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# it's our business

newspad of the Employee Share Ownership Centre



Z/Yen Group Limited t/a The ESOP Centre

1 King William Street, London EC4N 7AF

tel: 020 7562 0586 e-mail: [esop@esopcentre.com](mailto:esop@esopcentre.com) [www.esopcentre.com](http://www.esopcentre.com)



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

*Labour governments have rarely been supportive of employee ownership as is true of many unions and co-operatives.*

*That is why it is particularly good to see the Chancellor taking forward PISCES in a way which will make it a lasting achievement of the current reign.*

*The tightening of the EOT is no great loss. It was poorly drafted in the first place. Its main virtue remains localisation - keeping head offices and everything that goes with them in place.*

*However long this government lasts it will have left a valuable legacy.*

**Malcolm Hurlston CBE**



## Employee ownership goes global - and the case keeps getting stronger

In an opinion piece for *Forbes*, Mary Josephs writes that, although Americans see employee ownership and employee stock ownership plans as distinctly American, they have now become a global business tool.

The modern Esop started in the United States, from early profit-sharing ideas championed by Benjamin Franklin to the formalisation of Esops by Louis Kelso in the 1950s, but today they are worldwide. According to The Business Research Company, firms providing Esop formation and administration services generated \$2.12bn in global revenue in 2025. The market is projected to grow rapidly to 2030, particularly in Asia.

Momentum is being driven by multiple forces: improved plan design and administration, supportive tax and regulatory regimes and a pressing need to attract, retain and motivate talent at a time of declining employee engagement.



Image by Peter Unforth from Pixabay



Startups and SMEs are at the forefront and large multinationals are following suit, extending equity participation across borders. The Italian multinational ENI rolled out a global Esop covering more than 65,000 employees worldwide. To manage cross-border complexity, companies are adopting hybrid models combining a US Esop, global umbrella equity plans and locally compliant instruments. Evidence suggests these approaches deliver tangible benefits in productivity, retention and corporate reputation, with Rutgers University supporting their competitive impact. Taken together, these trends support the argument that employee ownership is no longer niche or national, but a defining feature of modern, **globally minded business strategy**.



## Last chance 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 - recorded during February and March - 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 the keynote address **KKR** partner **Anne Arlinghaus** will focus on the financial rationale behind the firm's substantial efforts to back employee share ownership, an approach now supported increasingly by others in private equity. This will be followed by four interactive discussions. The symposium will conclude with the presentation of the 18<sup>th</sup> *newspad* all-employee share plan awards and a celebratory reception.

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

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

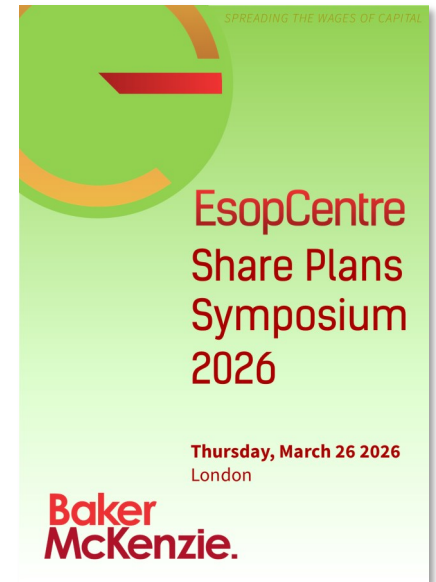
Trustees: Members: £400; Non-members: £650

**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](mailto: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**.

**mm&k**



## 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.

In the keynote speech **Tony Moretta**, ceo of **Digital Jersey**, will focus on the approach to digital technology including AI & fintech in Jersey. A programme of talks from expert speakers to update trustees and employee share scheme professionals will include: relevant UK decisions in courts and tribunals; recent developments in employee share schemes; and a panel debate on the progress of PISCES (Private Intermittent Securities and Capital Exchange System) including extension to the timeline.

The programme provides technical information, designed to 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 is being held in conjunction with the Society of Trust and Estate Practitioners in 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](mailto:events@esopcentre.com)



## Eighteenth newspad all-employee share plan awards - Shortlist

Thank you to everyone who submitted entries to the **18<sup>th</sup> newspad all-employee share plan awards**.

The *newspad* awards recognise the achievements of companies which offer employee share plans and hold up best practice models for other companies to follow.

Congratulations go to **Associated British Foods, BT Group, Carlsberg Britvic, Centrica, Diageo, easyJet, Jet2, the Magnum Ice Cream Company and RS Group** on their shortlisting for the awards.

The results will be announced and award certificates will be presented during the Centre's **Employee Share Plans Symposium** on March 26 2026.

We look forward to celebrating your success there.





## CANADA

### Business leaders urge Ottawa to extend employee ownership tax incentive

Canadian tech and startup news publication *Betakit* reported that advocacy group Employee Ownership Canada has urged the government to extend the tax incentive to encourage the creation of EOTs. The incentive, which was introduced as part of the 2023 federal budget, is set to expire by the end of the year, after which business owners will no longer be incentivised with \$10m in capital gains tax relief to pass down majority control of their company to their employees.

Unlike worker-owned co-operatives, in an EOT, employees don't actually buy the company. Rather, the trust secures a loan for the purchase and holds company shares on the employees' behalf while the owner is paid back over time from company profits.

Employee Ownership Canada's **open letter** calls for the tax incentive to become permanent. The letter to Finance Minister Francois-Philippe Champagne says EOTs "keep businesses Canadian-owned, enable workers to share in the success they help create and support long-term investment in local economies.

"Making the Employee Ownership Trust capital gains tax incentive permanent would allow **employee ownership to become a mainstream pathway.**"





## INDIA

### Employees receive big payout in Esop buyback

Indian Startup News reported that edtech company Unacademy has launched a Rs500m employee stock ownership plan buyback programme to provide liquidity to employees.

Announcing the development on X (formerly Twitter), co-founder and group ceo Gaurav Munjal said the company's board had approved carving out a cash pool for employees even though the valuation is "significantly lower than our last fundraiser".

According to him, eight employees will earn over Rs10m (£81,504) each through the buyback. Seventeen employees will receive more than Rs5m (£40,762), and 38 employees to make over Rs1m (£8,152). The company will inform eligible employees in the coming weeks.

The announcement comes months after Unacademy faced criticism for reducing the Esop exercise window. In response to the backlash, Munjal had clarified the company's position on exercise terms and valuation. Unacademy subsequently introduced a one-time 30-day window for **former employees to exercise their vested stock options.**

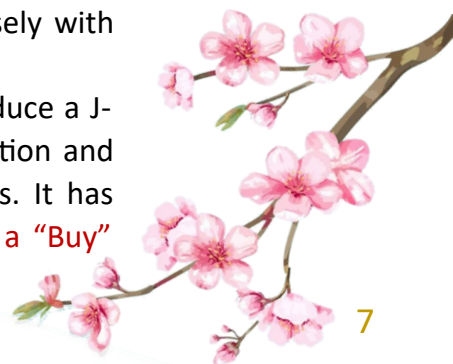


## JAPAN

### Water management co disposes treasury shares for J-Esop

Water facilities engineering and management company Metawater has approved detailed employee stock benefit rules and the disposal of 60,000 treasury shares to implement its planned J-Esop scheme, under which employees will receive share-based benefits allocated through a points system linked to individual contributions and convertible into common shares. The shares will be transferred via a third-party allotment to a dedicated trust account at ¥4,130 (£19.67) per share, representing around 0.14 percent of outstanding shares and expected to result in minimal dilution and limited market impact. The J-Esop trust will be administered by Mizuho Trust & Banking together with Custody Bank of Japan, and is scheduled to be funded and launched on March 13 2026. Designed to operate for as long as the scheme remains in place, the trust will support employee incentives over the three fiscal years to March 2028 and beyond by aligning staff interests more closely with shareholder value.

The move follows Metawater's earlier announcement that it will introduce a J-Esop as part of its broader human capital strategy, reinforcing motivation and retention while maintaining a limited impact on existing shareholders. It has been well received in the market with analysts currently **maintaining a "Buy" rating on the stock.**





## USA

### Esops gained more than a million participants in a decade

Plansponsor's **Emily Boyle reports** that the number of participants in Esops grew to 15.1 million in 2023 from 14 million in 2014, an eight percent increase, according to a Department of Labor **report** released on February 24.

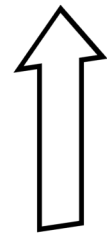
The DoL's Employee Benefits Security Administration issued its research to Congress as part of an update on its initiative to promote employee ownership. The report fulfills a statutory requirement under the worker ownership, readiness and knowledge provisions of the SECURE 2.0 Act of 2022, which directed the DoL to establish an initiative to promote employee ownership and participation.

Esops are the most widespread form of employee ownership, according to the report. Worker cooperatives are much fewer, though growing. The number of worker cooperatives more than doubled to 820 in 2024 from 323 in 2014.

In addition, the total assets in Esops grew at a considerably faster pace than the number of plans and participants over the decade, increasing by 75 percent to \$314m in average assets per plan in 2023 from \$197m in average assets in 2014.

The report updated Congress on the initial activities of the EBSA Office of Outreach, Education and Assistance's Division of Employee Ownership which was created in 2023 to provide participant education, informal dispute resolution and compliance assistance.

Assistant Secretary of Labor Daniel Aronowitz, who oversees EBSA, stated in his June 2025 confirmation hearing before the Senate Committee on Health, Education, Labor and Pensions that he would "end the war on Esops."



The pledge from Aronowitz resulted in the DoL's January announcement that Esops were "removed from the [agency's] national enforcement project list." **NCEO founder Corey Rosen commented** that the WORK Act also authorised funding through the office for state employee ownership outreach and education programmes starting in FY 2025. Congress did not appropriate funds for this programme, but the most recent DoL appropriation bill contains a "joint explanatory statement" from the appropriation committees directing that \$2m be allocated in the coming year. He added that, though the new Division of Employee Ownership programme has got off the ground, what it can accomplish is constrained by an "extremely limited budget".



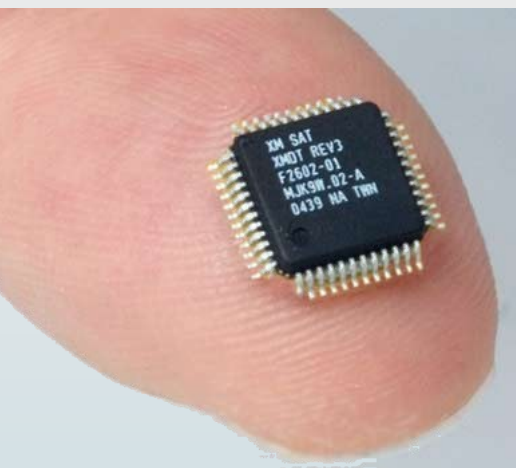
## USA

### How states can help finance business transitions to employee ownership

According to investment news site *Impact Alpha*, Illinois is poised to create the largest dedicated public investment vehicle for employee ownership in the country through its Employee Ownership Development Act.

State Rep Will Guzzardi's bill, **HB4955**, would authorise the Illinois Treasury to deploy a portion of the state's non-pension investment portfolio into employee ownership-focused investment funds.

That would represent a substantial investment of institutional capital in building wealth for Illinois workers and seed a capital market for employee ownership in the process. Because the fund is carved out of the state investment pool, it **doesn't require a single dollar of appropriations from the legislature**.



### Next step - Employee chip ownership?

Businesses will be expressly banned from microchipping their employees under legislation proposed in a US state. Legislators in the state of Washington are currently considering **House Bill 2303**, which provides that an employer "may not request, require, or coerce any employee to have a microchip implanted in the employee for any reason".

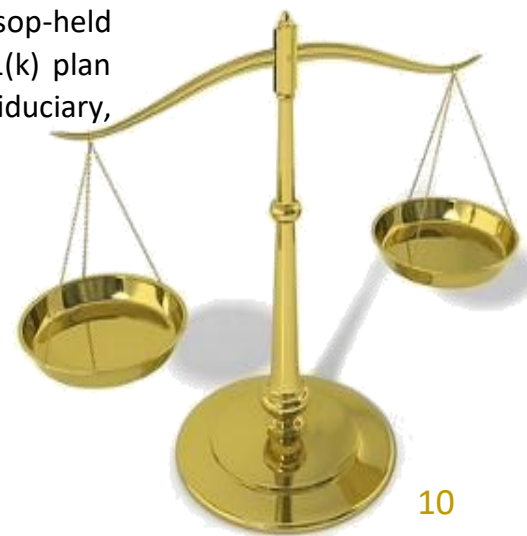
There is evidence of concern states-wide. Now the Washington state legislation has been approved by the House of Representatives and by a committee in the Senate, putting it well **on its way to becoming law**, joining 13 other states.



## USA

## Esop litigation

- ⇒ *Bloomberg Law* reported that North Carolina refrigeration product manufacturer **Morris & Associates Inc** was hit with a proposed class action by workers who claim they were given an unfair price when selling their company stock. The lawsuit, filed on February 6 in the US District Court for the Eastern District of North Carolina, says workers who sold the Morris stock in their employee stock ownership plan accounts were underpaid in violation of the Employee Retirement Income Security Act. The stock price was based on a series of flawed valuations that didn't account for the company's significant cash holdings, **according to the complaint.**
- ⇒ A former **Norman S Wright Mechanical Equipment Corp** employee filed a proposed class action challenging the investment strategy in the heating and cooling company's employee stock ownership plan. The plan, which primarily invests in the private company's stock, held more than \$11m in cash-like accounts that produced negligible returns as of 2024, the employees alleged. This **strategy was imprudent for long-term retirement savings**, and it wasn't justified by extenuating circumstances like an imminent need to purchase shares, plaintiff Christopher Dawson-Roberts said in a complaint filed on February 6 in the US District Court for the Northern District of California.
- ⇒ Current or former employees who participated in or held a portion of their account in the **Wells Fargo's** Employee Stock Ownership Plan Fund between September 27 2016, and December 30 2022, may be eligible to receive a cash payment from a class action settlement. Wells Fargo & Co agreed to pay \$84,000,000 to settle a class action lawsuit alleging breaches of fiduciary duty and prohibited transactions under the Employee Retirement Income Security Act. The plaintiffs claimed that Wells Fargo improperly used dividends from Esop-held preferred stock to offset employer contributions to the 401(k) plan and that GreatBanc Trust Co, the Esop's independent fiduciary, **knowingly participated in and failed to prevent these actions.**





## HMRC ERS Bulletin 64

At the end of February HM Revenue & Customs published **Employment Related Securities (ERS) Bulletin 64**.

It includes important information about Enterprise Management Incentives and reminders about the upcoming ERS filing window. There is a change in the ERS reporting requirements where employees are short term business visitors covered by EP Appendix 4 arrangements.

Full list of updates in the bulletin:

1. EMI changes to the scheme thresholds from April 2026
2. ERS reporting requirements for Short Term Business Visitors
3. End of year filing reminder
4. EMI notifications
5. Saving copies of your return and notifications
6. Penalties for late filing
7. ERS Administrators
8. End of year template guidance updates for April 2026
9. Modernising and mandating tax advisor registration

Accessibility changes to Employment Related Securities end of year templates from April 2027

## Government publishes UK Sustainability Reporting Standards

On February 25 2026, the Department for Business and Trade published UK Sustainability Reporting Standards (UK SRS). It is a key development in the evolution of UK corporate reporting.

According to the *Institute of Chartered Accountants in England and Wales*, **UK SRS** will serve as the UK's framework for sustainability disclosures, closely aligned with the first two IFRS sustainability disclosure standards from the International Sustainability Standard Board, which establish a global baseline. This alignment ensures that UK organisations can both maintain international comparability and **meet the specific needs and priorities of the UK market**.

The Financial Conduct Authority is **consulting on incorporating UK SRS into listing rules**. The consultation closes on March 20 2026.





## Bank of England chief says March rate cut remains an ‘open question’

According to *CityAM*, the governor of the Bank of England, Andrew Bailey, has said that whether interest rates will be cut in March is still an “open question”, as policymakers weigh easing inflation against signs of continued weakness in the labour market. Appearing before the Treasury Select Committee, Bailey explained that there had not been sufficient evidence to justify a cut at the Bank’s most recent meeting, but acknowledged growing softness in employment conditions and uncertainty over how quickly falling headline inflation will translate into lower inflation expectations and wage growth. His remarks are closely watched by markets, given his role as a frequent swing voter on recent rate decisions. Other members of the Monetary Policy Committee struck a more cautious tone, with Megan Greene warning that a return of

inflation to two percent this year may not feed through into longer-term expectations, and Huw Pill urging colleagues not to be misled by temporary fiscal effects, including recent policy measures announced by Rachel Reeves. Pill argued that labour market weakness reflected structural factors such as post-Brexit migration changes, the unwinding of furlough, and firms “unhoarding” labour, rather than short-term fiscal policy alone, though he acknowledged that recent changes to employers’ national insurance and minimum wage alignment may have contributed to higher youth unemployment. Overall, the hearing highlighted a finely balanced debate at the Bank, with policymakers divided between guarding against inflation persistence and **responding to a cooling jobs market.**

## UK firms ‘misallocate £10bn’ on HR and EDI, think tank claims

UK businesses are misallocating up to £10bn annually due to an oversized HR sector, research from the Policy Exchange alleges. The UK’s HR workforce stands at 1.6 percent of total employment, compared to one percent in the US and ~0.8 percent in the EU, leading to higher direct costs and opportunity costs by diverting talent from more productive roles. The report attributes much of this growth to equality, diversity, and inclusion (EDI) policies, which foster bureaucracy, risk-aversion, slower hiring and a focus on compliance over business outcomes.

EDI training alone is estimated to cost firms over £1bn yearly, and many companies run formal programmes. It criticises practices like “diverse supplier” procurement at firms such as Unilever and Nestlé, and highlights broader issues including recruitment biases, internal lobbying, free-speech limits and “shadow regulation” from laws like the Equality Act. Backed by figures including Andrew Griffith and former EHRC commissioner Baroness Cash, the think tank urges the government to reduce EDI-related rules to support growth **by trimming unnecessary HR overheads.**



## **Pay for planet: ESG tied to executive bonuses**

According to the *New Straits Times*, Malaysian companies are expected to link sustainability goals with executive remuneration by phases. The move came under scrutiny in the US following some walkbacks by large US companies, the latest being Apple.

Kenanga Research said at least four in every five companies in the FTSE Bursa Malaysia KLCI have laid out their linkage between remuneration and sustainability.

“Even so, we expect the adoption locally of tying sustainability to pay will be continually widened to beyond the board and senior management. The pace of adoption style would, nevertheless, be varied as some firms take a phased-in approach,” it said.

The firm said some companies have been phasing in the adoption of the environmental, social and governance (ESG) aspects, particularly climate related measures and this is true in the case of Tenaga Nasional Bhd.

The utility giant aims to implement a phased-approach linking remuneration to key ESG performance indicators and climate-related disclosures in line with the IFRS S2 reporting recommendations, having **already subjected C-suite level staff to climate KPIs so far.**

## **Ceo remuneration in the age of inequality — what exactly are we rewarding?**

According to South Africa’s *Daily Maverick*, in an era of widening global inequality, executive pay has become increasingly difficult to justify, a tension highlighted by analysis from the Labour Research Service of 70 JSE-listed companies’ remuneration for FY2025. It found that Naspers and Prosus ceo Fabricio Bloisi received a package exceeding R1bn, of which only one percent was fixed salary and the rest incentive-based. This places Bloisi, who is not South African but Brazilian and bought in to do the job, among the highest-paid global executives, comparable to ceos of much larger US firms such as Adobe and Salesforce, despite those companies generating three to five times Naspers’ revenue, and ahead of leaders at Exxon Mobil, Uber and JPMorgan Chase & Co.

The publication argues that the traditional defence of high pay— attracting talent and driving profits—does not hold up to long-term data, which show little correlation between profit before tax and ceo compensation. In countries like South Africa, where ceo-to-worker pay ratios exceed 500:1 and inequality is already extreme, such remuneration risks undermining social cohesion. Writing from a South African viewpoint, the author calls for a shift away from globalised notions of ceo “market price” towards context-sensitive, ethically grounded pay structures that reward broader contributions, including job creation, ESG outcomes and employee wellbeing, rather than **disproportionately enriching a small executive elite.**



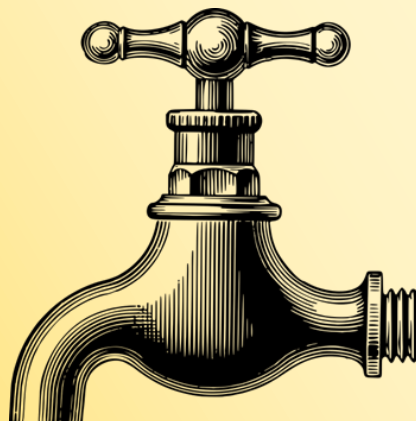
## **Executive pay surges at UK banks amid branch closures**

A fresh wave of scrutiny has fallen on executive remuneration in UK banking after it emerged that chief executives at Lloyds Banking Group, NatWest and Barclays received combined pay packages of around £29m in 2025, even as their institutions continued to shrink physical branch networks. At Lloyds, ceo Charlie Nunn earned £7.4m, the highest payout at the bank in a decade, following a 12 percent rise in profits to £6.7bn, while more than 200 branches closed during the year and further closures are planned. NatWest's chief executive Paul Thwaite saw his pay jump by roughly a third to £6.6m, coinciding with the bank's return to full private ownership after its post-2008 bailout and a 25 percent increase in profits to £7.7bn, alongside over 100 branch closures. At Barclays, ceo CS Venkatakrisnan received more than £15m, up sharply year-on-year, though the bank's branch reductions were comparatively limited. Critics, including the High Pay Centre, argue that these increases far outstrip inflation and average wage growth and exemplify a "broken executive pay model". The episode highlights a growing tension in UK banking between cost-cutting strategies that boost profitability and executive rewards, and the social impact of reduced access to in-person banking for elderly and vulnerable customers, fuelling calls for **stronger oversight of executive pay practices**.

## **Scottish Water inquiry demand amid soaring charges**

Calls are being made for an independent inquiry into Scottish Water amid soaring customer charges and eye-watering levels of executive pay and bonuses, *The Herald* reports.

Scotland's largest trade union Unison is behind the demand after it commissioned an in-depth investigation into the company, which is publicly-owned, fearing is being **privatised "by stealth"**.





## **AstraZeneca ceo pay rises amid strong profits and UK investment cuts**

AstraZeneca chief executive **Pascal Soriot** received a 6.4 percent increase in total remuneration in 2025, taking his pay package to £17.7m, according to the drugmaker's latest annual report. Soriot's package comprised a £1.5m salary, £4.3m in annual bonuses and £11.6m in long-term share incentives, below the £25m maximum available if all targets had been met. He is on track to earn up to £19.6m in 2026, potentially making him the UK's highest-paid listed-company chief executive once again.

The pay rise has drawn particular attention because it coincides with AstraZeneca cancelling major UK investment projects, including a £450m expansion of its Speke vaccine site near Liverpool and a £200m research investment in Cambridge, following disputes between the pharmaceutical industry and the government over drug pricing and NHS access to new medicines.

Soriot has faced previous shareholder rebellions over his pay, despite being widely credited with rebuilding AstraZeneca's drug pipeline since joining from Roche in 2012, repelling a hostile takeover bid from Pfizer in 2014 and leading the company's role in developing a Covid-19 vaccine with Oxford University. The episode highlights ongoing tensions between executive remuneration, public investment decisions and broader **debates about fairness in corporate pay.**

## **Novartis management "excessive"**

On February 24, boutique proxy advisory firm Ethos urged shareholders of Novartis to reject pay-related items at the pharma company's upcoming annual general meeting, calling the 2025 remuneration for ceo Vasant Narasimhan "particularly excessive".

Narasimhan received a 24.9 million Swiss franc (£23.9m) compensation package for 2025, up 30 percent from the previous year, **driven by a three-year share price increase of 64 percent.**



## Employee ownership for creative agency

According to Swindon & Wiltshire news site *Business Biscuit*, creative agency GEL Studios has become employee-owned, awarding a 30 percent stake to its in-house team.

Under the new Enterprise Management Incentive scheme with Centre member **Vestd**, 30 percent of the business has been allocated to current and future team members, formally recognising their contribution and strengthening the agency's commitment to shared success.

By combining employee ownership with responsible growth, the agency aims to build a sustainable future for both its people and its clients.

The move supports GEL Studios' five-year strategy which will strengthen its local presence and serve clients better. It started with the appointment of new directors Carly Smith and James Phipps in 2025.

The B-Corp Certified agency works as a partner with its clients. Graeme Leighfield, the founder, said: "I have always been clear that GEL Studios is, and will remain, a collective team effort. Exploring an employee ownership scheme felt like a natural next step in formally recognising the people who contribute to our success.

"This is a key moment for the business, and I am extremely proud to be able to share ownership with those **who have supported our journey as well as those who will help shape its future.**"



## EOT round-up

- ▶ Construction and refurbishment specialist **Alpha Projects**
- ▶ Digital and brand agency **Cite DMS**
- ▶ Architectural terracotta and fireclay sink manufacturer **Darwen Terracotta**
- ▶ Car dealership **Just Motor Group**
- ▶ Salmon producer **Marine Products (Scotland)**
- ▶ Independent mixed veterinary group **Moray Coast Vets**
- ▶ Travel service operator **PC Coaches**
- ▶ Concrete (GRC) production equipment manufacturer **Power-Sprays**
- ▶ PR agency **Umpf**
- ▶ Finance provider **Universal Leasing**
- ▶ Logistics firm **Wilson James**



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

