EsopCentre

Vol 46 No 1

May 2026

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 www.esopcentre.com

WELCOME

In this issue

PRESIDENT'S COLUMN

TOP STORIES

EVENTS

MOVERS & SHAKERS

WORLD NEWSPAD

UK CORNER

COMPANIES

- EXEC REWARD
- EO NEWS

From the life president

A recent research paper from the RELX stable has the rare advantage of neutrality in the world of employee ownership, where it is the norm to mark your own homework and research is carried out by the partial.

Because the RELX paper tracks over time and controls for management quality, it is able to demonstrate that productivity gains of some six percent over a five year period are genuinely linked to employee ownership.

The research benefited from support within the sector but was controlled externally.

Malcolm Hurlston CBE

TOP STORIES

Centre campaign: Put financial literacy at the heart of economic participation

Financial literacy isn't just an educational issue, it underpins how effectively people engage with savings, investment and employee share ownership. At the Centre's recent Employee Share Plans Symposium, the issue was raised on several occasions by both companies and share plan professionals: without a solid foundation in financial understanding, even well-designed share schemes risk being underused or misunderstood.

That is why we are calling on the Department for Education and HM Treasury to commit to participation in the OECD Programme for International Student Assessment Financial Literacy study. Stronger provision for over 16s and international benchmarking are essential to progress and improve. Then we can increase the potential of share ownership and more diverse participation in the economy.

If you support better financial learning and broader economic participation, please add your voice to this campaign. We are inviting people and their organisations to give support - so we can all build momentum and signal the importance of the issue.

To signal your company's support, please submit this brief form:

Show your support

Employee ownership boosts productivity - implications for UK growth

An important new study from Elsevier using US Census micro-data shows that broad-based employee share ownership is associated with meaningful, sustained productivity gains, even after controlling for management quality. The evidence is becoming hard to ignore. When employees have a real stake, they help grow the pie.

For a UK government focused on growth, productivity and inclusive capitalism, extending and strengthening employee share ownership should be part of the toolkit. Employee share ownership is not just good for business performance; it is a practical way to ensure that the proceeds of growth are shared more equitably between labour and capital.

This large-scale longitudinal research, using data that tracks firms over time and controls for management quality, shows that productivity gains are genuinely linked to employee ownership, not just better-run businesses. Designed by leading academics from top universities, it provides rigorous evidence to support growth in the UK.

Read the paper

Jersey share plans and trustees conference – May 22 2026

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

A programme of talks from expert speakers will update trustees and employee share scheme professionals.

Keynotes by the ceos of Digital Jersey, **Tony Moretta**, and of Jersey Finance, **Joe Moynihan,** will cover the approach to digital technology including AI & FinTech; and Jersey Finance updates. Programme topics include: Recent developments in employee share schemes; A guide to EMI scheme design using real life case studies; and a panel debate looking at how – one year on - the Private Intermittent Securities and Capital Exchange System (PISCES) is affecting employee share ownership.

The programme provides technical information, which we trust is 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 Centre is delighted that this year's event is held in conjunction with the Jersey Association of Trust Companies (JATCo) along with the Society of Trust and Estate Practitioners (STEP) Jersey.

Last chance to book.

Tickets: Esop Centre/STEP/JATCo members: **£450**/each

Non-members: **£548**/each

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

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

Or call us on +44(0) 7562 0586

Esop Sofa: Transatlantic perspectives on employee share ownership with John Hoffmire

Register now

Webinar – May 14, 15:00 – 15:45 BST

John Hoffmire is one of the leading international voices on employee ownership who, with David Craddock, will explore the contrasting trajectories of the United States and the United Kingdom in developing employee share ownership. Drawing on a career that spans investment banking, private equity, consulting and academia, John brings a uniquely rounded perspective.

Before entering academia, he spent two decades in equity investing, venture capital, and advisory roles, including founding and selling his own investment banking firm and working at institutions including Bain & Company and American Capital.

Now a research associate at the Centre for Mutual and Co-owned Business at the University of Oxford and Chair of the Centre on Business and Poverty, John Hoffmire helps shape thinking globally on participatory capitalism and employee ownership.

David Craddock is a member of the Esop Centre steering committee, author of Tolley's Guide to Employee Share Schemes and many published articles. He led one of the first Esops in the UK in the 1980s. As well as his work in the UK, he has introduced employee share plans in over 50 countries and worked extensively in the US, notably in New York and California. David is a respected commentator on the political and economic implications of employee share plans and follows US developments particularly closely, so he is ideally placed to interview John.

EVENTS

Register to join the Esop Sofa webinar

In conversation, John and David will reflect on:

⇒ The structural and cultural differences between US and UK approaches to employee ownership

⇒ The evolution of Esops in the US compared with share plans and EOTs in the UK

⇒ What the UK can learn from decades of US experience, and where it may already be ahead

⇒ The role of capital markets, policy frameworks and advisory ecosystems in scaling employee ownership

⇒ Why employee ownership is increasingly central to debates on productivity, inequality and long-term growth

With his rare combination of practitioner experience and academic insight, John offers a thoughtful and often provocative perspective on how employee share ownership can develop to become more widespread, and what it will take for the UK to realise its full potential.

MOVERS & SHAKERS

Vestd becomes an approved PISCES operator

Centre member Vestd has been approved by the Financial Conduct Authority to operate a Private Intermittent Securities and Capital Exchange System (PISCES) venue, joining a handful of approved operators, which includes the London Stock Exchange and JP Jenkins.

Vestd founder and ceo Ifty Nasir said "PISCES is giving private companies a new, thoroughly regulated route to liquidity for the first time in history, helping shareholders, investors but employees too, realise value without waiting for an IPO. Equally exciting: PISCES opens up a new class of investment opportunities, which is precisely what our economy needs. "We were involved in the early consultation process before its soft launch in June last year and have worked closely with the FCA ever since."

What is the global economic outlook for 2026?

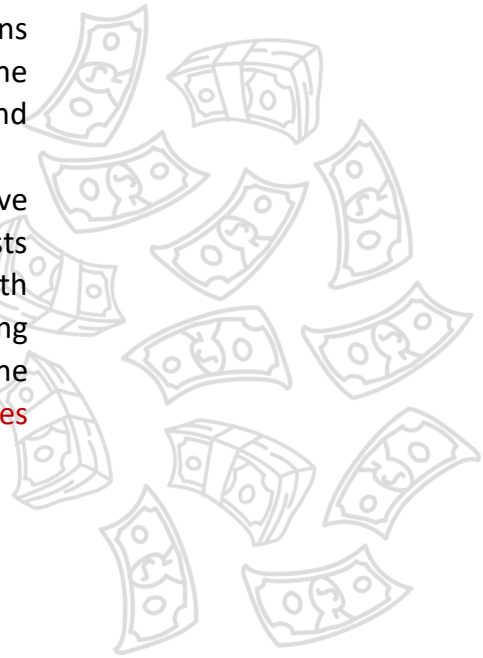
According to the recently updated *Economic Insights 2026* published in India by *abhyashsuchi*, the global economy in 2026 is expected to grow at approximately 3.0–3.1 percent, reflecting moderate expansion, easing inflation, and a multi-speed recovery led by emerging markets while advanced economies experience slower growth.

The projected growth remains below its pre-pandemic long-run average but avoids a synchronised recession in the baseline scenario. Growth is uneven across regions, with advanced economies expanding slowly and emerging markets providing the bulk of incremental output.

Major international institutions including the IMF, World Bank, and OECD highlight that disinflation is progressing, although inflation in some economies is expected to remain moderately above target. This keeps real interest rates restrictive by historical standards and continues to influence investment and consumption patterns.

Trade fragmentation, elevated public debt, and heightened geopolitical risk remain central headwinds shaping policy decisions and market sentiment in 2026. These structural constraints limit the pace of recovery despite improvements in inflation dynamics and financial stability.

Baseline projections from global institutions converge on a narrative of resilience constrained by structural challenges. While forecasts for 2025–2026 have been revised slightly upward, global growth remains below long-term trend levels. Emerging and developing economies—particularly in Asia—are expected to contribute the majority of global expansion, even as some face financing pressures and slower income convergence.



CANADA

"Canada, Strong for All"

On April 28, Minister of Finance and National Revenue, the Honourable François-Philippe Champagne, tabled the federal government's 2026 Spring Economic Update, *Canada, Strong for All*. This year's update includes measures focused on building a a stronger, more independent and more resilient economy.

No personal or corporate income tax rate changes were announced; however, the Department of Finance presented business and personal tax measures and confirmed its intention to proceed with a number of previously announced measures.

Most important was the Employee Ownership Trust tax exemption: Individuals (other than trusts) may be exempt from tax on up to $10m of capital gains when disposing of shares of a business to an Employee Ownership Trust or a worker cooperative corporation, provided specific conditions are met. This exemption currently applies to qualifying sales completed after 2023 and before the end of 2026.

The update proposes to remove the 2026 end date, allowing this tax relief to continue permanently.

As a result, interest in EOT is expected to grow. The measure allows employees to acquire businesses over time while exempting the first C$10m (£5.4m) of a seller's capital gains from tax and permitting the remainder to be spread across 10 years. Uptake has so far been slow because of uncertainty about the scheme's temporary nature. Experts said many companies require years of succession planning, governance preparation and restructuring before they are suitable for an EOT. Businesses must meet strict active asset thresholds, rising from 50 percent over two years to 90 percent at the point of sale. Advisers also noted that owners often need time to prepare senior staff for leadership roles under employee ownership structures. Ottawa now expects the programme to cost C$80m (£43.2m) annually by 2030 as awareness improves. Jon Shell of Social Capital Partners said more owners will now consider EOTs as part of long-term succession planning. Supporters expect Canada to follow a similar path to the UK, where EOT growth accelerated after several years of gradual market development, all the more so, given the added flexibility of the Canadian EOT.

FRANCE

Renault expands employee ownership plan

Renault Group has renewed its global employee share ownership scheme for the fifth consecutive year, underlining the growing role of Esop-style programmes in aligning employees of global companies with long-term corporate performance. The 2026 plan will allow almost 100,000 eligible employees in 24 countries to buy shares at a discounted price of €21.55 (£18.59), representing a 30 percent discount to the reference price of €30.78 (£26.56). Employees will receive a generous matching contribution, with two free shares granted for the first share purchased. Renault said more than 90 percent of employees are already shareholders, collectively holding 6.12 percent of the company's share capital at the end of 2025, and the group aims to increase that figure to as much as 10 percent over time. The scheme reflects a broader trend among large European companies using employee ownership to reinforce engagement, retention and alignment with strategic transformation goals, particularly as industries such as automotive undergo costly transitions towards electrification and new mobility technologies. Renault described the programme as part of its wider commitment to value sharing and participatory governance, placing employees as at the centre of its long-term development. Investments under the scheme are capped at 25 percent of annual gross remuneration, in line with regulatory requirements. The renewed plan demonstrates how listed companies use discounted share offers and matching incentives as an alternative to purely cash-based reward structures.

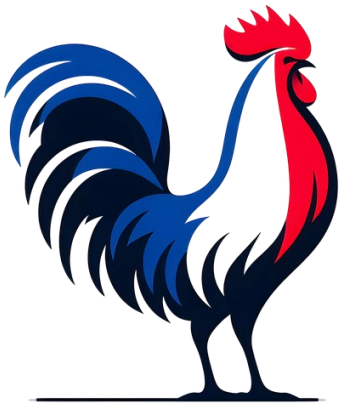


Image by Daniel Vargas Ruiz from Pixabay

PAKISTAN

New employee share option scheme for Netsol

Netsol Technologies has proposed a new employee share option scheme, under which eligible employees could receive shares at a discount of up to 50 percent, according to a notice submitted to the Pakistan Stock Exchange.

The company's board has recommended issuing up to five million share options, representing approximately 5.57 percent of its existing paid up capital.

Under the proposed structure, the exercise price of the shares will be set at a 50 percent discount to the market price at the time of grant.

The scheme will apply to permanent employees, including senior management, with allocations based on performance and criteria set by the company's compensation committee. In addition to the new share options, Netsol has proposed the sale of 2,690,251 treasury shares to employees under its existing share option framework.

The company has scheduled an extraordinary general meeting on June 3, at which shareholders will vote on the scheme, whose objective is to retain key talent and create a sense of ownership among employees, as it looks to strengthen its long-term growth and operational performance.

USA

How employee-owned RIAs are organising worldwide

Family Wealth Report has asked "Can employee-owned Registered Investment Advisers survive in an era of massive capital infusion from private equity?"

"It will take hard work, but it is possible," said Rob Francais, ceo of Aspiriant Wealth Management, a Los Angeles-based employee-owned Registered Investment Adviser with about $17bn in assets under management.

Francais has been organising a cohort of 100 per cent employee-owned RIAs with assets of at least $3bn that he hopes will become a formal alliance next year.

Last month 19 firms met in Charleston, South Carolina for an Employee Ownership Summit. They discussed business models, equity ownership and succession structures, service models, competition for talent and "scale as a competitive threat – and how we respond."

That meeting followed the inaugural conference of 22 employee-owned firms in Park City, Utah last summer. Francais organised a meeting of Australian employee-owned firms in Sydney in January.

Pennsylvania company becomes 100% employee-owned

The *Philadelphia Inquirer* reported that Haverford Systems in Downington, Pennsylvania, had become 100 percent employee-owned. After nearly 40 years in business, the audiovisual services company transferred ownership to its 78 full-time employees in January.

"It was exciting knowing that ownership trusted us enough to make a change like this," said Riley, an integration operations manager who has been with the company nearly 20 years. The alternative, like selling to an outside party or other business, "would have been scarier to me," Riley said.

Only a few hundred companies in the region operate an esop — Pennsylvania had 290 and New Jersey had 109 in 2022, according to the Rutgers Institute for the *Study of Employee Ownership and Profit Sharing*. Out of millions of businesses across the United States, 6,411 had an esop as of 2023, according to the National Center for Employee Ownership.

Has the City of London finally got its mojo back?

According to the *Economist*, after a dismal few years, things are looking up for Britain's financial services sector. Nearly ten years ago, soon after the Brexit vote, LSE boss Xavier Rolet warned that losing the ability to clear euro trades could put at least 100,000 jobs at risk (later raised to 232,000). The sector then employed 1.1m people, generating seven percent of GDP and 11 percent of tax revenue. The catastrophe never materialised. Employment remains at 1.1m, but the industry now contributes eight percent of the economy (£224bn/$300bn a year) — 20 percent higher in real terms.

The Square Mile itself has added 36,000 finance jobs since 2019. The buzz has clearly returned. Bars are busy again and, according to Z/Yen Group's Global Financial Centres Index (GFCI), London has closed the gap on New York once more. "*The recovery has been driven less by quantitative factors than by improving sentiment*", says Z/Yen ceo Mike Wardle.

London has kept its European headquarters for Goldman Sachs, Morgan Stanley and JPMorgan, and retains global leadership in foreign exchange, insurance (Lloyd's specialty market share has grown) and derivatives. It remains strong in cross-border banking and debt issuance, though it has lost ground in asset management and international listings. Optimism is rising.

Brexit uncertainty has faded, post-2023 regulatory reforms and simplified listing rules are welcomed and London looks relatively attractive versus New York. With government debt high, there is a focus on directing pension and insurance capital into UK infrastructure, data centres and defence. After years of doubt, the Square Mile once again feels "open for business" and appears to have regained its mojo although the implications for employee shareholders are unclear at this stage.

Firms are bracing for price rises and job cuts

City A.M reported that firms believe that employment will decline and inflation will hit four percent in the next year, according to the Bank of England, as tensions mount over spiralling wage and price growth.

The Bank's latest decision maker panel, a survey of business owners on price expectations, has fuelled concerns that the UK economy is heading for a long period of stagflation.

Firms surveyed said year-ahead consumer price index (CPI) inflation was four percent in April, the highest level since January 2024.

The year-ahead CPI inflation reading for last month was three percent.

Youth unemployment rises again

Reacting to the latest's labour market statistics, Professor Len Shackleton, editorial and research fellow at the Institute of Economic Affairs said: "Today's labour market figures show a decline in the unemployment rate to 4.9 percent in the three months to February. Is this good news for the Chancellor, as some early headlines have suggested? Probably not. "It is true that unemployment fell by 60,000 by comparison with the last three-month period – but the numbers inactive rose by 69,000. The unemployment rate is the percentage unemployed as a percentage of those economically active. The economy would in a sense be better off with more unemployed people – defined as those looking for work – and fewer inactive. "Moreover a worrying sign is that, notwithstanding the falling unemployment rate for all ages, the crucial rate for 18-24 year olds rose again, from 13.7 percent to 14.3 percent. We know that prolonged periods of unemployment when young have a permanent 'scarring' effect, damaging people's career trajectory for many years.

Law Debenture subsidiary buys 5,946 shares for employee trust

The Law Debenture Trust Corporation (Channel Islands) Limited, bought 5,946 ordinary shares in the holding company on April 28, according to a press release.

The shares, with a nominal value of five pence each, were bought at £11.59 per share. The subsidiary acts as trustee of the Corporation's Employee Share Ownership Trust under a trust deed of April 23 2002.

The purchase represents a reinvestment of dividends received from shares already held within the Trust. These shares were previously granted to senior staff under employee share schemes that had been approved by the Corporation's shareholders.

Baxter discloses executive pay amid leadership transition

Recent filings with the US Securities and Exchange Commission show that Baxter International awarded its new ceo, Andrew Hider, total compensation of $29.8m for 2025, despite his joining only in August, highlighting the heavy use of equity incentives to align leadership with long-term performance. The package was dominated by share awards worth more than $23m, alongside options, bonuses and a one-off payment to offset forfeited awards from his previous employer.

By contrast, former ceo Joe Almeida received $7.7m, including a $6.9m severance payment, underlining the persistence of "golden parachutes" in large corporates. The disclosures reveal a widening pay gap: Baxter's median employee earned $72,402, while ceo pay annualised reached $32.2m - a ratio of 445 times, up from 257 times a year earlier. Although part of the increase reflects changes in workforce composition following divestments, the scale of the gap mirrors a broader pattern in listed companies of executive rewards rising faster than typical wages. According to the company its remuneration framework is designed to attract and retain talent while supporting long-term value creation, but the figures are likely to draw scrutiny from investors looking forward to the advisory vote on pay at its annual meeting.

Hollywood pay gap widens as executive rewards surge

Executive pay in the US entertainment sector has pulled further ahead of broader corporate norms, with compensation at major studios and media groups often far exceeding the cross-industry median of $29.4m, according to data from Equilar. Top figures such as David Zaslav at Warner Bros Discovery earned $165m in 2025, with share awards a major factor, while potential exit packages could reach as high as $887m, underscoring the scale of incentives tied to mergers and strategic deals.

Throughout the sector, equity-based pay remains the dominant driver, particularly for newly appointed or transitioning leaders such as David Ellison and senior executives at Comcast. Pay ratios highlight the divide: while the US median stands at 341-to-one, companies such as the Walt Disney Company have reported significantly higher multiples, reflecting both high executive awards and relatively lower median employee wages. Analysts note that such disparities are amplified by the structure of compensation, where share-based incentives inflate headline figures, while median employee pay remains largely cash-based. The data point to a broader trend in corporate governance: rising executive pay is increasingly decoupled from shareholder returns, with media sector compensation rising sharply as total returns have declined. The result is a growing gap likely to intensify investor scrutiny, particularly as say-on-pay votes and governance standards evolve.

Executive pay transparency raises dispute risk

Recent amendments to South Africa's Companies Act 71 of 2008 are reshaping corporate governance by imposing stricter disclosure requirements on executive remuneration, increasing both accountability and the likelihood of disputes, according to *Polity.*

South African companies must now provide more detailed reporting on pay for directors and prescribed officers, alongside clearer explanations of remuneration policies and their link to performance.

While these measures aim to strengthen governance and align incentives with results, they also expose decisions to greater shareholder scrutiny. Investors, particularly minority shareholders in South Africa, are now better equipped to challenge pay perceived as excessive or insufficiently tied to measurable outcomes, potentially through court applications, derivative actions or claims of unfair prejudice. This shift mirrors broader global trends, where transparency is driving more active engagement on pay, including advisory votes and governance challenges linked to esop-related incentives and equity awards.

For boards of South African companies, the legal and reputational risks are rising: remuneration decisions may need to be defended not only internally but also in public and legal forums. To mitigate these risks, companies operating in South Africa are being advised to tighten governance frameworks, ensure clear documentation of decision-making, align pay structures with performance metrics and maintain open dialogue with shareholders. The changes mark a transition from executive pay as a largely internal matter to one of external accountability, where transparency can both build trust and trigger conflict if expectations are not met.

Victoria opposition targets public sector pay cap in Australia

The opposition in Victoria, led by Jess Wilson, has pledged to impose a salary cap on senior public sector executives, arguing that remuneration should better reflect public expectations and fiscal discipline. The proposed cap would limit base salaries to just under AU$600,000 (£318,000), aligning with the pay of the state's chief justice, and would apply to new hires and renegotiated contracts.

The move follows criticism of recent government decisions to approve executive salaries above the bands recommended by the Victorian Independent Remuneration Tribunal, including packages exceeding AU$800,000 (£424,000) for infrastructure and transport officials. The opposition claims the policy could save more than AU$20m (£10.6m) by 2036 and has linked rising executive pay to broader concerns about public spending priorities, arguing resources should instead support frontline services such as policing and healthcare. While the tribunal sets guideline ranges, departments are not required to follow them, creating scope for higher awards that have drawn political scrutiny. The proposal reflects a wider international debate over executive pay restraint in the public sector, where transparency and accountability pressures are increasing, even as private sector models such as esop-driven incentives continue to push compensation higher.

Some may question whether caps could hinder recruitment and retention of senior talent in complex portfolios, but it is more likely to restore confidence in how taxpayer-funded salaries are determined.

Employee-owned builder reports growth

Conlon Construction, a Preston-based construction company which transitioned to an employee ownership trust in 2024, reported turnover of £55m for the year to October 31 2025, up from £46m the previous year. Pre-tax profit increased to £2m from £1.72m. Managing director and chairman Guy Parker said the business had successfully combined its shift to employee ownership with disciplined growth and operational stability.

The company attributed its performance to selective project wins and tight operational management. Completed schemes included the regeneration of Preston's Harris Museum, a 24,000 sqm facility for GVS Filter Technology UK in Lancaster and one of the UK's first schools designed to achieve Net Zero Carbon in Operation status. Conlon was also appointed to the Department for Education's £15bn Construction Framework 2025, securing positions on regional lots worth up to £12m. Additional public sector wins include places on the Procure Partnerships framework and the South West Wales Regional Contractors Framework. Parker said the company would focus on sustainable growth, risk management and strengthening delivery, with the employee-owned structure able to reinforce a long-term approach centred on staff involvement and accountability.

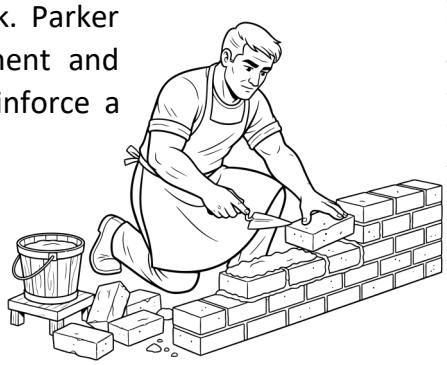


Image by ColoringCurations from Pixabay

EOT round-up

- Engineering Consultancy Design ID Consulting Limited
- Law Firm Fidler & Pepper
- TV production company Freeform Productions
- Contractor Lloyd & Gravell
- MDF profiles manufacturer Universal Wood Products