
it's our business

newspad of the Employee Share Ownership Centre



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From the life president

The small and ambitious Bard College Berlin is the German-American body behind the move in the European parliament to create a Uniform European Company (S. EU). It calls for simplifying employee ownership through stock ownership plans. Bard College, which offers degrees in both Germany and the United States, has created the European Democracy Institute to carry the project forward. Despite the 492-144 majority in the plenary, it is one thing for the Parliament to ask and another for the Commission to act.

Nonetheless it is a brave try and the creation of the Institute ensures that the Commission will not be short of reminders. I look forward to their updates.

Malcolm Hurlston CBE



US government “Ends war on Esops” after ESOP Association efforts

The US Department of Labor has removed employee share ownership plans from its national enforcement projects, marking a significant policy shift under new leadership at the Employee Benefits Security Administration (EBSA). The decision fulfils a pledge made by EBSA head Daniel Aronowitz during his confirmation hearing to “end the war on Esops”, effectively dismantling a two-decade enforcement initiative that had placed Esops under heightened scrutiny. The ESOP Association, which actively lobbied for this change, welcomed the move, arguing it clears the way for a more supportive regulatory environment rather than one focused on presumed misconduct. The shift aligns with growing bipartisan support in Congress, where the Senate has unanimously passed Esop-related legislation aimed at reducing valuation risk and expanding Esop representation on the ERISA Advisory Council.



Alongside this change, the DoL has reduced its enforcement emphasis on locating “missing participants” in retirement plans, noting that the SECURE 2.0 Act’s Retirement Savings Lost and Found Database now addresses much of that issue. For fiscal 2026, EBSA’s enforcement focus will instead prioritise cybersecurity, access to mental health and substance use disorder benefits, protection of benefit distributions, retirement asset management, surprise medical billing and criminal abuse of contributory benefit plans. Aronowitz and Deputy Labor Secretary Keith Sonderling both stressed that the recalibration is intended to make investigations more efficient and targeted, concentrating on serious misconduct rather than technical or minor compliance issues, while still **safeguarding workers’ and retirees’ benefits.**



Transforming private equity through employee ownership:

KKR’s Pete Stavros

KKR has evolved from a traditional LBO shop into a global investment powerhouse managing over \$500bn in assets. Pete Stavros, co-head of global private equity at KKR, joins Matt McClure, global co-head of investment banking at Goldman Sachs, to discuss KKR’s transformation over two decades, and its competitive positioning in private equity. Stavros shares insights on navigating market cycles, opportunities in infrastructure, and **KKR’s pioneering work in broad-based employee ownership through Ownership Works.**



Time to reserve your place at the share plans symposium

Be sure to reserve your place at the Esop Centre's **ninth Share Schemes Symposium**. The event will consist of two sections:

- ⇒ Background material: The speakers' presentations will be recorded during February and early March. They will be made available in advance.
- ⇒ Live session: face-to-face event to debate the presentation topics.

The live session will be in Baker McKenzie's central London offices from 13:15 on Thursday March 26 2026.

In her keynote address **KKR** partner **Anne Arlinghaus** will focus on the financial rationale behind the PE firm's substantial efforts to back employee share ownership, a trend increasingly being followed by others in private equity. This will be followed by four interactive discussions. The symposium will conclude with the presentation of the 18th *newspad* all-employee share plan awards and a celebratory reception.

The programme of 10 presentations by employee equity experts will include developments and issues in all-employee and international share plans; share plans in SMEs and private companies; employee ownership and benefit trusts; executive remuneration within the employee ownership context; and case studies of employee share plans in action.

Presentations include speakers from: Baker McKenzie, CMS, Computershare, David Craddock Consultancy Services, Equiniti, Fieldfisher, JP Morgan Workplace Solutions, MM&K, Tapestry Compliance, and Wealth at Work.

The Symposium provides an opportunity for people with a professional interest in all forms of employee share ownership to learn about the latest legal, regulatory, governance and tax issues affecting employee share plans and to exchange ideas.

Admission rates:

*Delegates from **plan issuer companies** are 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 a third delegate.

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

There will be strictly limited opportunities to attend remotely for international members not able to travel to London.

To register a delegate, email : events@esopcentre.com



Thank you to our sponsors:

The Centre's 2026 symposium is hosted by **Baker McKenzie**

Baker McKenzie.

and the programme brochure is logo sponsored by **MM&K**.

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Jersey share plans and trustees conference – May 22 2026

The Centre is set to return to the Pomme d'Or in Jersey for its **employee share plans and trustees conference** on Friday May 22 2026.

We are putting together a programme of talks from expert speakers, to update trustees and employee share scheme professionals. The programme provides technical information, which we trust will be acceptable as counting towards delegates' Continuing Professional Development or Continuing Competence.

Presentations will run from 09:00 to 13:15, followed by a networking lunch. The seminar will be held in conjunction with STEP Jersey.

Tickets: Book early to secure discounted ticket prices:

Esop Centre/STEP members: **£380**/each

(if booked before May 1. £450 thereafter)

Non-members: **£485**/each

(if booked before May 1. £548 thereafter)

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

To reserve your place, email us at events@esopcentre.com





EUROPEAN UNION

Pro-employee ownership legislation passes the first hurdle in the European Parliament

National Center for Employee Ownership founder Corey Rosen focused in his NCEO blog last month on the European Parliament plenary adoption (by 492 votes in favour, 144 against, and 28 abstentions) of [a resolution with recommendations to the European Commission](#) to propose a harmonising directive aimed at creating an EU-wide unified legal framework (the “28th Regime,” referring to an additional legal framework alongside those of the current 27 member states) for innovative companies.

This initiative includes a new corporate form, the Societas Europaea Unificata (S.EU) (Unified European Company). Its primary objective is to remove obstacles to cross-border business activity; create an environment in which European small and medium-sized enterprises, start-ups, and scale-ups can thrive; and establish the preconditions for enhanced European competitiveness.

In recognition of the key role that alternative forms of ownership play in fostering resilience, competitiveness, and long-term success, the resolution also calls for facilitating “steward ownership” and employee ownership, specifically through employee stock options and what the resolution refers to as employee stock ownership plans (in this case, a generic description of an [employee ownership plan](#)). Corey acknowledged help from the Institute for European Democracy.





USA

Appvion employees lose bid to recover Esop funds after bankruptcy

A state appeals court rejected an attempt by members of the Appvion Employee Stock Ownership Plan to recover damages after a bankruptcy filing, according to Brian Kerkin on *Fox 11 News*.

Members of the Esop, about 90 percent of the employees, lost all value in their accounts when Appvion - formerly Appleton Papers - and its parent company, Paperweight Development Corp, filed for bankruptcy in October 2017.

The Esop filed suit, claiming that PwC, which audited the financial statements of Appvion and PDC from 2001 to 2014, was negligent for failing to uncover fraud and misrepresenting the company's value.

A circuit court ruled because PwC was not the Esop's auditor, it was not reasonably foreseeable that the Esop would have relied on its audit opinions **to fairly state the value of Appvion's stock**. A further challenge is now going forward.



Image by Pete Linforth from Pixabay

Esops and shelf registration: redefining ownership?

In January 2026, Arlo Technologies filed a shelf registration with the offer of 4,200,189 shares of common stock, tied to an Esop-related transaction valued at about US\$58.47m. This filing highlights Arlo's use of equity-based employee compensation, which can affect both capital structure and workforce alignment with shareholder interests. Equity analyst Sasha Jovanovic explored for *Simply Wall St* how this Esop-related shelf registration shapes Arlo Technologies' investment narrative, particularly around ownership dilution and employee incentives.

"To own Arlo today, you need to believe the company can turn its smart security ecosystem, including new partnerships like Samsung SmartThings and Allstate, into durable, profitable growth while managing capital carefully. The recent Esop-related shelf registration for 4.2 million shares fits that story as a tool to retain and motivate employees, rather than a direct business catalyst.

"However, one emerging risk is how much dilution investors might tolerate alongside high executive pay. Despite retreating, Arlo Technologies' shares **might still be trading 22 percent above their fair value.**"



USA

2026 pay trend: “peanut butter” pay increases on the rise

Payscale has released a preview of its *2026 Compensation Best Practices Report*. The preview reveals that pay increases are holding steady at 3.5 percent in 2026, which is unchanged from 2025. While overall pay budgets remain unchanged, the latest data show a notable shift in how organisations are allocating those dollars, moving away from performance-based differentiation and towards across-the-board increases.

Only 48 percent of surveyed organisations are planning to differentiate pay increases based on performance. Forty-four percent noted they are either actively taking a “peanut butter” approach, where pay increases are spread evenly across a company, or are considering implementing the practice in 2026.

Tying pay increases to performance ratings has come under criticism in recent years for being too subjective and prone to bias. The rise in organisations electing to standardise pay increases across employees is driven by a need to alleviate administrative burden, especially where **resources are strained and pay budgets are under pressure**.



Israel

Startup raises \$25m to tackle the hidden complexity of global equity

According to Israeli business and economics newspaper *Calcalist*, equity compliance and management startup Slice has raised \$25m in a Series A round bringing its total funding to \$32m, working with US law firm Fenwick and Cooley, among others.

Yoel Amir, one of the company’s founders, said the aim was to do for global equity compensation what software previously did for salaries and employee stock options. “We took an entire process that used to be fragmented and country-specific and centralised it,” Amir said. “We understand the legal frameworks in each country and, more importantly, the local tax structures. Every jurisdiction has different tax conditions and regulatory requirements.”

Slice operates in around 60 countries and plans to **expand coverage to 100 within the next year**.

The firm aims to replace a patchwork of global accounting and legal services, as well as manual equity management tools, by offering a single automated platform. The system manages the full equity lifecycle, including cap table administration, share and option grants, exercises, tax reporting, and compliance. It also coordinates workflows across legal, finance, payroll, and human resources teams, while preparing companies for liquidity events such as secondary transactions, acquisitions or public offerings.



Public offer platform: new regime comes into force

The new UK public offers and admissions regime took effect on January 19, replacing the old EU-derived Prospectus Regulation, implemented through the Public Offers and Admissions to Trading Regulations 2024 (POATRs).

Final rules for the public offer platform, which is part of the POATRs regime, were set out in FCA Policy Statement [PS25/10](#). The change is intended to simplify capital raising, reduce costs, improve retail investor access and strengthen London's competitiveness.

Key changes include:

- ⇒ General prohibition on public offers of securities unless an exemption applies.
- ⇒ Retained/updated exemptions (e.g., qualified investors, <150 persons, employee schemes, offers ≤£5 million).
- ⇒ New exemptions for admissions to regulated markets/primary MTFs and via FCA-authorized Public Offer Platforms, enabling smaller companies to raise >£5 million from retail and other investors off-public markets.
- ⇒ For regulated market IPOs (e.g., LSE Main Market): FCA-approved prospectus still required, with expanded 10-page summary, climate disclosures and reduced 3-working-day availability period.
- ⇒ Secondary fundraisings: Prospectus trigger threshold raised from 20 percent to 75 percent of issued share capital over 12 months (up to 100 percent for closed-ended funds). This change means many rights issues, placings, and open offers go forward without a prospectus.
- ⇒ New protected forward-looking statements regime with higher liability threshold.
- ⇒ For MTFs like AIM: New "MTF admission prospectus" for IPOs/ reverse takeovers; further issuances often exempt.

These reforms lower barriers for issuers while maintaining key protections. [Further FCA guidance is planned in 2026](#).

Centre member **Tapestry** commented: *"The new regime is designed to make it easier and cheaper for companies to raise capital in the UK, improving competitiveness and providing investors with quality information for decision-making. From an incentives perspective, while the new rules bring some changes, most of the familiar exemptions for employee share plans remain in place. That said, companies should review their plan documents and update their special wording / references accordingly to ensure they still qualify under POATR. Companies will also need to keep a closer eye on the value of offers made under their employee plans to ensure they stay within the new financial threshold exemption limit, if relevant. If you are unsure how these changes might affect your plans, now is a good time to seek advice and prepare for the new regime."*



UK transition to T+1 settlement

In February 2025, the government committed to legislate to mandate T+1 as the standard settlement period in the UK from October 11 2027, as **newspad reported last year**. The government has now published a draft statutory instrument (SI) illustrating how it plans to deliver this, alongside a policy note which explains the approach taken.

The move will shorten the current T+2 timeframe, aligning the UK with markets like the US (which transitioned smoothly in 2024 without major disruptions), Canada, and the forthcoming EU changes. China already operates on T+0 instant settlements.

The draft SI was published in advance of laying it in parliament to aid stakeholder preparations by providing clarity on how the T+1 requirement is intended to apply. The government welcomes any **technical comments on the draft SI by February 27**.

Firms were expected to begin planning immediately after the announcement, with 2025 focused on budgeting and project design, 2026 on system and process changes, and 2027 on testing and final readiness. Regulators have warned they may take action if firms are unprepared. Asset managers are also encouraged to adjust fund settlement timings to T+2 where needed to protect investors when underlying markets operate on T+1. Overall industry preparedness is progressing well, **with most firms already identifying required changes**.



Image by Gerd Altmann from Pixabay

Young people damaged by government policy - IEA

Responding to the latest labour market statistics from the ONS, Professor Len Shackleton, Institute of Economic Affairs editorial and research fellow, wrote:

“The **latest labour market figures** continue to show the malign effects of recent government policy, with higher minimum wages and national insurance contributions plus rising business rates having a particular impact on retail and hospitality, where payrolled employment has fallen sharply. This in turn particularly hits young people who account for a sizeable chunk of the workforce in these sectors.

“Young graduates will also have been hit as traditional graduate recruiters have cut back due to growing uncertainty and possibly the longer-term impact of new uses of AI. The unemployment rate for all workers is 5.1 percent, markedly higher than in recent years (discounting the special circumstances of Covid), but for 18-24 year olds it is now standing at 13.7 percent. This is worrying not just for the current state of the economy, but because prolonged unemployment in one’s early twenties is known to have damaging effects on future career paths.”



New guidance published on use of AI in tax

SME tax guidance site *Ross Martin* reported that the use of AI tools in tax is increasing. This introduces wider ethical considerations and potential risks which require active management. In the past two years, several cases involving the use of AI have been heard by the tax tribunals. These have usually resulted in strong warnings from judges around the use of AI and unfavourable outcomes for the taxpayers involved, owing to a reliance on inaccurate information.

The seven bodies that produce the document 'Professional Conduct in Relation to Taxation' (PCRT) have now published guidance outlining how to apply the existing ethical principles laid down in the PCRT when using AI tools for tax. Several ethical risks have been identified, along with suggested safeguards. Some of the points made in the guidance include the need to understand the limitations of AI tools and the importance of approaching AI output with scepticism, thoroughly interrogating its response for technical correctness. This highlights the importance of having access to reliable tax technical resources, like rossmartin.co.uk, to verify AI-produced output.

Before using AI tools, it is important to consider whether such use needs to be disclosed to clients. It is also advisable to establish suitable AI usage policies and systems to record that due care has been taken when using AI. This is the case not only for tax, but also for wider **compliance obligations, such as the handling of confidential data.**





BlackRock unveils its newest weapon in Wall Street 'alts' talent war: profit sharing from private markets

According to *Fortune*, BlackRock, the world's largest asset manager, is borrowing a page from the private equity industry's script, announcing this month that it will offer a slice of the profits from the firm's private markets funds to a select group of senior executives.

The move could see execs eventually earn millions in payouts for BlackRock's top-paid private markets executives if funds perform exceptionally well over the next decade.

The new pay offering, called the executive carry programme, was adopted on January 13, and is the latest indicator of the seriousness of BlackRock's bet on alternatives, which now account for \$660bn of the **\$14trn in assets under management at the firm**.

JPMorgan and Citigroup weigh fixed pay cuts for senior UK executives

Bloomberg reported that JPMorgan Chase and Citigroup are reviewing whether to cut or remove fixed pay allowances for senior UK executives following recent changes to UK remuneration regulations. The move reflects a broader shift in how banks structure pay now regulators have eased long-standing restrictions on bonuses.

Last October, UK authorities reduced bonus deferral periods and shortened the maximum vesting timeline for discretionary pay from eight years to four, diminishing the rationale for large fixed allowances that had previously been used to provide income certainty under stricter rules. JPMorgan is expected to decide in the coming weeks whether to reduce or eliminate fixed allowances for staff classified as "material risk takers", including senior traders, investment bankers and compliance executives, a group numbering around 600 in the UK at the end of 2024. Citigroup, which has at least 500 such employees, is undertaking a similar assessment. While the overall level of remuneration is not expected to fall for most, the composition of pay is likely to change, with a greater emphasis on cash and immediately vested stock linked to performance. JPMorgan has indicated internally that most UK fixed allowances could be significantly reduced or removed, aligning local pay structures more closely with global, merit-based frameworks. Other banks have already acted: Goldman Sachs lowered fixed allowances in 2024, and HSBC ended them for executive directors. The developments underline how regulatory reform is reshaping executive pay in London, granting banks greater flexibility while intensifying the link between reward, **performance and risk-taking behaviour**.



Don't use 'boilerplate' reasons to justify big executive pay rises, UK firms warned

According to *the Guardian*, the UK's largest listed companies have been warned against using "boilerplate" arguments to justify big executive pay increases by an influential group of shareholders.

The Investment Association – whose members manage £10tn of assets – has told pay committees to avoid "benchmarking": where companies argue higher pay is needed in order to match rivals and avoid bosses jumping ship for larger salaries and bonuses elsewhere.

The IA – whose members include Schroders, Legal & General and Aviva – used its annual letter to London-listed companies to warn that the "use of benchmarking on its own to justify increases in remuneration is not appropriate, as it **can lead to a ratchet effect in the market**".

Ceo pay last year

While not all Fortune 500 companies have released their executive compensation for 2025, banking ceos like Solomon and Dimon appear among the early winners. But the most eye-popping pay drop may belong to Starbucks ceo Brian Niccol, whose 2025 compensation plummeted after he received \$96m in 2024 in front-loaded compensation for four months of work.

The double-digit Wall Street pay increases come as the six biggest US banks, including Goldman and JPMorgan, brought in \$157bn in combined profits, an eight percent increase that marked the industry's best year since the pandemic, the *Wall Street Journal* reported.

Ceo pay among some of the biggest companies in the US increased steadily between 2010 and 2023, according to a study by Pay Governance, an independent consulting firm. Yet in 2024 ceo pay among S&P 500 companies moderated, increasing just five percent compared with 14 percent in 2023. Still, **the median total compensation for S&P 500 ceos—including base salary, bonuses, and long-term incentives—stood at \$17m as of 2024.**



Reassessing twelve years of ceo pay

According to a Semler Brossy memorandum published by the *Harvard Law School Forum on Corporate Governance*, most executive pay levels analysis focuses on target equity grant values—essentially the accounting value at grant—rather than value realised when equity is earned. Assessing the trends and data underlying take-home equity value offers boards a fresh perspective on their pay-for-performance alignment and pay program liquidity as opposed to what is communicated to participants in target grant value.

Realised equity outcomes can be found in the Option Exercises and Stock Vested Tables, which reflect the value of an executive's equity the moment it is off the table or earned. This report contains analysis on “In-Role S&P 500 CEOs” who have served for at least three years (so there is enough time for equity vesting to build up), and “Take-Home” equity compensation, including full-value shares at vest and options at exercise. Importantly, this analysis is differentiated from a “realisable” equity look, which would include **the trending value of unvested equity awards**.

Stock rises amid shareholder returns and executive pay

Shares of Wells Fargo & Company jumped 2.9 percent on January 29, closing at \$90.64, near the day's peak, following a regulatory filing detailing ceo Charles Scharf's 2025 compensation.

Scharf's pay package totalled \$40m, including a \$2.5m base salary and \$37.5m in variable incentives split between cash and long-term equity awards. The increase represents a 28 percent rise from his \$31.2m compensation in 2024, reflecting board recognition of stronger compliance performance and improved financial results.

Investors reacted positively to the announcement, viewing the executive pay plan as a signal of confidence in management's ability to navigate the regulatory landscape and deliver profitability. Analysts noted that executive incentives tied closely to key operational milestones, including lifting the Federal Reserve's asset cap and achieving \$21.3bn in net income, **can boost shareholder confidence**.



Canada: Major firm transitions to employee ownership

Sonja Singh reveals in *Benefits Canada* that Montrusco Bolton Investments Inc has transitioned to a majority employee-ownership structure, with more than 70 percent of employees now holding equity in the firm.

The decision reflects a desire to more closely align employees with clients as the firm enters a new phase of scale and maturity, says Sylvain Boulé, the firm's president and ceo. By extending ownership to employees, the firm aims to reinforce a client-first culture while ensuring the **value created by the business remains with the people who generate it.**



EOT round-up

- ▶ Workplace design practice **C2 Concepts**
- ▶ Catering equipment distributor **Ceba Solutions**
- ▶ Audio software business **CEDAR Audio**
- ▶ Chemical products supplier **Coating Technologies**
- ▶ Golf marketing agency **GMS Agency**
- ▶ Construction and interiors business **Pacy & Wheatley**
- ▶ Staircase manufacturer **Spiral UK**
- ▶ Energy efficiency installer **Thrift Energy Group**
- ▶ Marketing agency **WAA Chosen**



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

