EsopCentre

Vol 44 No 3

March 2025

it's our business

newspad of the Employee Share Ownership Centre

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WELCOME

In this issue

From the life president

Employee ownership is for the long term, we have always said, and that was never more true than in this second Trumpian era. Markets are quavering as new approaches emerge in quick succession, but it would be a mistake to take precipitate action.

However there has been one surprising development, of benefit to the employees affected. In Panama (which was on the acquisition list with Canada) a Hong Kong/ Chinese dominated company has been speedily replaced by BlackRock as main owner of the strategic parts of the canal. As luck will have it, BlackRock joined Centre member KKR last year as a supporter of giving employees an interest in the equity.

So employees in Panama emerge among the better placed from the current brouhaha and we can watch that with pleasure, while otherwise sitting tight for the long term we believe in.

Malcolm Hurlston CBE

Esop Centre Jersey conference 2025—March 28

Join us at the Pomme d'Or hotel, St Helier, for our employee share plans and trustees conference on Friday March 28.

In the keynote speech **Joe Moynihan**, ceo of Jersey Finance, will update delegates on the Jersey International Finance Centre and its plans for the future.

The programme is drafted to provide relevant technical information, with a view to counting towards your Continuing Professional Development or Continuing Competence.

It includes a joint presentation and discussion on the Private Intermittent Securities and Capital Exchange System (PISCES), covering its aims and how it will work, timeline and latest updates, regulatory/financial promotions and disclosure/confidentiality for employees, and employee tax mechanics and issues; a talk on unravelling share valuation for Eso purposes; and an update on UK legal and tax issues. Further topics will be added.

Expert speakers include Esop barrister **David Pett** of Temple Tax Chambers; **Katherine Neal**, head of employee incentives, private wealth Jersey, at Ogier; **Claire Matthews**, partner at Taylor Wessing; CMS consultant **Graham Muir** and share schemes specialist **David Craddock.**

Presentations will run from 09:00 to 13:15, followed by a networking lunch.

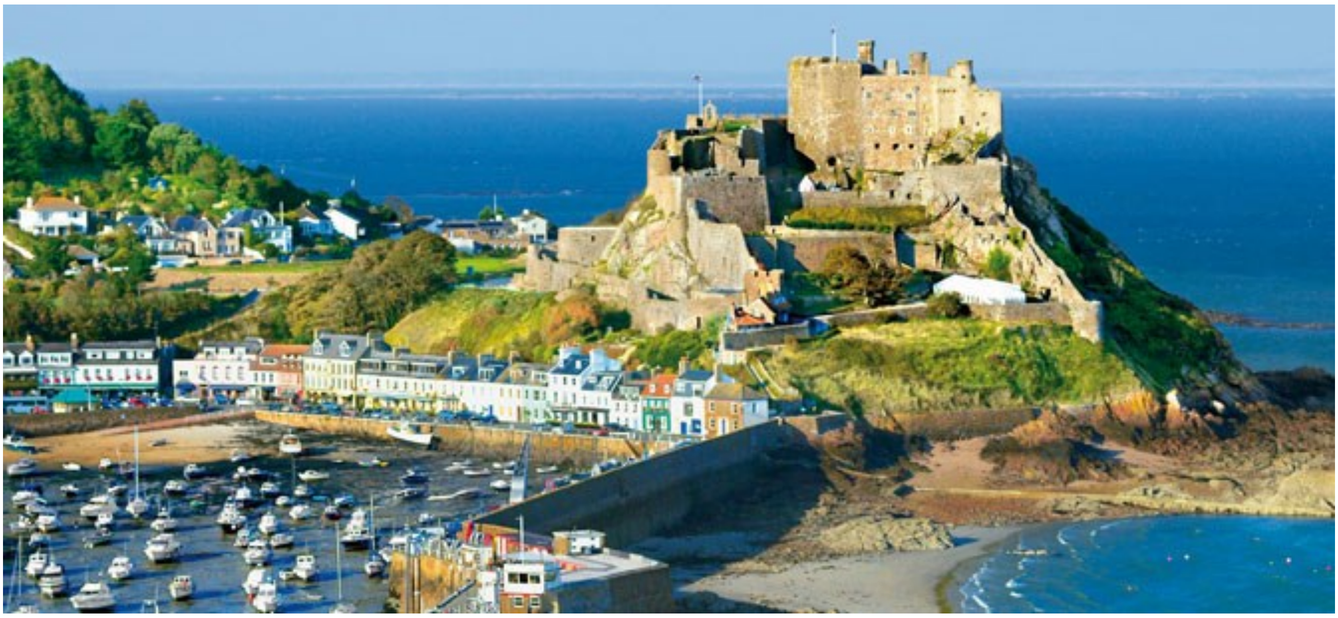
The seminar is being held in conjunction with STEP Jersey.

Book now to secure discounted ticket prices:

Esop Centre/STEP members: £380/each
(if booked before 14 March 2025. £450 thereafter)
Non-members: £485/each
(if booked before 14 March 2025. £548 thereafter):

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

To reserve your place, email:
events@esopcentre.com



Annual share plans symposium—June 5 2025

The Centre's eighth Share Plan Symposium will be held in person at **Baker McKenzie's** London offices on the afternoon of **Thursday June 5**. The event will comprise four panel debates, running from approx. **13:30 to 17:15** followed by a reception, at which the 17th *newspad Awards* winners will be announced.

All the presentations will 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.

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

Baker McKenzie.

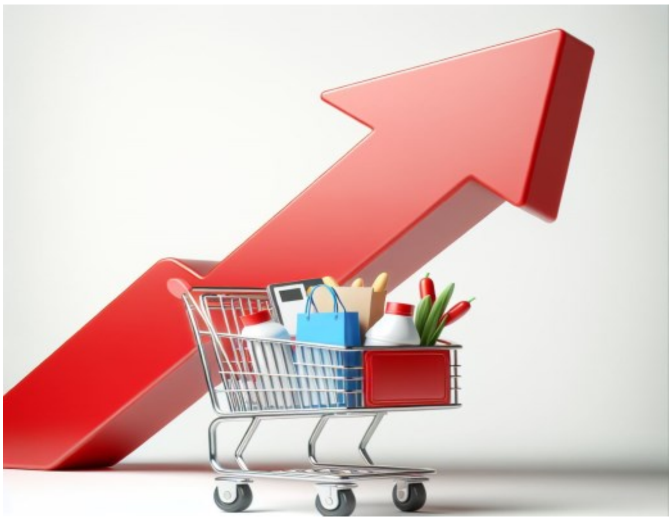
The Esop Centre thanks Baker McKenzie for hosting the 2025 Share Plan Symposium

Firms plan job cuts as employment costs rise

Companies are planning to cut jobs or recruit fewer people ahead of rises to National Insurance payments and wages, according to a study by the Chartered Institute of Personnel and Development. Businesses also said they would raise their prices to cover increasing employment costs. More than a third of the 2,000 firms responding plan to reduce their headcount through redundancies or by recruiting fewer workers. About 42 percent would lift prices while 25 percent “are cancelling or scaling down plans for investing in or expanding their business", the BBC reported.

Inflation jumps on food, air fares and school fees

The Office for National Statistics reports that inflation rose sharply in January after airfares failed to fall by as much as usual and private school fees jumped. The higher-than-expected jump to three percent in the year to January, from 2.5 percent in December, means that consumer prices rose at the fastest rate for 10 months. Private school fees grew by about 13 percent, owing to VAT being added from January 1 after the government removed the tax exemption.



Payments regulator to be scrapped in red tape slash rumour

City A.M. suggests that the UK’s payments regulator could be scrapped and folded into another regulator as part of efforts by No10 to slash red tape. Ministers are mulling whether to abolish the Payment Systems Regulator and amalgamate it into the Financial Conduct Authority. A decision could come within weeks on the principle of the issue, with sources describing the government as “actively considering” whether to eliminate it.

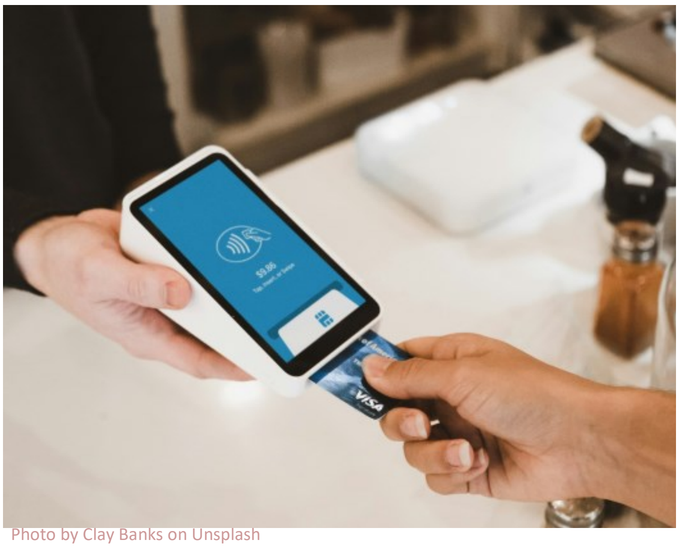
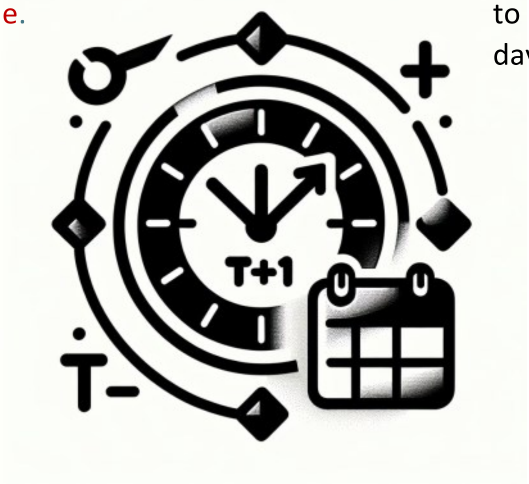


Photo by Clay Banks on Unsplash

Treasury confirms shift to one-day settlements

According to *CityA.M*, Rachel Reeves has confirmed that the UK will move to a 'T+1' standard for settling securities trades from October 2027. The Chancellor met chiefs of investment banking and asset management firms on February 19 to discuss the overhaul, which requires all information needing to be checked and cash handed over within one working day of a trade being made.



The UK market currently works on a two-day time frame called T+2. Other markets like the US, have already made the shift to the shorter settlement timeframe. While some were nervous about the potential ramifications of the US transition to T+1 last year, the transition did not affect capital markets.

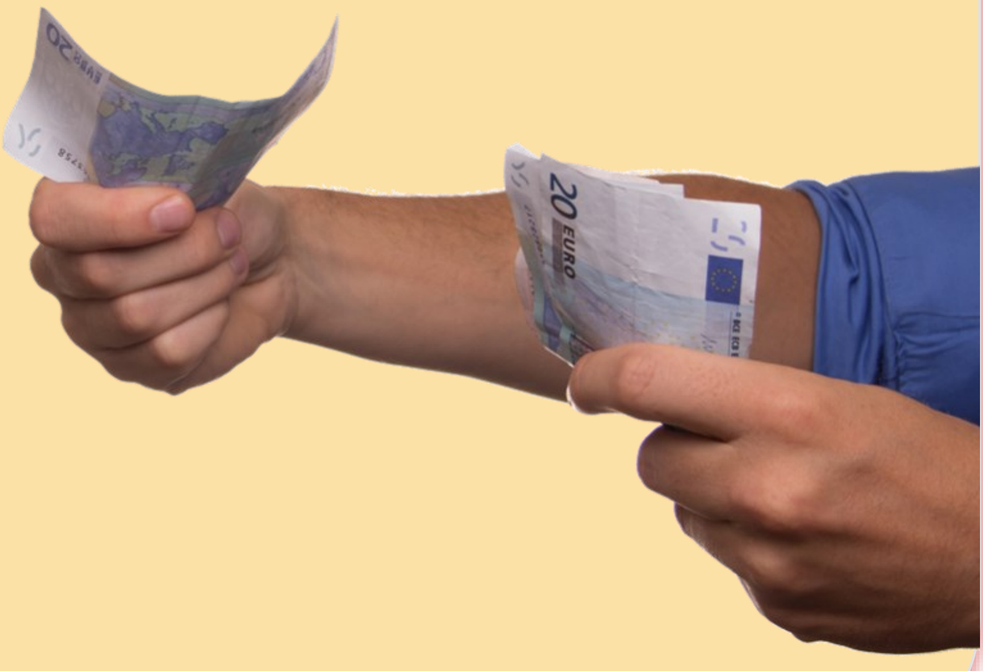
Europe has yet to set a deadline for the transition to T+1. China already operates on instant same-day settlements (T+0).

Savings providers vow to fight any attempt to cut cash Isa limit

According to *The Guardian*, major savings providers have pledged to fight any attempts to cut tax breaks on cash ISAs. This comes amid reports the government is considering a plan to slash the maximum amount people can put into them from £20,000 a year to £4,000. The cash ISA limit was £3,000 a year but has stood at £20,000 since 2017. More than 18 million people have a cash ISA, and there is collectively almost £300bn in them.

Ceo pay in Europe has stagnated over the past decade

A study by Belgium's Vlerick Business School reveals that ceo pay in Europe has remained stagnant over the past decade, despite median remuneration for STOXX Europe 600 ceos rising from under €2.9m in 2014 to just over €3.8m in 2023. Regression analysis, accounting for company size, inflation and performance, found no significant real-term increase. While European firms face pressure to stay competitive globally, the study suggests they have kept executive pay under control. A major shift has been the rise of non-financial KPIs in compensation, with long-term incentives linked to ESG factors increasing from 16 percent of companies in 2014 to 64 percent in 2023. Short-term incentives tied to non-financial metrics have also grown from 71 percent to 90 percent. Despite this shift, ceo pay structures remain stable, with base salary making up 28-34 percent of total remuneration and required ceo shareholding rising from 200 percent of base pay in 2014 to over 250 percent today.



Governance failures erode public trust and investor confidence

A new report from GlobalData highlights how repeated corporate governance failures, including tax avoidance, corruption, excessive executive pay and weak internal controls, have eroded public trust in big business. High-profile scandals like Boeing's safety oversight failures, FTX's investor fraud and Byju's opaque management have led to financial and reputational damage, yet investor scrutiny of governance remains lacking. Despite increasing regulatory and stakeholder pressure, businesses appear to be paying less attention to governance, since mentions in company filings have declined since 2021. The report emphasises the need for stronger corporate structures, risk management, anti-corruption policies and AI governance frameworks to mitigate future risks. With evolving regulatory, economic, and technological pressures, companies whose governance standards fall short risk financial and reputational consequences.

Big banks remove climate targets from executive bonuses

Barclays and NatWest are removing climate-related targets from short-term executive bonuses, shifting them into long-term incentive plans. Barclays' ceo, CS Venkatakrishnan, will no longer have climate goals factored into annual bonuses but will see them integrated into a long-term plan worth up to 550 percent of his £1.6m salary. NatWest's ceo, Paul Thwaite, could earn up to £3.5m under a similar structure, where climate performance moves from a 10 percent annual weighting to a 15 percent segment in its long-term scheme. This shift reflects a broader corporate trend of scaling back environmental and diversity-linked pay incentives.

British American Tobacco ceo's pay set to triple to £18m

British American Tobacco plans to increase ceo Tadeu Marroco's potential earnings to £18.2m, nearly tripling his pay. While his guaranteed salary is £1.8m, he earned £6m last year, and the new package is performance-based. BAT argues that higher pay aligns with US corporate standards and prevents talent drain, as London-listed firms face competition from better-paid American counterparts. Similar moves have been seen across the FTSE 100, with the London Stock Exchange Group doubling ceo David Schwimmer's pay to £13m.

Dorset Council to pay new ceo more than prime minister

Dorset Council is set to pay its new ceo between £185,000 and £200,000—more than Prime Minister Keir Starmer's reported £170,000 salary—while also offering a £10,500 "golden hello," despite plans to cut 300 jobs and raise council tax by five percent. The TaxPayers' Alliance criticised the move, arguing that council executives continue to receive high pay while essential services are reduced. Council leader Nick Ireland defended the salary as competitive and necessary to attract the right candidate, while union Unison warned that the planned £12.5m reduction in the wage bill could result in significant job losses over the next five years.

RFU pay scheme deemed fair despite criticism

According to a review the Rugby Football Union's executive pay scheme, which led to chairman Tom Ilube's resignation, to be an "appropriate remuneration structure." Ceo Bill Sweeney received a £358,000 bonus on top of his £742,000 salary despite the RFU posting record losses of nearly £40m.

The review, commissioned by the RFU and conducted by law firm Freshfields, found the scheme aligned with corporate practices and helped retain leadership. However, it did not cut the ice with the fan base who argued that the bonus metrics (which include a 75 percent win ratio based largely on the women's team), were flawed. The review recommended making the RFU's executive pay policy public for transparency. Former England captain Sir Bill Beaumont has stepped in as interim chairman. Grassroots members question whether the union is operating more as a corporation rather than a sporting body.

Greens demand NBN ceo pay cut in exchange for bill support

The Greens are pushing Australia's Labor party to slash the NBN co-ceo's salary by an estimated A$2.5m in return for backing a bill that would block the network's future privatisation. Their proposed amendments include capping executive pay at five times the national average salary, legally ensuring affordable NBN services, and offering cost-of-living relief for struggling users. The previous ceo, Stephen Rue, earned A$2.85m, while new chief Ellie Sweeney is expected to be on a similar package. Greens senator Sarah Hanson-Young called the current pay "obscene" amid the cost-of-living crisis, arguing public money should not fund executive bonuses while Australians struggle with internet costs. Labor needs Greens and crossbench support to pass the bill, with independents like Tammy Tyrrell signalling potential backing. The Coalition has opposed the legislation, dismissing it as a "political wedge." Hanson-Young will meet Communications Minister Michelle Rowland this week to negotiate terms.

Banco Santander grants shares and options in executive pay plan

Banco Santander has issued shares and call options to key executives, including Ana Patricia Botín and José Antonio Álvarez, as part of its deferred remuneration plan. The grants, executed on February 14 2025, were awarded free of charge, reinforcing the bank's strategy to align leadership incentives with long-term shareholder value. These transactions could influence market perception and the company's stock performance. Santander remains a major player in global banking, with a strong presence in Europe and Latin America. The bank's stock has risen 33.2 percent year-to-date, though analysts currently hold a "sell" consensus on its technical outlook.

Grantbook becomes first Canadian company to sell to an EOT

Last month, Employee Ownership Canada announced that Grantbook became majority-owned by Canada's first Employee Ownership Trust on January 1 2025. EOTs are new to Canada and were established last June through federal legislation.

Grantbook is a consultancy serving the philanthropic sector, with about 50 employees. Its sale to its employees through an EOT was part of a planned exit from the business by co-founder Peter Dietz.

In addition to launching EOTs in Canada, the federal government established a $10m capital gains tax incentive for Canadians who sell their business to an EOT in order to encourage uptake. The Canadian model and tax incentive is based on the UK's successful EOT programme.

Industry insiders suggest there are more EOTs to come in Canada. "With supportive public policy, we're on a great trajectory here in Canada," said Michael Ras, ceo of Employee Ownership Canada. "Interest is growing and there's a clear buzz in the market. I'm excited about what EOTs will mean for Canada and Canadian workers."

EOT round-up

- Aviation services provider ACC Aviation
- Manufacturer of power tool accessories Armeg
- Car dealership Cars 2 Ltd
- Engineering firm Castlet
- Web and brand agency CORE
- Marketing firm The Frameworks
- Recruitment firm Mech Tech Professionals
- Creative agency Ress Bradley Hepburn
- Cutlery company Taylor's Eye Witness
- Law firm Williamsons Solicitors
- Installation contractor 38-strong

India

Rapido announces first Esop liquidity programme

Ride-hailing firm Rapido has launched its first-ever Esop liquidation programme, allowing current and former employees to sell a portion of their vested Esop units immediately. Founded in 2015, Rapido operates on a peer-to-peer model, connecting riders with independent two-wheeler captains. The company achieved unicorn status in September last year after raising £158.6m in a Series E funding round led by WestBridge Capital. In FY24, Rapido's revenue grew 46.3 percent to ₹648 crore (£59.3m), while losses dropped by 45 percent to ₹371 crore (£33.9m). The company credited its streamlined cost structure for reducing quarterly losses to ₹17 crore (£1.5m) in Q2 FY25. Rapido joins over 20 startups that implemented Esop buyback and liquidity programmes worth around £158.6m in 2024, with Swiggy and Whatfix leading at £51.5m and £46m, respectively.

Norway

Veidekke: Shares purchased by employees in 2025

On February 21, 2,099 employees of construction and civil engineering company Veidekke, purchased a total of 1,029,250 shares in the company's annual employee share scheme. More than 10 percent of the shares in the company are currently owned by Veidekke employees.

"Employees' co-ownership is a long-standing tradition in Veidekke. The annual offer to buy shares at a discount provides all Veidekke employees with an opportunity to take part in the group's value creation in the form of dividends and increased share value. Veidekke believes that employees' share ownership creates added value, by fostering commercial awareness and helping to bring the group together around strategic directions and common goals," says Jimmy Bengtsson, group ceo of Veidekke.

The purchase price is equal to the volume-weighted average share price on the Oslo Stock Exchange in the subscription period, with a deduction for a discount. Discount for Swedish employees is 25 percent, which gives a purchase price of 109.97 NOK per share. For the Norwegian and the Danish employee's the discount is 20 percent, which gives a purchase price of 117.30 NOK per share.

The shares are subject to a two-year lock-in period. A total of 1,816 participants purchased 944,550 shares at NOK 117.30 per share, and 283 participants purchased 84,700 shares at a price of NOK 109.97 per share. The shares will be transferred March 2025.

South Africa

Engen's employee share ownership plan empowers staff

Engen, South Africa’s largest petroleum and convenience services company, has launched its first Esop, marking a major step in its commitment to broad-based black economic empowerment (B-BBEE). Managed by the Engen Employee Trust, the plan gives employees an initial five percent stake in Engen Petroleum (Pty) Ltd, supplementing the 21 percent ownership already held by the black-owned Phembani Group, bringing historically disadvantaged persons' ownership to 26 percent. Fully funded by Engen, the Esop allows employees to share in company profits through dividend participation while ensuring equal access for all eligible staff. Ceo Seelan Naidoo called the initiative a transformative milestone, fostering inclusivity and aligning employee interests with shareholders for long-term growth.

South Korea

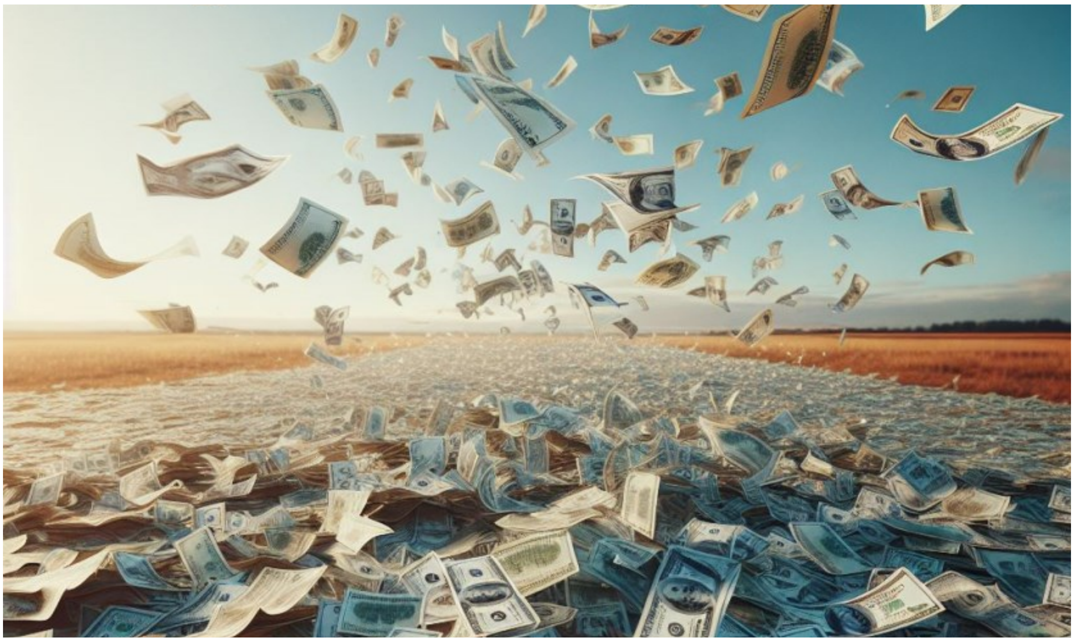
T’way Air execs withdraw Esop shares amid management dispute

Executives at T’way Air have been withdrawing their Esop shares as a management rights dispute escalates. This move could be motivated by the company’s 40 percent stock price surge, allowing executives to sell shares for profit, or by efforts to support the current management team in an upcoming shareholders' meeting. Notable withdrawals include Executive Director Lee with 26,954 shares, Executive Director Park with 27,754 shares, and Executive Director Yoo, who sold 30,000 shares before withdrawing 28,302 more. The timing aligns with Daemyung Sono Group’s recent demand for management changes, challenging the airline’s largest shareholder, YeaRimDang.

USA

Billion-dollar sale brings windfalls up to $10m

Vermont Information Processing, an employee-owned software company, is being sold to private equity firm Warburg Pincus for around $1bn, bringing significant payouts to its workers. Employees who participated in the company's Esop will receive substantial sums based on their tenure, with some long-term staff getting up to $10m. Many employees, primarily based in Vermont, were surprised by the sale, experiencing both gratitude for the financial windfall and a sense of loss as VIP had fostered a close-knit, employee-owned culture since 2001.



First employee-owned PBC in commercial real estate

SVN International PBC, a leading US commercial real estate franchise, has become the industry's first Employee-Owned Public Benefit Corporation, embedding its values into its structure through an Esop. This 50-year growth strategy ensures long-term leadership succession while fostering a culture of shared equity, collaboration, and client-focused service. Unlike investor-controlled firms, SVN's employee-owners guide decisions based on market expertise and client needs. By structuring itself as a Benefit Corporation, SVN prioritises not just shareholder returns but also community impact, aligning with its long-standing mission to create value for clients, colleagues, and the communities it serves.

USA

Churchill Holdings settles Esop lawsuit

Churchill Mortgage Corp, a Tennessee-based mortgage lender, has reached a settlement with former employees who alleged fiduciary breaches harmed their vested retirement assets in the company's Esop. The lawsuit, filed in May 2023, claimed that ceo Lawson Hardwick misused plan assets for personal and corporate benefit, including selling shares to the Esop for above-market value in 2020. The settlement, reached on January 28, follows a class certification granted in August 2024. While the court dismissed one breach of duty claim, other allegations remained. The details of the settlement have not yet been disclosed, but a final dismissal notice is expected by March 14.

US economy 'less safe' without consumer board

Millions of Americans are at higher risk of being scammed owing to president Donald Trump's bid to hobble the Consumer Financial Protection Bureau (CFPB).

The Bureau was set up after the financial crisis to shore up oversight of consumer financial firms. It has returned more than $21bn to consumers since 2011. Former officials, economic analysts and members of the Senate Banking Committee are among those voicing concerns over the fact the agency is already processing thousands fewer complaints each day since Trump took office. They warn this leaves many mostly working-class Americans "more likely to get ripped off" and may set the stage for "one of the biggest cons" in modern memory, *the Guardian alleged*.