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it's our business

newspad of the Employee Share Ownership Centre

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In this issue

PRESIDENT'S COLUMN

TOP STORIES

EVENTS

MOVERS & SHAKERS

UK CORNER

COMPANIES

- EXECUTIVE REWARD
- EO NEWS

WORLD NEWSPAD

From the life president

The news that NatWest will not be sold to a new generation of Tell Sids is the first indicator that the government may not be enthused by employee shareholding.

What can we do to paint our mission in a more positive light?

It is now generally accepted, not just by partisans, that employee shareholding improves productivity and corporate performance. This is the message that we need to deliver until it is heard. Whatever its inheritance from the previous regimes, the new government needs a quart from a pint pot. Neglecting the potential of employee shareholding would be wanton and we should not be shy about engaging with the government and the unions with our message of hope and be ready to contrast it with corporatist waffle.

Malcolm Hurlston CBE

Southport

My friend Father Tom Carpenter tried to put the senseless Southport killings into some perspective on BBC Radio 4. Asked how he had responded to the community, Dr Carpenter said it was "one act of evil, one act of cruelty, that has been the occasion to hundreds of acts of kindness and love and care." For all of us from the town, and all who knew the village of Banks, it will never be the same again.

CGT rises to hit employees in Oct 30 autumn statement

Many employees who participate in three of the four major tax approved employee share schemes look set to suffer increased capital gains tax charges when Chancellor Rachel Reeves delivers her maiden Budget on October 30.

Only the Share Incentive Plan (SIP) is currently exempt from CGT applied on employee gains. This gives it a major tax advantage compared with the SAYE Sharesave scheme, whose participants are potentially liable to CGT, as are both the Enterprise Management Incentive (EMI) and the Company Share Option Plan (CSOP).

It is widely expected that the Chancellor will raise CGT charges on share scheme gains, as well as on business and property gains, in line with the recommendations made by the Office of Tax Simplification in its report to the Treasury in November 2000.

At worst, this could mean that applicable CGT rates on share scheme gains double from ten to 20 percent for basic rate tax payers and from 20 to 40 percent for higher rate tax payers.

Whatever new rates the Chancellor announces, a major issue is whether she will impose the new rates immediately, to stop taxpayers - for example those selling second homes - from gaming the system by selling assets early to avoid paying increased rates.

The trouble is that the higher rate tax band applies on all earnings above £50,270 p.a. when the personal tax exemption allowance has remained frozen at a maximum £12,570 for years on end, thus dragging more and more Eso participants into the high rate tax band as their pay rises annually.

The Centre has long warned that raising CGT charges on gains made by employees in SAYE Sharesave schemes would hit many especially hard, especially those who have saved the maximum allowed monthly by the Treasury/ HMRC. Employee participants would find themselves having to complete CGT return forms for the first time.

The likely new higher CGT rates will have a severe impact on EMI participants, most of whom are either key employees or senior executives, typically of high-tech gazelle and other start-up companies, who are given thousands of share options as an alternative to high base pay, which their employers cannot afford to pay.

Furthermore, as employers awarding tax-approved EMI options usually fix the option exercise prices after consulting HMRC - the gains can be very substantial. If the Chancellor waits till next April before applying higher CGT charges, the danger to Treasury coffers would be an early exit sale by the company, thus allowing its EMI option holders to escape any announced CGT rates rises.

Their CGT tax bills look set to rise substantially, unless they can win exemption under complex business enterprise rules.

Over 20,000 Tesco staff to split £30m from share schemes

More than 20,000 Tesco workers are set to split £30m generated from the supermarket's share schemes.

The company said employees who invested the average £68 a month over the past five years would be in line to get around £6,640 from their £4,080 investment - a profit of £2,560. It added the payouts from its Save As You Earn schemes were owing to its "strong performance".

The majority of employees who will receive a share of the windfall work on the shop floor or in disruption centres, the supermarket said.

Reporting the windfall, *The Sun* noted that "Tesco isn't the only company offering this sort of Sharesave scheme, major brands such as BT, and Next have all run them for their employees.

"In fact, the most recent government figures show that 19,990 companies in the UK have the schemes available, with more than a million people taking part so far. *However, the schemes are not always well publicised or understood."*

Employee Share Scheme stats released

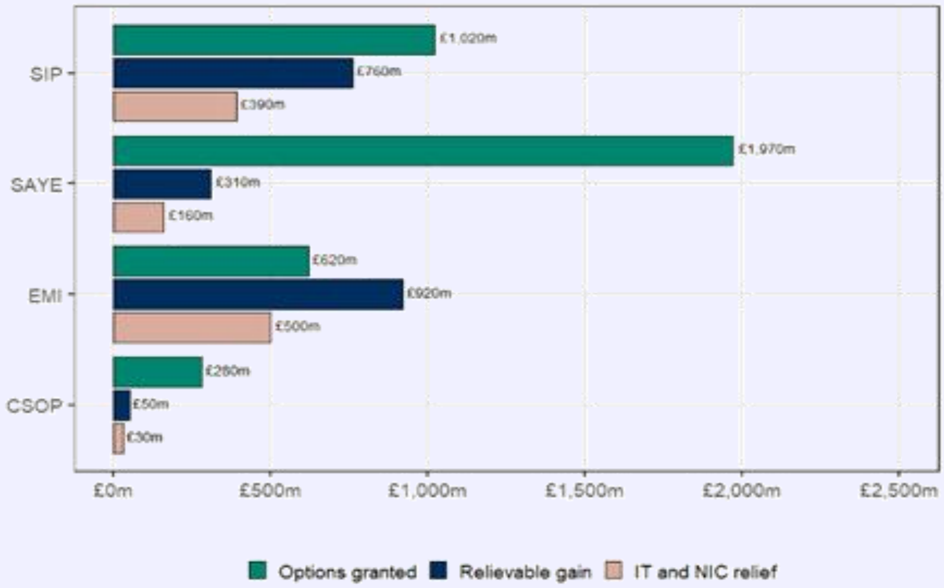
Hot on the heels of the release of the 2022 employee share scheme statistics, HMRC published the stats for 2023.

Employees received an estimated £660 million in income tax relief and £420 million in National Insurance contribution relief in the tax year ending 2023. This is down 23 percent on tax relief from the tax year ending 2022. Enterprise Management Incentives remain the largest contributor.

The total number of companies operating Employee share schemes in 2023 was 19,990. This is up seven percent on 2022.

Despite EMI being the largest contributor to tax relief, options granted under Save As You Earn have the largest aggregate value. This is because SAYE is used by more employees.

Figure 1: Total value of options granted, relievable gains on exercise and IT and NIC relief by scheme, tax year ending 2023



Křetínský comments on employee share plans

The prospective new owner of Royal Mail claims that he will not walk away from the requirement to deliver letters throughout the UK six days a week, as long as he is running the service. However another potential stumbling block for the deal is how the company will be structured.

Despite calls in the past from unions for staff to be given a stake in the firm, Křetínský did not view an employee ownership stake as 'the right model'.

Instead, the billionaire who is said to be worth £6bn, is 'very open' to profit sharing.

The 49-year-old, who also has a stake in West Ham United and Sainsbury's, said: "The logic is: share of profit, yes, but an ownership structure creates a lot of complexity.

"For instance, what happens if the employee leaves? He has shares, he is leaving, he is not working for the company, he still needs remunerating."

He added he would prefer to "remunerate the people who are working for the company, and creating value for the company."

EVENTS

PISCES conference – September 25

The Centre and CORPGRO invite you to a conference on new London Stock Exchange share trading platform PISCES and employee share ownership.

The event will run from 08:30 till 13:00 on **Wednesday September 25,** will be hosted by PwC at its More London offices and chaired by the Centre's Robert Pay.

Topics covered will include the aims and aspirations of PISCES; how share plans and incentives could benefit; legal, tax, share valuation and accounting issues; and the practicalities of share plan administration.

Speakers confirmed so far include:

- ⇒ Tom Simmons, PISCES lead at the London Stock Exchange Group
- ⇒ Rebecca Clayton, Andrew Nealy and Jonny Rodwell of PwC
- ⇒ Juliette Graham, director at Clifford Chance
- ⇒ Damian Carnell ceo of CORPGRO
- ⇒ Ifty Nasir, ceo of Vestd
- ⇒ Alex Walsh, ceo of Howells Associates
- ⇒ Stuart Bailey of WEALTH at Work
- ⇒ Ben Macnaghten, valuation director at Valuation Consulting
- ⇒ Sabine Hanson, adviser, Advent International

To register your interest please email events@esopcentre.com.

Please note that space is limited.

Share schemes & trustees conference Guernsey 2024

The Esop Centre is set to return to Guernsey for its annual conference on employee share schemes and trustees. Held in conjunction with STEP Guernsey, we look to emulate the success of the 2023 event, building on the achievements of this industry-leading networking and learning opportunity.

The seminar will be on the morning of **Friday November 8** at the Old Government House Hotel, St Peter Port.

To reserve your place, email :

events@esopcentre.com

We are putting together a programme of talks from expert speakers, who will address the key issues currently facing trustees and employee share scheme professionals.

The programme is drafted to provide relevant technical information, which we trust will be acceptable as counting towards Continuing Professional Development or Continuing Competence.

Presentations will run from 09:00 to 13:15 (approx.), followed by a networking lunch for delegates and speakers.

Don't miss this great opportunity to update your knowledge.

Tickets:
Book early to secure discounted ticket prices:

Esop Centre/STEP members: **£380**/each
(if booked before October 4. £420 thereafter)

Non-members: **£485**/each
(if booked before October 4. £538 thereafter)

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

To book, email events@esopcentre.com

Guernsey Les Hanois Lighthouse Photo by Enrapture Captivating Media on Unsplash a

MOVERS & SHAKERS

TISE Private Markets joins the Centre

Share registry management and secondary market trading provider, TISE Private Markets, has become a member of the Centre.

TISE Private Markets is an innovative, integrated service that provides private companies with the technology to host secondary trading events. These events concentrate liquidity and provide a chance for all shareholders such as employees, founders, senior management and institutional investors to buy and sell their shares.

The platform helps businesses that have a share scheme in place (or those planning to introduce one) to offer their employees an exit option. Its registry management, investor communication and settlement tools allow senior management to manage their register with ease, provide a settlement solution for the seamless transfer of shares and monies between buyers and sellers, and save the general administration burden of share trading.

Operating a fintech-enabled, disintermediated model, TISE Private Markets allows companies to schedule liquidity events per share class, shareholders to buy and sell shares with no intermediary charges, transaction fees or other commissions, and new investors (handpicked by the company) to join the market, supporting further liquidity.

TISE Private Markets is brought to market by The International Stock Exchange (TISE). Best known as one of Europe's major professional bond markets, TISE is headquartered in Guernsey and has staff operating across Dublin, Guernsey, the Isle of Man, Jersey and London.

For further information, visit website:
www.tiseprivatemarkets.com
or contact London-based Alex Taylor by email alex.taylor@tisegroup.com or call +44 (0) 7818 031007.

UK CORNER

FCA shakes up prospectus regime

The Financial Conduct Authority has laid out a shake-up of the UK's prospectus regime. This comes as part of a sweeping package of reforms designed to boost the country's capital markets. The FCA said it will look to slash the amount of paperwork companies are required to draw up when raising money on the public markets by overhauling the current prospectus regime. The practice of 'bundling' payments for research and trade execution will also be reintroduced, *City A.M* reported. The proposals were criticised as putting the interests of the City first, rather than individual shareholders.

FRC points to improved standards to drive UK growth

The Financial Reporting Council suggests its Annual Report and Accounts for 2023/24 highlights its active approach to using its regulatory powers to drive improvements in audit quality and corporate reporting.

Ceo Richard Moriarty said: "This year's report demonstrates the FRC's focus on smart, proportionate and targeted regulation that balances high standards with supporting UK economic growth and competitiveness across our broad remit and stakeholder ecosystem."

He claimed the FRC's active approach and increased stakeholder engagement contributed to advances in shaping proportionate corporate reporting and governance.

Continued recovery promotes economic growth

The economy's strong performance so far in 2024 looks set to continue owing to the continued recovery of the manufacturing sector. S&P's Flash Purchasing Manager's Index came in at 52.7, up from 52.3 last month and slightly higher than the 52.6 expected by economists. Expansions have now been recorded in each of the past nine months, with the index averaging 53.0 in 2024 so far.

Consumer confidence rising

Consumer confidence has risen to its highest level in three years - a tentative sign that the economy is leaving the cost-of-living crisis behind, Deloitte research suggests. The Big Four firm found that sentiment grew 6.8 percent year-on-year, boosted by a significant improvement in sentiment towards household disposable income. However, price levels remain about 20 percent higher than in 2021, slowing consumer spending.

National debt hits the heights

The UK's national debt has reached its highest level since 1962. The total stock of government debt was worth 99.5 percent of the value of the economy in June, exceeding the highs reached during the coronavirus pandemic for the first time. Data from the Office for National Statistics showed that government borrowing was more than expected in June.

Government proposals to tackle economic inactivity

The UK government has released a Pathways to Work white paper focused on tackling economic inactivity. Work and Pensions Secretary Liz Kendall set out the plans to reach an 80 percent employment rate target. These include creation of the Labour Market Advisory Board, a new group of external experts who will provide labour market insight to drive change throughout the system.

Be.EV uses employee share schemes to retain top talent

National electric vehicle (EV) charging network Be.EV, which started in 2020 and officially launched in April 2021, places the concept of employees sharing in its success at the heart of its model. Initially it gave hires an equity stake and more recently added two EMI schemes.

Be.EV has 29 employees, 15 of which are part of some form of share arrangement. Currently the organisation is launching a further growth share scheme for newer employees, after recent investment from Octopus Energy Generation means it is no longer eligible for an EMI plan.

"At any point when we issue them, anyone who is part of the regime gets enrolled on to it without fail," he says. "It doesn't matter if they're the most junior person or the most senior; everyone gets something."

In the early days, offering an equity stake helped attract talented individuals who might otherwise not have been attracted to a start-up" said co-founder Adrian Fielden-Gray.

Now, the aim is to keep hold of talent for a longer period, helping the business get to a point where it may receive investment. "We want people to stay until the end of the three- or four-year scheme, rather than leave after one year," he added.

The share plan comes up regularly at the recruitment stage, he adds. "We're quite an attractive business to work for anyway, as part of the transition to net-zero, but the share scheme is an appealing extra element," he says. "We have people coming to the end of their probation and asking if they can join the plan. That was the purpose of it."

Auto Trader launches employee share scheme

Auto Trader Group has launched its 2024 Save As You Earn scheme for eligible employees, with chief financial officer Jamie Warner receiving 960 options at an exercise price of 637.28 pence per share, exercisable from September 2027.

Mind Gym widens share scheme

Mind Gym has introduced the sixth year of its Save As You Earn scheme for employees in the UK and Singapore, with 29 out of 175 eligible participants granted options at a discount. The company has launched for US staff an Employee Stock Purchase Plan, with 10 out of 86 eligible employees participating, the two plans resulting in a combined 1.17 percent of issued share capital being optioned. Top executives, including ceo Christoffer Ellehuus, are among the participants, signalling confidence in the company's future.

Variations in share scheme access

Equity management platform Vestd has found that only three percent of households in Scotland have investments in the form of company share schemes. This is in comparison to five percent of households in London, and seven percent in Inner London. Scotland has a higher share of the workforce in the public sector.

Difference have also emerged in Northern Ireland, the North East and the West Midlands, where only **one percent** of households are invested in a company share scheme.

As at March 2023, there were 338,385 small and medium-sized enterprises operating in Scotland, providing an estimated 1.2 million jobs.

And while Google searches for 'employee share scheme' in Scotland have risen by 14 percent in the last year alone, this demand is yet to be matched by SMEs in the country according to the data.

Ifty Nasir, founder and ceo of Centre member Vestd, said: "Employee share schemes provide great opportunities for Scottish employers to create life-changing wealth for the people that power their growth – they also help to accelerate growth and increase productivity.

"While 79 percent of FTSE 100 listed businesses have a scheme in place, less than one percent of UK SMEs currently offer one; meaning more work needs to be done to widen access to all more equally.

"For every 100,000 companies that have a scheme in place, we can add £1 billion to the UK economy – so we all see the benefits of more widespread adoption."

Who will guard the guards? - Proxy impact on 2023 UK pay votes

In June, Georgeson, a subsidiary of Centre member Computershare, issued its European AGM 2023 Season Review; including the 2023 AGM Directors' Remuneration Report vote results for the UK FTSE 100.

The Georgeson report shows how the DRR vote outcomes were swayed by the UK proxy voting recommendations of ISS, Glass Lewis, The Investment Association (IVIS) and PIRC. From this it is clear that ISS and Glass Lewis have by far the biggest say on institutional shareholder voting intentions.

The Investment Association has a more nuanced approach. Its thoughtful narrative reporting often results in an "Amber Top" status. That flags for users areas of investment judgement when exercising their governance voting opinion or control. The Amber Top status is now commonly seen, and for 2023 FTSE 100 AGMs occurred in 39 cases.

PIRC has near universal opposition to executive compensation reports; but this comes with seemingly zero influence on voting behaviour. The five companies with PIRC support should perhaps look again at their executive compensation. In the extreme, PIRC approval may be seen as stock sell signal.

This is important because proxy voting agencies have huge influence on the voting behaviours of global institutional shareholders on important corporate matters. And yet all are privately owned, unregulated; and unaccountable.

Proxy voting agencies design their own compliance rules, often reflecting local governance codes and regional governance norms. But the same proxy voting agencies have markedly different rules for different geographies. The UK and Europe ones are more constrained by far than the USA on executive compensation for example.

Institutional investors use proxy voting services to sub-contract some corporate governance responsibilities. That makes sense. The same analysis happening in hundreds of fund managers, for many thousands of companies, would be wasteful.

But because proxy voting agencies use their standard templates to judge compliance, their approach is criticised as box-ticking. That is what it is in many cases.

Unfortunately, the upshot is that compliance with proxy local governance yardsticks becomes more important than thoughtful comment on a complex array of business needs, which can be value destructive.

Centre member CORPGRO commented *"The proxy voting agencies have tight rules for the UK and Europe on top pay, but in the USA the same firms apply much looser rules. The London Stock Exchange big tent debate on UK top pay global competitiveness rolls on unresolved. The IA 2024 Principle of Remuneration is yet to be published - with half the year now gone. The UK debate on top pay competitiveness seems stalled.*

"We should look deeply at proxy voting agencies and urgently. Companies are wary of crossing the line into "explain" when that converts too readily into a "vote against" proxy recommendation by the box tickers. Many institutional shareholders follow the proxy vote recommendations blindly. Some from fear of litigation, others from lack of resource. So, the upshot is "cookie-cutter" pay plans which are both sub-par for the business, and often uncompetitive with the USA.

"The ancient Romans asked the question "Quis custodiet ipsos custodes" translated "Who will guard the guards?". We should ask the same thing about the proxy voting agencies. Companies need a level playing field for executive compensation globally, and soon."

Prudential boosts use of ESG pay to support investment strategy

With sustainability-linked remuneration now a component of its new transition finance framework, the Pru would like to see more companies incorporate ESG metrics into compensation.

According to Asian Investor, the Hong-Kong-headquartered insurer introduced a remuneration-linked investment target under the transition finance framework it put in place this year. It also mandated sustainability-linked key performance indicators for all its managers by 2026.

UK-US ceo pay gap widens as FTSE bosses' remuneration stagnates

According to the FT, FTSE 100 chief executives' pay stagnated at a median of £4.1m last year, widening the gulf with US company bosses whose income is rising at the fastest rate in 14 years.

Median pay for the ceos of the UK's biggest listed groups flatlined, rising about £20,000, or 0.5 percent, from the previous 12 months, according to analysis for the *Financial Times* by Willis Towers Watson.

The widening US-UK remuneration gap is likely to add fuel to a debate in the City of London over executive pay and whether UK-listed companies with a large international presence are able to attract top executives.

M&G chief says exec pay isn't driving UK firms to the US

M&G chief executive Andrea Rossi has said lower executive pay is not a factor driving UK companies to list in the US.

The FTSE-listed investment firm's boss is the latest to weigh in on whether remuneration is contributing to London's IPO crisis. "Executives are paid what they should be paid," Rossi told *Financial News*.

"Why, if you have the same job, are you paid more in the US? There is more focus on remuneration here in Europe. [But] I don't think the issue here is we don't attract listings or investors because we don't pay executives enough."

Data from PwC shows European IPO proceeds fell to €10.2bn in 2023, down 35 percent on 2022 and the lowest level since 2012. IPOs have slumped in the UK and several companies have left the London stock market for the US.

"People want certainty to invest," said Rossi. "You need stability and regulation that is more business friendly. You need things like the Mansion House Compact or vehicles where the state is investing alongside private companies."

The Mansion House Compact, announced in July 2023, saw some of the UK's biggest pension providers — including M&G — pledge to commit five percent of their assets to unlisted equities by 2030.

US exec reward: Do stock returns justify ballooning pay?

Last month *U.S.News* asked whether investors are getting their money's worth from the highest-paid ceos.

Executive pay has become a hot topic thanks in part to the widening pay gap between ceos and average workers. The world's highest-paid ceos would argue that their leadership skills help generate big returns for investors, justifying their large pay packets, but critics of swelling ceo compensation packages rightfully point out stock market returns have lagged behind ceo pay-rate growth in recent decades.

The Economic Policy Institute releases an annual report on US ceo compensation, which focuses on the compensation of the ceos of the 350 largest publicly owned US firms by revenue. The EPI found the average annual realised ceo compensation in 2022 was $25.2m, down 14.8 percent from 2021 mostly due to the reduced value of exercised stock options. That average is up from just $1.9m in 1978, which is not necessarily troubling in itself. However, the ceo-to-worker pay ratio in 1978 was around 30.9. By 2022, that ratio had jumped to 342.8.

COMPANIES - EO NEWS

Swindon NSBRC celebrates 10 years of employee ownership

A decade ago, National Self Build & Renovation Centre formed The Homebuilding Centre Ltd to operate the West Swindon venue which offers independent homebuilding advice and support.

NSBRC's 20 employees now own 80 percent of the company through a combination of direct shares and shares held in an employee ownership trust. The remaining shares are held by Capital for Colleagues, an investment group that specialises in transitioning businesses to an employee-owned model.

Proserv completes MBO and plans employee ownership scheme

Aberdeen-based Proserv, a global controls technology specialist, has completed a management buyout and announced plans for an employee ownership scheme. The multi-million-pound deal, led by ceo Davis Larssen and cfo Mark Fraser, is backed by GIIL, a UK-based investment vehicle of Glenn Inniss. This transaction marks the exit of previous shareholders Oaktree Capital Management and KKR.

The company, which has reported a 34 percent increase in annual turnover, employs around 800 people in 13 locations round the world.

Proserv aims to accelerate its five-year growth trajectory and expand its presence in renewables while maintaining its core oil and gas business. As part of this transition, Proserv plans to start an employee ownership programme by the end of the year, to set it apart in its sector.

Ceo Davis Larssen expressed enthusiasm about strengthening the company's position in offshore wind, where there's growing demand for OEM-agnostic controls technologies.

Construction group launches three-year employee ownership plan

Gusto Group, a B corp-certified construction and manufacturing company based in Nottingham, has announced plans to transition to an Employee Ownership Trust by 2027. The parent company of Gusto Homes, Gusto Construction & Rototek, which employs 150 people, will transfer 100 percent of its ownership to the EOT on March 31 2027.

Founded in 1992 by Chairman Steff Wright, Gusto Group has focused on sustainable construction and manufacturing for over three decades. As part of this transition, all employees, regardless of tenure, have been allocated share options to encourage business growth over the next three years leading up to the EOT conversion. Wright explained that the decision to move towards employee ownership was prompted by interest from potential buyers and a desire to maintain the company's identity and ethical ethos while allowing employees to benefit from its continued growth. The company, currently valued at £25m, sees this move as aligning with its core values and ensuring its future direction remains true to its principles.

NEW

New EOTS

- Vehicle repair centre Anderson Clark Motor Repairs
- Communications consultancy Camargue
- Defence tech specialist Engage Technical Solutions
- Manufacturing, construction and architecture business Gusto Group
- Veterinary referral practice HeartVets
- Creative agency Network Design & Marketing
- Health-related training services form Standguide Group
- Temporary staff provider Strategic Workforce Solutions Group Ltd (SWS)
- Specialist copywriting company A Thousand Monkeys
- PR Agency Brazen
- Car dealer Glyn Hopkin Group
- Bakery ingredients supplier R&W Scott
- Hi-fi and home cinema retailer Sevenoaks Sound and Vision
- Planning consultancy Spawforths
- Public relations agency W Communications

Australia

Freelancer announces employee share buyback

Freelancer Limited has announced a new employee share scheme buy-back for its ordinary fully paid securities, under the ASX code FLNAI. This strategic financial move, disclosed on July 23, 2024, aims to reacquire shares directly from employed staff members as part of the company's broader capital management strategy.

Australian Employee Share Scheme reporting season

Employee Share Scheme reporting is an annual tax reporting requirement for companies that provide shares, rights and options to their employees under an employee share scheme.

While employee equity continues to be a popular way to incentivise employees globally, the volume of reporting required by many employers has significantly increased over time. For those using Australian share plan administrators, many of the challenges with reporting can be streamlined, but reporting for foreign inbound companies or Australian companies with mobile employees continues to be challenging and time consuming.

Key dates:

ESS statements need to be provided to employees by July 14 following the end of the tax year.

The ESS annual report needs to be provided to the ATO by August 14 following the end of the tax year.

France

Société Générale's employee share scheme triumphs

Société Générale has finalised its 2024 Global Employee Share Ownership Programme, with the participation of around 46,000 current and retired employees in 35 countries. This initiative resulted in a capital increase of €186.9m and the issuance of over nine million new shares, allowing employees to share in its long-term success.

India

Govt may consider deferring tax to point of sale

Currently the taxability of Esops in India occurs at two stages. First, at the time of allotment of shares and thereafter, at the time of sale. When employees exercise their options, they are allotted shares on payment of the exercise price.
Hardship to the taxpayers arise in relation to the taxation at the time of allotment of the shares.

Servotech Power Systems announces Esop to employees

Servotech Power Systems has announced the approval of an Employee Stock Ownership Plan for its eligible employees. The company's Nomination and Remuneration Committee of the Board of Directors approved the grant of 20,094 options under the Eso Scheme 2022.

According to the exchange filing, these options will be convertible into an equivalent number of equity shares in the company. This move is part of Servotech Power Systems' strategy to align employee interests with those of the company and its shareholders by adding motivation through equity participation to the mix.

Leverage.Biz announces second Esop buyback

Ed-tech start-up Leverage.biz, which operates the study abroad platform Leverage Edu along with Fly Finance and Fly Homes, has completed its second employee stock ownership plan buyback, relays the *Hindu Businessline*. Over 50 employees across various functions will benefit.

Founder and ceo Akshay Chaturvedi emphasised the importance of creating wealth for employees. He announced that the buyback was oversubscribed, with many employees selling less than a quarter of their vested shares or not selling at all. Chaturvedi views this as a strong indication of the company's culture and employees' confidence in its future. According to Tracxn, Leverage Edu, a subsidiary of Leverage.biz, has secured total funding of $58.3m, including a $40m Series C round in July 2023 led by Educational Testing Service.

India

Swiggy announces $65m Esop liquidity programme

Swiggy, an on-demand convenience platform, has announced its fifth Employee Stock Ownership Plan liquidity programme. This latest initiative will allow employees to receive up to $65m (over Rs 540 crore). Swiggy is nearly one-third owned by Amsterdam-quoted Prosus.

The company reports that this is the third consecutive annual liquidity event, following similar programmes in July 2022 and 2023. Swiggy has now cumulatively enabled over Rs 1,000 crore of Esop liquidity across its five events since 2018, benefiting more than 3,200 employees. Girish Menon, Swiggy's head of HR, emphasised that this programme acknowledges employee contributions and demonstrates the company's commitment to sharing its success as it approaches a decade of operations. Menon also highlighted the importance of employee ownership in creating alignment of incentives and fostering collaborative excellence within the organisation.

Vietnam

Lender VIB rewards 1,900 employees with Esop shares

Vietnam International Bank has announced a significant employee stock ownership plan initiative. The bank will reward 1,918 of its employees, representing about 16 percent of its workforce, with a total of 11m shares. These shares are currently valued at approximately VND230bn (US$9.08m).

The distribution of shares will vary based on employees' positions and productivity, ranging from 1,000 to 620,000 shares per individual. Notably, Le Quang Trung, the bank's director of capital resources, will receive the highest allocation of 620,000 shares, worth around VND13bn. This Esop programme, scheduled for implementation this year, follows similar initiatives by other Vietnamese lenders such as Techcombank, NamABank, and MB, highlighting a trend in the country's banking sector to use stock ownership plans as a means of retaining key employees.

Notice of correction August 1 2024: This page has been updated. An article referring to events occurring in a past year, which was included in error, has been removed.

USA

Houlihan Capital transitions to Esop structure

Houlihan Capital, the Chicago-based valuation, financial advisory, and investment banking firm, has changed its leadership and ownership structure. Rodger Howell has been appointed chief executive officer, with effect from May 13. He succeeds co-founder William Butrym, who becomes a board member and senior adviser after 14 years with the firm.

Simultaneously, Houlihan Capital is transitioning to an Esop structure so as to reinforce its commitment to employee empowerment and long-term sustainability. Howell brings experience from previous roles at PwC and PRTM Management Consultants. He said the transition expressed their belief in the power of employee ownership and would build a lasting legacy.

US DoL backs Inland Seafoods appeal

The US Department of Labor is supporting an appeal to reconsider a lawsuit against Inland Seafoods concerning the alleged mismanagement of an employee stock ownership plan. The DoL has filed an amicus brief urging the US Eleventh Circuit Court of Appeals to review the case "Rani Bolton, et al. v. Inland Fresh Seafood Corporation Of America, Inc., et al."

The lawsuit, which alleges that Inland Seafood's financial situation was misrepresented during its 2016 sale to employees, was initially dismissed in December 2023 by US District Court Judge Leigh Martin May. The dismissal was based on the plaintiffs' failure to exhaust internal remedial procedures before filing suit. The DoL argues that this requirement for exhausting internal procedures before advancing legal claims under the Employee Retirement Income Security Act (ERISA) is problematic and should be reconsidered. The Department contends that Esop managers, who are employed by companies, may face conflicts of interest in evaluating federal statutes, and it "makes little sense" to force participants to bring statutory grievances to fiduciaries whose personal liability depends on the outcome.