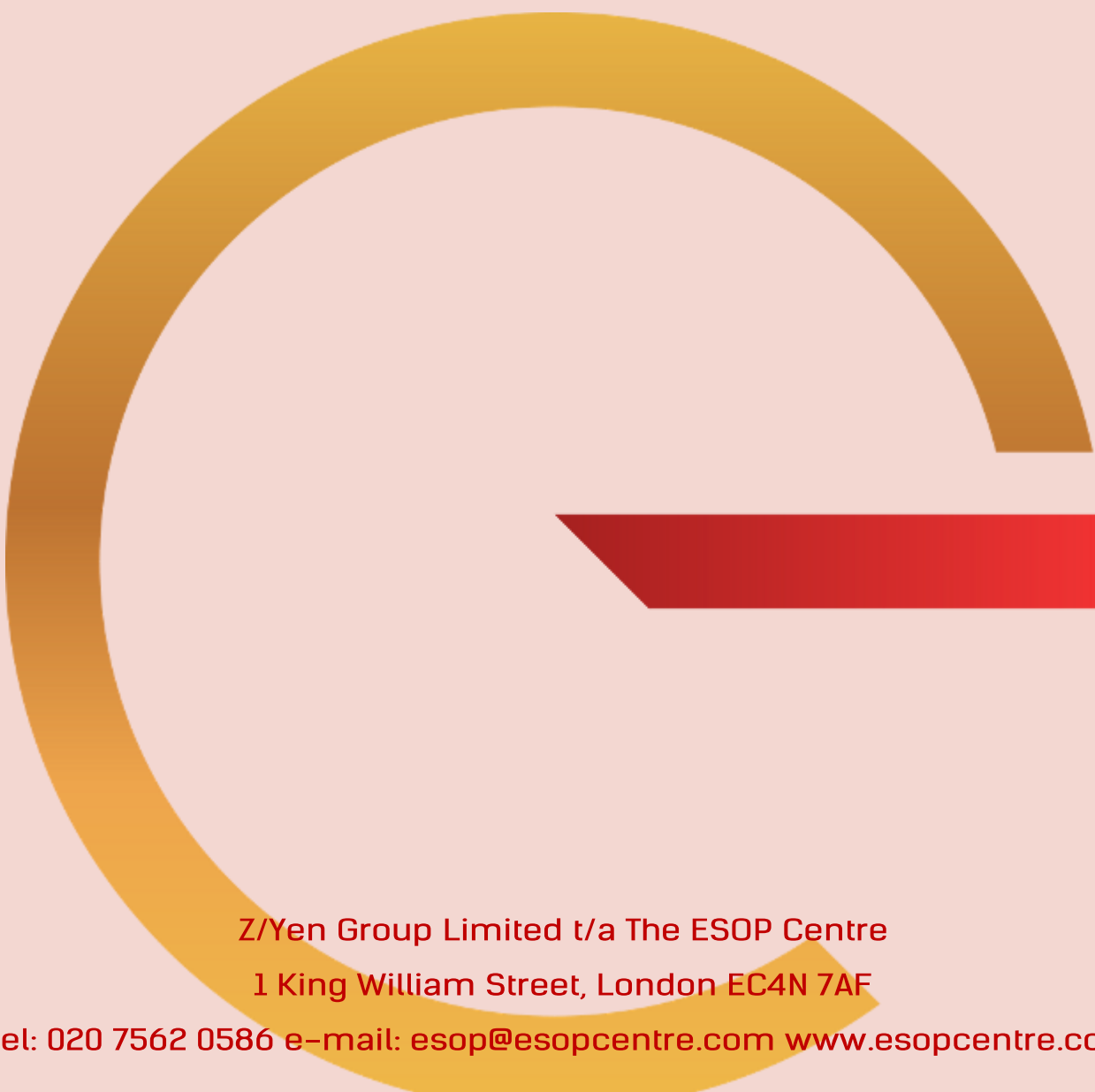


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# it's our business

newspad of the Employee Share Ownership Centre



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### ***From the life president***

*The rise in employers' NICs announced in the autumn budget came into effect earlier this month. But, as Craig Rothnie of accountants CT points out in **Scottish Financial News**, a happy side-effect may well be an increase in the use of employee share schemes, EMI and CSOP in particular.*

*Thanks to EMI many companies can offer options to reward and incentivise employees. According to HMRC over 4000 companies granted share options in 2023, saving over £300m in income tax and NICs.*

*The SIP and the CSOP are not as effective as EMI but they can both be highly beneficial, carrying with them the Esop effect on productivity and morale.*

*As always schemes need to be accompanied by buy-in from the top to have their full effect.*

***Malcolm Hurlston CBE***



## Employee share owners enjoy a £10,000 wealth premium

According to the Social Market Foundation, employee share ownership plans can allow workers on low wages to accrue far more in assets than others on similarly low incomes. Less than five percent of all workers currently benefit from such plans. The cross-party think-tank said ministers should take steps to encourage companies to offer share plans, and to promote their benefits to workers.

A higher level of employee share ownership could be an important tool for bolstering the financial resilience of UK households and giving workers a stake in the economy after the pandemic, the SMF said. Employee share ownership can also boost firms' productivity.

Under current tax rules, companies are able to offer employees a limited number of shares either

free or for purchase well below market prices. Over 14,000 companies in the UK operate some form of tax-advantaged employee share ownership plan, including BT, Tesco, Whitbread, and Greggs.

The SMF shows that workers who can take advantage of share plans have much more substantial financial assets than people in similar income brackets who do not or cannot take a stake in their employer.

While it might be expected that people who own shares would have greater wealth than those who do not, the SMF found the wealth effect of employee share ownership is clear even between people in similar income groups. That suggests that **employee shares give a significant boost to wealth, the report said.**

## Consultation on changes to HMRC statistics publications 2025

HMRC is proposing to collect additional employee share scheme statistics by expanding Table 5 in the **Employee Share Scheme statistics** to provide further statistics on share incentive plans of shares taken out of the plan. A new Table 5.5 may include:

- ⇒ number of companies where employees took shares out of plan
- ⇒ number of employees that took shares out of plan
- ⇒ value of total gain on shares taken out of plan
- ⇒ value of relievable gain on shares taken out of plan

This welcome development will provide further light on the benefits of share plans.

Further information: [Consultation on changes to HMRC statistics publications 2025 - GOV.UK](#)





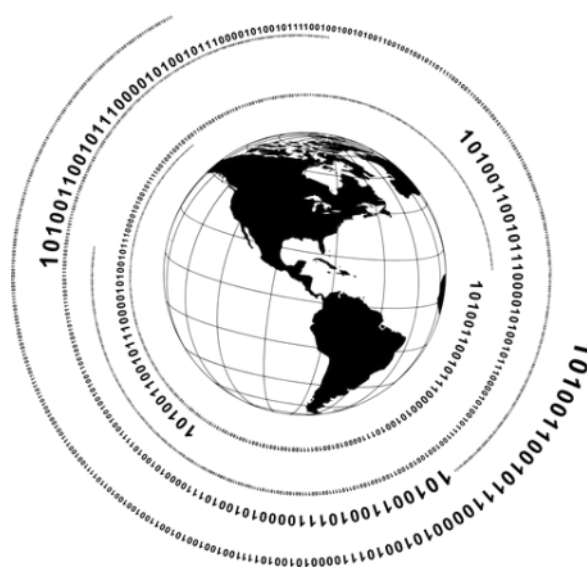
## Blockchain “revolutionises employee stock ownership plans”

Blockchain technology may reshape employee stock ownership plans in the US by making stock ownership more transparent, accessible and efficient. Traditionally, Esops are burdened by high administrative costs, slow transactions, and limited liquidity. As a result employees can be unable to access their shares until they leave the company.

With blockchain, companies can tokenise employee shares, recording them securely on a decentralised ledger. This reduces the need for intermediaries, cuts costs and accelerates transactions. Employees benefit from increased transparency, if they can easily verify their holdings.

Tokenised shares offer instant liquidity, allowing employees to trade them on secondary markets or convert them into cryptocurrencies for quick access to funds. Smart contracts further automate processes like stock vesting and dividend distribution, reducing administrative workload and ensuring accuracy.

Serious challenges remain such as regulatory uncertainty and cybersecurity risks. Should adoption grow and regulations evolve, tokenised Esops could empower employees with greater financial flexibility and ownership transparency.



## EVENTS

### Esop Sofa webinar—May 1

What remuneration and share plan changes are AGM notices indicating?

The next Esop Sofa webinar will be at 11:00am on Thursday May 1. The Esop Centre’s panel of experts will look at AGM notices, which UK listed companies are publishing, to see what changes are coming through in remuneration policies and share plan design to reflect the recent updated guidance from institutional investors – and look at how those updates may be shaping the development of share plan implementation.

Centre chairman Robert Pay will moderate and there will be plenty of opportunity to put your questions to the panel.

**Registration is now open.**





## Annual share plans symposium—June 5 2025

The Centre's eighth Share Plan Symposium will be held at **Baker McKenzie's** London offices on the afternoon of **Thursday June 5**. The in-person session of the event will comprise four panel debates, running from approx. **13:45 to 17:15** followed by a reception, at which the 17<sup>th</sup> *newspad* Awards winners will be announced.

We are putting together a programme of talks from expert speakers covering: The executive remuneration landscape; Employee share and share option plans in SME and unquoted companies; Trustees and employee equity; The future of all-employee share ownership plans; Global share plans.

The presentations will all be pre-recorded and form the briefing material for what we hope will be lively panel and delegate discussions.

Centre conferences are equally celebrated for their level of speaker expertise and the quality of their networking opportunities.

### Admission rates:

*Delegates from **plan issuer companies** will be admitted **free** of charge.*

Practitioners- Members: £450 Non-members: £800

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*

If you are a Centre member and would like to offer a presentation, or suggest a topic, contact Juliet at [esop@esopcentre.com](mailto:esop@esopcentre.com).

To register a delegate email [events@esopcentre.com](mailto:events@esopcentre.com) or phone the team on +44 (0)207 562 0586

The Esop Centre thanks Baker McKenzie for hosting the 2025 Share Plan Symposium

**Baker  
McKenzie.**

### The 17<sup>th</sup> *newspad* all-employee share plan awards

Photo by Myriam Zilles on Unsplash



The results of the 17<sup>th</sup> edition of the Centre's *newspad* awards will be announced after the symposium's closing remarks, when Centre president, Malcolm Hurlston CBE and special guests will present awards to the winners, before a celebratory reception.



## Report - Jersey share plans and trustees conference 2025



**Joe Moynihan**, ceo of **Jersey Finance** delivers the keynote speech to the Jersey conference

The Centre returned to the Pomme d'Or Hotel, St Helier, on March 28 for the first time since 2022 for its employee share plans and trustees conference. The event was held in conjunction with STEP Jersey.

**Joe Moynihan**, ceo of **Jersey Finance** kicked off the conference with a keynote speech on the evolution of financial services in Jersey, highlighting the island's strengths as a financial centre for corporate services, banking, funds, investment management and private wealth management.

Jersey's success is underpinned by sound regulation, the rule of law, political independence, economic stability and tax neutrality. The island provides a stable financial hub amid today's turbulent economic and political landscape. Currently, some 14,000 people are employed in financial services and support sectors in Jersey.

Joe emphasised two key areas of differentiation for Jersey: sustainable finance and the strategic adoption of technology to enhance its appeal in an increasingly digital world.

The first presentation from our expert speakers was delivered by Graham Muir, consultant at CMS on behalf of **David Pett**, barrister at **Temple Tax Chambers**, as David was unable to attend. The session addressed key legal issues, beginning with the definition of 'ordinary share capital,' focusing on the UTT case of *Warshaw v HMRC* [2021] STC 247.

Topics covered included:

- ⇒ EMI share options and the independence requirement.
- ⇒ Corporation Tax relief for payments made in settlement of share options and recent HMRC guidance.
- ⇒ Issues concerning Employee Ownership Trusts, including changes to the rules, new EOT relief requirements and tax-free bonuses paid by EOT-owned companies, which may now exclude directors as of October 30 2024.
- ⇒ New relief measures for company contributions to EOTs.
- ⇒ HMRC's revised policy on clearance applications.



## Jersey conference report –more

The session covered Employee Benefit Trusts (EBTs) and close companies, particularly the implications of the Section 13 clause in an EBT trust deed. Finally, there was a review of recent court cases. The session concluded with a note that a response from HMRC/HMT was still awaited regarding the ‘call for evidence’ on all-employee tax-advantaged share schemes.

A panel on PISCES followed, with **Claire Matthews**, partner at **Taylor Wessing** teaming up with **Cathy Wears**, of counsel, and **Graham Muir**, consultant, **CMS**.

The panel discussion began with a definition of PISCES (Private Intermittent Securities and Capital Exchange System), a lightly regulated secondary market for private companies operating through periodic trading events. The system integrates private and public market infrastructure to create a trading platform, with examples such as Vestd. Currently in a ‘sandbox’ phase for market experimentation over five years, legislation is expected to be introduced in May 2025.

The session covered disclosure, trading and regulatory requirements, as well as restrictions on shareholders and the prohibition of share buybacks. The discussion then moved to the employee perspective, particularly tax implications. The Spring Statement emphasised that shares traded on PISCES would be classified as Readily Convertible Assets, which carries tax implications. The panel suggested that either legislation or HMRC guidance would be beneficial to clarify the situation.

Additional topics included valuation challenges, liquidity concerns, shareholder control, the complexities of managing employee participation and administrative burdens.

After a break, delegates heard from **Katherine**

**Neal**, head of employee incentives at **Ogier**, who spoke about *The Evolution of Share Plans: Non-Employee Participants, The Middle East and Changing Regulations*.

Katherine began by examining the primary objectives of incentive schemes, including attracting and retaining top talent, boosting productivity, fostering business growth, rewarding long-term performance and instilling a sense of ownership.

She discussed the role of non-employee participants, such as advisers, contractors, non-executive directors and influencers, and strategies for engaging them effectively. She even outlined metrics for measuring their contributions.

The second part of her talk focused on regulatory updates in Jersey. She concluded with an overview of developments in the Middle East, noting that some jurisdictions have adopted Jersey’s legal and regulatory frameworks as a model.

The final presentation came from **David Craddock**, founder and director of **David Craddock Consultancy Services**, whose talk was on *Unravelling Share Valuation for Employee Share Ownership Purposes*.

He began by defining market value in both statute and case law. He then outlined valuation methodologies, including those based on earnings, net asset value assessment, trading performance and dividend yield

He explored hybrid valuation models and discussed the application of discounts to minority share valuations based on the percentage of stock held. The session concluded with ten key tips for share valuation - practical insights for those attending.

### Spring statement: employee share ownership and PISCES

The recent Spring Statement brings new developments in the taxation of employee shares following the introduction of PISCES, the Private Intermittent Securities and Capital Exchange System. For those of us who champion employee share ownership, including through EMI and CSOP options, these changes present both opportunities and considerations.

#### **PISCES: unlocking liquidity, but at what cost?**

The government is promoting PISCES as a platform for trading private company shares. PISCES can enhance liquidity and provide much-needed opportunities for employees to realise the value of their equity.

A major positive is the exemption of PISCES transactions from Stamp Duty and Stamp Duty Reserve Tax. This move will reduce transaction costs and incentivise participation.

However, HMRC's technical note published at the Spring Statement confirms that PISCES will constitute trading arrangements for the purpose of classifying shares as Readily Convertible Assets (RCAs). As a result, shares will be viewed as RCAs during a trading window or where a trading window or admission to trading is anticipated (even if not guaranteed). Shares will not be RCAs purely because they have previously been admitted to trading on PISCES, where they are no longer admitted and no other trading arrangements exist or are likely.

If shares acquired by employees are treated as RCAs, as well as income tax they will be

subject to employee and employer National Insurance Contributions and potentially the apprenticeship levy, which the employer must withhold through PAYE - a significant deterrent to participation.

The government must be careful not to penalise companies and employees who use PISCES. If PISCES-traded shares face additional tax and social security burdens compared to those in companies that don't use the platform, it could stifle adoption.

#### **Enterprise Management Incentives (EMI) and Company Share Option Plan (CSOP): a missed opportunity?**

The EMI scheme is a powerful tool for small trading companies to attract and retain talent by offering tax-advantaged share options, with CSOP options offering tax-efficient share options to employees across a broader range of companies than EMI.

The government's proposal confirms that EMI and CSOP options can include PISCES trading windows as an exercise event only if explicitly stated at the time of grant.

Existing EMI and CSOP agreements cannot be amended to include a new right of exercise on a PISCES trading window without being treated as a re-grant - potentially leading to the loss of tax benefits. Companies which want to enable option holders to exercise their options and sell their shares on PISCES will have to work within existing constraints or grant entirely new options.

This rigid stance risks undermining the potential of PISCES. Employees should not be



## UK CORNER

penalised for changes in the trading landscape that were unforeseeable when their options were granted. This could be a missed opportunity and it is welcome that the technical note left the door open to the government to legislate on this. It would make sense for the government to provide flexibility to allow PISCES trading windows to be incorporated as exercise triggers into existing EMI and CSOP option agreements without negative tax consequences.

### Valuations: clearer, but still a concern

The government has reaffirmed that transactions on PISCES will generally be recognised as taking place at market value, ensuring fairness. However, transactions between connected parties could be subject to further HMRC scrutiny.

The technical note confirms that past PISCES transactions would be considered as evidence of value and may represent the market value of the shares, although this would depend on other factors such as the timing of the transactions.

While this provides some clarity, the impact of PISCES on share valuations remains uncertain.

### Final thoughts:

#### A step forward, but more work needed

The government's proposals signal a welcome recognition of the need for greater liquidity in private share markets, but they need to go further. If PISCES is to succeed, a more balanced approach is needed to encourage employee participation.

Employee share ownership drives productivity, retention and wealth creation. The government can show its support by refining its approach to ensure PISCES strengthens - not weakens - the benefits of employee ownership, including removing barriers to PISCES trading for holders of EMI and CSOP options. Let's encourage a more employer and employee-friendly framework to seize the opportunity.

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## Tax paid by businesses nearly doubles in 10 years

Businesses account for over a quarter of all UK tax receipts. Research by Thomson Reuters found the total paid by companies has almost doubled between 2014/15 and 2024/25. The sharp increase from £114bn to £215bn was driven by an increase in the rate of corporation tax. The current rate stands at 25 percent. The increase in employers' national insurance will only add to businesses' share of all tax receipts as the government seeks to raise some £24bn a year, *City A.M* reported.





## How investors can rein in ceo pay

Excessive ceo pay remains a major driver of income inequality, often justified by flawed benchmarking practice, according to Triodos Investment Management. In Triodos' home country, the Netherlands, ceos of large firms earn five times more than those of smaller companies, a gap that many argue is unjustified. Responsible investors can play a pivotal role in curbing this trend; for example, excluding companies with ceo-to-median-employee pay ratios exceeding 100:1.

Beyond pay levels, companies should rethink executive compensation structures. Overemphasis on long-term incentives can harm ESG goals, while granting shares ceos cannot sell until post-tenure may align financial and societal value. ESG metrics in executive pay plans are often ineffective, tied to short-term bonuses without clear accountability. Expanding claw-back provisions and reducing stock options can mitigate risky behaviour, but companies must also ensure transparent, justified pay structures. Investors, employees, and the public deserve clarity on why executives earn what they do, **fostering fairer corporate practices**.

## UBS ceo pay under scrutiny amid regulation debate

UBS ceo Sergio Ermotti's 2024 pay was set at CHF14.9m (£13.3m), a slight increase from the CHF14.4m (£12.7 million) he earned in 2023 for nine months' work, following the bank's acquisition of Credit Suisse. While his base salary remained stable, his variable compensation dropped slightly to CHF12.1m (£10.7m). The news of his pay sparked criticism from Swiss lawmakers, including Finance Minister Karin Keller-Sutter, who questioned its appropriateness. The centrist Green-Liberal party claimed such wages damage Swiss society and its economic standing.

A proposed motion in Switzerland's upper house seeks to cap bankers' pay at three to five million francs (£2.7-£4.5m). While Ermotti's pay is seen as reasonable compared to other Swiss executives, such as Partners Group ceo David Layton, the debate reflects broader concerns over UBS's growing influence. Defending its pay structure, UBS stated that public discussions were often uninformed. UBS's total compensation pool for 2024, including board members, reached CHF143.6m (£127.4m), **a slight increase from the previous year**.



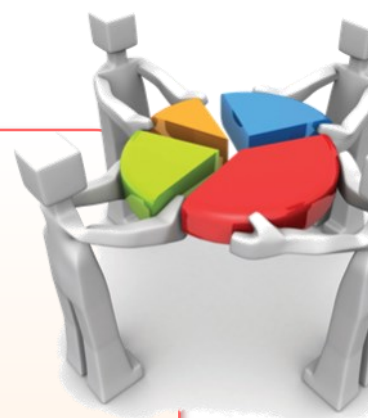
## **Why America's top executives are benefiting from Trump's distractions**

According to Institute for Policy Studies associate fellow Sam Pizzigati, America's top corporate executives are benefiting in the Trump era from reduced scrutiny of their growing pay packages. For instance, Tyson Foods ceo Donnie King's compensation jumped from \$13m in 2023 to \$22.7m in 2024, despite underperforming stock, with the company's workers earning just \$43,417. Similarly, Moderna's Stéphane Bancel saw a 16.4 percent rise in his 2024 pay, reaching nearly \$20m, even though the company's revenue dropped 53 percent. Bancel, who earned over \$392m in 2022, continues to receive hefty compensation despite Moderna's post-Covid struggles, demonstrating how executives are often shielded **from the financial realities of their companies.**

## COMPANIES - EO NEWS

### **EOT round-up**

- ▶ Theme parks tickets retailer **Attraction Tickets**
- ▶ Transformation partner **Future Platforms**
- ▶ Marketing firm **LOOP**
- ▶ Fast-moving consumer goods (FMCG) retail trader **Purston Park**
- ▶ Architecture firm **Studio G**





## Government debt payments at highest level since 2007

The cost of government debt payments in the world's richest nations last year reached its highest level since 2007. Across the Organisation for Economic Co-operation and Development, debt service costs as a percentage of national income rose to 3.3 percent in 2024, from 2.4 percent in 2021. This outstrips the amount spent on defence (2.2 percent), police and public order services (1.7 percent) and housing (0.7 percent), **its Global Debt**

**Report found.** OECD governments raised \$15.7trn (£12.1trn) in fresh borrowing in 2024, which amounted to \$3trn of extra debt once repayments were included. That took the total amount of OECD government debt to \$55trn. The stock of global sovereign debt reached \$65.2trn after a small rise in non-OECD government borrowing. Corporate debt rose to \$35trn.



## Belgium



### Eso in Belgium: Legal perspectives and challenges

Employee share ownership in Belgium, though less common than in other European countries, is gaining popularity, particularly among SMEs. The upcoming reform of the Employees Participation Act by the new federal "Arizona" government may further encourage its adoption. This concept allows employees to hold a direct or indirect stake in their company, fostering loyalty, attracting talent and enhancing ESG performance. Under Belgian corporate law, firms can issue discounted shares through Article 7:204 BCCA, subject to conditions like a history of dividend payments and a 20 percent capital cap. The Employees Participation Act permits free share allocations with tax benefits, but its strict requirements,

including collective agreements and transfer restrictions, often deter companies. Consequently, many businesses create custom schemes using special purpose vehicles (SPVs) where employees collectively own shares. These SPVs offer flexibility in governance, share transfer mechanisms, and entry or exit rights, supported by legal tools like call and put options, share redemptions, and resignation rights. While these models provide financial incentives and a sense of ownership, there are legal complexities to navigate.

With potential legislative changes, Belgium may see a broader adoption of **employee share ownership as a key corporate strategy**.



## Canada



### Employee ownership: a key to securing Canada’s economic future

In an opinion piece for the *Calgary Herald*, Jon Shell and Michael Ras of *Employee Ownership Canada* suggest that as Canada faces a wave of business sales driven by retiring owners and a weakened dollar, employee ownership offers a powerful solution to keep companies in Canadian hands. In the UK, Employee Ownership Trusts have preserved domestic businesses, accounting for eight percent of private company sales in 2024. Canada introduced its own different EOT model last year, but restrictive tax policies and excessive regulation limit its effectiveness.

The current \$10m capital gains exemption expires in 2026, far too soon for meaningful adoption. Expanding these incentives could replicate the success seen in the US, where Esops benefit 15 million workers. Companies like Friesens, one of Canada’s few employee-owned firms, demonstrate the model’s resilience, prioritising job security even in economic downturns. With bipartisan political support emerging, strengthening employee ownership policies presents a rare, unifying opportunity to protect Canada’s economic **sovereignty and create lasting wealth for workers.**



## Nigeria



### MTN Nigeria: 1.3 Million shares for key staff

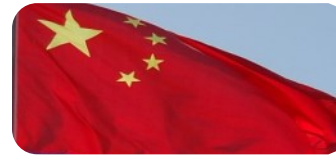
MTN Nigeria has rewarded 33 key employees with 1.3 million ordinary shares, according to regulatory filings. The share vesting, which took place between March 26 and 27 2025, rewards executives and senior staff under the company’s Performance Share Plan and Employee Share Ownership Plan, both introduced in 2022 to replace the previous Notional Plan Option.

Modupe, chief technical officer Ibrahim Yahaya, and MTN Foundation executive director Sanya Odunayo, who received 85,213, 187,496, 96,726, and 26,553 shares, respectively. Other recipients include managers, senior managers and general managers. The PSP is a conditional share scheme, which allows management staff to receive shares annually based on performance conditions. This initiative aligns with MTN Nigeria’s strategy to incentivise senior employees and **strengthen long-term commitment.**

Among the top beneficiaries are company secretary Ukpanah Uto, chief financial officer Kadri



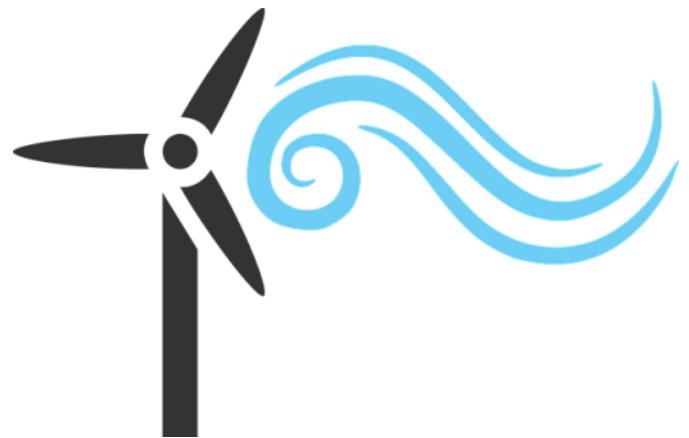
## China



### Sany renewable energy launches Esop amid slowed profit growth

Sany Renewable Energy plans to invest 52.84m yuan (£5.8m) in acquisitions and 91.44m yuan (£10m) in an Esop to align employee interests with shareholders. Announced on March 12, the Esop will cover up to 861 employees, including directors, managers, and key personnel, at a purchase price of 29.91 yuan (£3.30) per share. Notably, no performance appraisal indicators are set for participants. The decision follows a slowdown in profit growth. In 2024, Sany Renewable Energy reported a 21.09 percent increase in revenue to 1.809bn yuan (£198m), but net profit fell by 7.46 percent to 1.857bn yuan (£203m). The decline is attributed to reduced wind turbine prices and non-recurring losses. Additionally, Sany Tower, a subsidiary, will acquire wind turbine tower equipment and inventory for 52.85m yuan (£5.8m) to enhance supply chain

control and reduce costs. The self-production move is expected to strengthen competitiveness and reduce reliance on affiliated companies. Despite recent market challenges, the company aims to stabilise **profits and ensure long-term growth through these initiatives.**



## India



### India Inc employees gain £28.5m in company shares through Esops

Since January 2025, employees from nearly 50 Indian companies have acquired shares worth ₹300bn (£28.5m) through Esops, primarily in the IT and financial sectors. Leading the list, Rajeev Jain, MD of Bajaj Finance, purchased shares worth ₹405m (£3.85m), increasing his stake to 0.06 percent.

Other notable buyers include Malay Joshi of Wipro, acquiring ₹135m (£1.28m) in shares, and Vinay Ahuja of 360 ONE Wealth, with purchases of

₹99m (£940,000). Esops continue to offer a lucrative incentive for top executives and key managerial personnel, aligning their interests with shareholders. Despite the Nifty IT Index declining 15.4 percent this year, companies like Infosys, HCL Technologies, and LTIMindtree remain dominant participants. As Esops encourage employee ownership and long-term commitment, they reinforce **corporate loyalty and financial growth across sectors.**



## Japan



### Furukawa launches Esop

Furukawa Co, which operates in the industrial sector, focusing on manufacturing and providing various products and services, has announced the disposal of its treasury shares as part of a new Employee Stock Ownership Plan with Restricted Stock Incentive System. This initiative aims to enhance employee welfare by allowing eligible employees to acquire restricted stock, thereby promoting personal wealth building and aligning employee interests with corporate value growth. The disposal involves 179,400 common shares at

¥2,150 per share, with the total disposal amounting to ¥385,710,000. This strategic move is expected to foster a sustainable increase in corporate value and strengthen the company's market position by encouraging employees to share in the company's success.

The company is involved in multiple industries, with a significant emphasis on enhancing employee welfare and corporate **value through innovative stock ownership plans.**

## South Korea



### LG Display extends interest support for Eso till year-end

LG Display has extended loan interest support for its Esop until the end of the year, aiming to prevent a mass sell-off following the end of a mandatory one-year protection escrow on March 26. Employees, who collectively acquired 28.44 million shares during a capital increase last year, are now allowed to sell their holdings. With an average purchase of 1,026 shares per employee, concerns arose over potential selling pressure impacting the stock price. The shares were issued at 9,090 won (£5.40) each, and with the current

price at 9,120 won (£5.42), the return rate is a modest 0.3 percent (30 won). By continuing interest support, LG Display hopes to stagger the sales and mitigate market volatility. Analysts project the company will generate 25.87trn won (£15.4bn) in revenue and 535.3bn won (£319m) in operating profit this year, with an average stock price target of 12,875 won (£7.65). The company's ongoing business restructuring, particularly its focus on OLED technology, is expected to drive **profitability in the latter half of the year.**



## USA

### Opinion: Reviving the American dream through shared ownership

In a commentary for *Fortune*, Ownership Works' Darren Walker (Ford Foundation) and Pete Stavros (Centre member KKR), said that shared company ownership is gaining support as a solution to economic inequality in the United States. Advocates argue that offering employees a stake in the companies they work for can restore the promise of upward mobility and financial security. Darren Walker's grandfather, who benefited from a profit-sharing plan, retired comfortably, while Pete Stavros' father, lacking ownership opportunities, saw little financial growth despite decades of labour. Today, companies like Ingersoll Rand, Insight Global, and Hyperion Materials & Technologies have introduced employee

ownership schemes, resulting in reduced staff turnover, higher engagement, and improved financial performance. For example, Ingersoll Rand's turnover dropped from 20 percent to three percent, while Hyperion increased profit margins by 57 percent. Ownership Works, a non-profit coalition of investors, labour advocates, and financial institutions, aims to create hundreds of thousands of new employee-owners by 2030, generating over \$20bn in wealth. Expanding shared ownership can rebuild the social contract, aligning economic success with worker prosperity. By fostering greater inclusion and financial security, **shared ownership offers a powerful means to revive the American dream.**

### Accounting firms turn to Esops

According to the *Journal of Accountancy*, employee stock ownership plans are becoming increasingly popular among US accounting firms, providing an alternative to private equity while offering significant tax advantages. Esops enable firms to transition ownership to employees, fostering retention and succession planning while ensuring tax efficiency. Major firms like BDO USA and Grassi have opted for Esops, with BDO reporting a decrease in staff turnover from 18 percent to 14 percent post-transition. The tax benefits of Esops include deferred capital gains for selling partners, full tax deductions on purchase prices, and, for 100 percent Esop-owned S corporations, exemptions from federal and most state income taxes. Additionally, employees gain

long-term financial benefits through stock allocations. However, transitioning to an Esop is complex, requiring financial viability (typically around \$3m EBITDA), expert valuation, legal structuring and ongoing administrative oversight. The process involves forming an ownership trust, ensuring compliance with fair market valuation and managing stock allocations through vesting schedules. While Esops provide firms with a sustainable ownership model and a compelling recruitment tool, they may not be suitable for firms seeking maximum sale price or those with no immediate succession concerns. Firms considering an Esop should conduct feasibility studies and secure buy-in from stakeholders to **benefit fully from the model.**



*The Employee Share Ownership Centre is a membership organisation which lobbies, informs and researches on behalf of employee share ownership.*



The Z/Yen Group