Vol 43 No 5

October 2024

it's our business

newspad of the Employee Share Ownership Centre

Z/Yen Group Limited t/a The ESOP Centre

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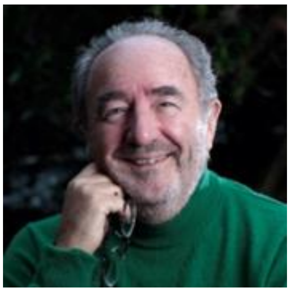
WELCOME

In this issue



From the life president

Louis Kelso and John Menke created the employee share ownership we know today. John created the legal structure and this year the firm he founded marks its 50th anniversary. Kelso had the political nous to engage the interest of Russell Long who piloted it through Congress. Russell's father Huey had been Governor of Louisiana with the populist slogan "Every man a king".

It is an advantage of the US system that Congress can legislate without the executive and that possibility is much missed in the UK.

However there are recent suggestions that structures may be introduced in the US which allow UK companies to take advantage of them. If so let's hope they are seized eagerly. That would nudge any UK government.

Malcolm Hurlston CBE

Calls grow to shield employee shares from CGT hike

On September 13 *City A.M.* reported growing calls for the government to carve out an allowance on capital gains tax for employee share schemes amid fears a sweeping hike could gut the UK of talent and hammer smaller companies' ability to attract staff.

A group of fintech founders has launched a push to derail any plans for a blanket hike in CGT by calling for an allowance on so-called 'earned capital gains', which could protect the shares held by staff in their own companies.

Smaller firms often make up for lower salaries by offering their staff equity. Suggestions that the Treasury could roll out a 45 percent tax on those shares have triggered fears of an exodus away from the UK or into safer salary-paying jobs at bigger firms.

In a budget submission, the Quoted Companies Alliance, which represents the UK's smaller listed companies, has added to the calls with a push for the Treasury to exempt gains made under employee share schemes from any CGT increase.

"We consider that a simple rise in CGT would reduce people's appetite to invest, result in individuals moving abroad, harm entrepreneurship and growth within the UK and, ultimately, raise less tax," the QCA said in its submission.

"For the growth of the economy, it is essential that business leaders are willing and able to invest in growing their business and hiring staff."

Any increase in CGT could "materially decrease the attractiveness of employee share ownership and seriously weaken the growth company ecosystem," the QCA added.

Among its other calls were a cut in stamp duty on shares outside the FTSE 100 and a simplification of the sprawling ISA regime.

The warnings come as Chancellor Rachel Reeves prepares to hike taxes at her first budget to fill an alleged £22bn "black hole" left by the previous government. While Reeves has ruled out raising income tax, national insurance and VAT, she has repeatedly refused to deny that she will lift the charge on capital gains.

Currently, the rate sits at 20 percent on all chargeable assets other than residential property, where the charge is 24 percent. In contrast, the highest rate of income tax is 45 percent.

Treasury officials have reportedly been drawing up plans to equalise the two. Such a move could raise as much as £16bn, according to researchers at the University of Warwick.

A Treasury spokesperson said "the Chancellor has been clear that difficult decisions lie ahead".

Fintech founders including Paul Taylor, boss of the £2.06bn banking technology firm Thought Machine, told *City A.M.* "the level of alarm in the tech community is just escalating and escalating" over the potential of a blanket hike in CGT.

Innovate Finance, which represents more than 250 fintech companies, also cautioned against the move and said the Treasury should recognise that "not all capital gains are equal".

Calls echo Centre's warning of impact of CGT exemptions

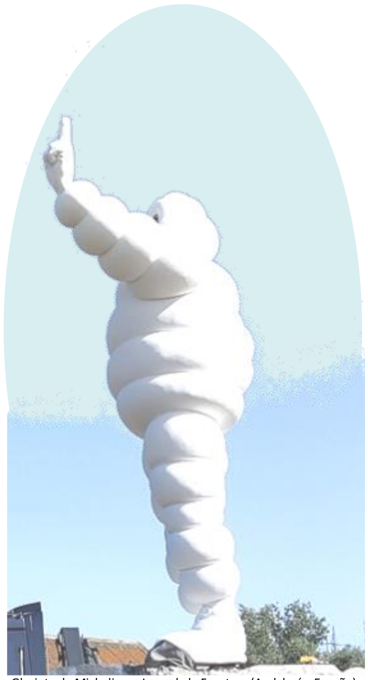
Last year the Centre warned of the significant possible effects of reductions in annual CGT exemptions on employees in SAYE schemes. In the letter to then Chancellor Jeremy Hunt, the Centre said, "Enabling employees to participate in the growth in value of shares in their employer companies to which they contribute through their labour has long been accepted by all political parties as a policy worthy of support. The call for evidence on non-discretionary tax-advantaged share schemes, launched on June 5, indicates continued interest in ensuring the attractiveness of these arrangements.

"In advance of the Call for Evidence on SIPs and SAYE share option schemes, the Esop Centre would call upon the Chancellor to include in the current Finance Bill a provision which exempts from CGT any amount of gain (or an amount of gain up to, say, £12,000 per year) realised upon the disposal of shares acquired pursuant to an SAYE share option.

"This would go a long way to restoring the former attractiveness of SAYE share options, for lower-paid employees in particular, and avoid what could become a significant compliance issue as a consequence of the need for employees to report chargeable gains on SAYE option share disposals."

Michelin debuts BIB'Action 2024

Tyre maker Michelin has unveiled its latest global employee share ownership scheme, BIB'Action 2024, as part of its long-standing commitment to increase staff participation in the company's value creation. The programme, subscription of which ran from September 11 to 26 2024, is available to more than 127,000 employees across 44 countries. The French group has been actively promoting employee share ownership since 2002, viewing it as a key strategy to align staff interests with those of the company. This latest initiative underscores Michelin's continued efforts to foster a sense of ownership and engagement among its global workforce, with the aim of strengthening employee loyalty and motivation in an increasingly competitive automotive industry landscape.



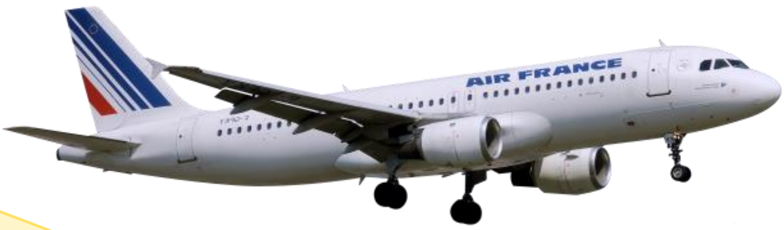
Glorieta de Michelin en Jerez de la Frontera (Andalucía, España)

TOP STORIES

Airbus uses share buyback to boost Esops

Airbus SE has initiated a share buyback programme to support its employee share ownership and equity-based compensation plans. The European aerospace giant aims to repurchase up to 4,254,000 shares by March 31 2025, with the first phase targeting 2,127,000 shares by October 31 2024.

The programme, launched on September 9, is designed to prevent shareholder dilution while funding employee ownership schemes. An independent investment firm will manage the buybacks on the open market, operating under EU Market Abuse Regulation guidelines. The initiative follows shareholder approval granted at Airbus's April 2024 Annual General Meeting, allowing the company to repurchase up to 10 percent of its issued share capital.



EVENTS

The employee voice – webinar Nov 19

Employee share schemes expert David Craddock will consider the empowerment of the employee voice through employee participation. His talk will include a case history and the principles developed to promote wider involvement in the company. David will cover employee representation, workers' groups and the voting rights of employee shareholders.

The 25-minute talk will be followed by a Q&A session, so have your questions and comments ready for David on Tuesday November 19 at 15:00 (GMT). Register now to take part in the webinar.

Share schemes & trustees conference Guernsey 2024—Nov 8

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

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

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

Under the heading A *Change in Continuity,* our expert speakers will address the key issues currently facing trustees and employee share scheme professionals, with a view to how the change of UK government will affect Guernsey and other Channel Islands.

Delegates will learn about liquidity events for share schemes; demystifying share valuation for employee share ownership; the impacts of HMRC's increasing use of Artificial Intelligence; the Employee Ownership Trust 10 years on; along with legal and tax updates.

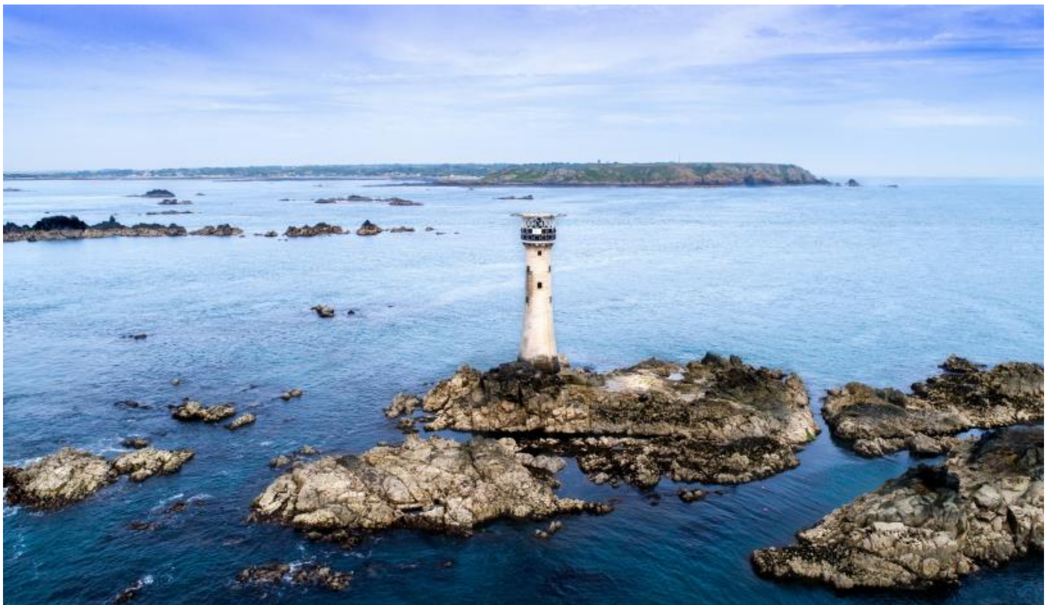
Speakers include Cees Vermaas, ceo of the The International Stock Exchange Private Markets; tax consultant Paul Malin; share schemes consultant David Craddock; Jaspal Pachu, partner in the corporate tax team at CMS; and barrister David Pett of Temple Tax Chambers.

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

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

Don't miss this great opportunity to meet experts, mingle and update your knowledge.

Tickets:
Esop Centre/STEP members: £420/each
Non-members: £538/each
Multi-booking discount: **50% off** cost of ticket for your third delegate.
To book, email events@esopcentre.com



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

Annual all-employee share plan awards

Submissions are now open for the 2024 *newspad* all-employee share plan awards.

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

If your company or client made a notable contribution to employee share ownership, issued an inspirational share plan, or showed excellence in its communication and presentation; been creative in using share plans to overcome significant changes or challenging situations, increasing participation or using technology; or maybe its chairman, ceo, or share plan team leader has upped the game with enthusiasm for employee share ownership. Then why not tell the world about it?

Companies can nominate themselves or advisers can make submissions on behalf of clients. Entrants can apply for awards in more than one category. Submitting nominations is free and simple. Required information kept to a minimum. Clarity matters more than length. The deadline for all nominations **is 17:00 on Tuesday December 17 2024**.

The awards present an opportunity to celebrate your company or clients' achievements.

The award categories this year are:

1. **Best all-employee share plan**
2. **Best share plan communications**
3. **Best use of technology, AI or behavioural science**
4. **Best share plan response to significant changes or challenging situations**

Category descriptions and rules of entry can be viewed on the Awards 2024 webpage.

Application process

To submit an application for the newspad all-employee share plan awards, please complete both of the following stages:

⇒ **Online application form** - complete all sections of the online form, providing as much detail as possible. (Alternatively, entries can be made by one or two explanatory documents)

⇒ **Supporting documentation** - where appropriate, please back up your application with supporting documentation. Either upload the files at the end of the form, or email them to: esop@esopcentre.com.

The winners will be decided by two impartial judges, experts in the use of employee equities, plus Malcolm Hurlston CBE, founder of the Esop Centre. **The finalists will be announced in *newspad* and award certificates will be presented during the Centre's Employee Share Plans Symposium 2025.**

If you have any questions, please contact us at esop@esopcentre.com or call +44 (0)20 7562 0586.

Menke Group celebrates 50 years

The Menke Group was founded by John Menke, a close associate of Louis Kelso. They invented the Esop together. 2024 marks the fiftieth anniversary of the group.

Answering the question "What do you consider your greatest achievement?" John Menke said "My greatest achievement was helping my boss and mentor, Louis Kelso, get the Esop concept codified into law when ERISA was being drafted by the US Congress in 1974. I drafted the legal arguments (and the proposed statutory language) making the case for why Esops should be authorised by ERISA. Mr Kelso convinced Senator Russell Long to champion the cause in the US Senate. Over the years since then, the Esop concept has developed into an entire new body of law, and has spread to many countries around the world.

"My second greatest achievement was to create the consulting firm, Menke & Associates, Inc. which over the past 50 years has consistently been the most active firm in the country in installing and administering Esops for US companies. Over the past 50 years, our firm has installed Esops for over 3,500 US companies."

Trevor Gilmore, cfo and coo of the Menke Group, succeeds Kyle Coltman as ceo.

Danny Curran joins VG

Centre member VG, one of Jersey's largest privately-owned providers of corporate, private wealth and fund administration solutions, has appointed Danny Curran as corporate and business development director.

With a background in the UK and global employee incentives sector, Danny will focus on building VG's employee incentives business serving corporate clients across the UK and Europe. Located in the UK, he will work closely with the VG's employee incentives team based in Jersey which is managed by Joel Wheeler.

Danny's appointment follows VG's recent partnership announcement with Mayfair Equity Partners to grow by expanding existing and forging new client relationships as well as delivering operational efficiencies by investing in innovative technology. The firm will explore strategic M&A.

Stephen Langan, director of corporate, commented: "VG has big ambitions in employee incentives. Danny's appointment and his being in the UK are the key to accelerating our plans. His reputation, expert knowledge and deep connections will be a huge asset to VG."

Why is the Bank of England delaying rate cuts?

The *Guardian*'s Phillip Inman examines why the Bank of England seems to be cautious by delaying rate cuts. He notes: "Economic growth remains stagnant and employment is well down from its pre-pandemic level. Businesses are not investing and consumer confidence, which rose earlier in the year, has stalled. According to these measures, interest rates should be on the way down and at a much faster pace."

AIM "under threat of collapse"

London's junior market AIM is under threat of collapse from potential plans to hike taxes on its shares in next month's budget, the chief of the London Stock Exchange has warned the government.

Rumours began to emerge last week that tax relief on AIM could be scrapped in the budget, with City sources warning that this could be Labour's "Liz Truss moment".

The LSE chief also noted that the rumours came as the AIM market was already under stress, and any actions could blunt attempts to improve the situation, such as the development of the Private Intermittent Securities and Capital Exchange System (PISCES).

AIM has been a "crucial" part of the UK economy to provide funding for smaller companies, the LSE boss added, citing data that AIM companies had added £35.7bn to UK GDP and supported more than 410,000 jobs last year, according to *City A.M*.

London edges closer to New York as financial centre top spot

London is closing in on New York for the title of the world's top financial centre, according to research by an influential think tank, as the capital pulls away from its European rivals.

The Z/Yen Global Financial Centres Index, which ranks 121 locations, showed London remained in second place with a rating of 750 points, up three points from its previous report in March and closing the trans-Atlantic gap. New York scored 764 points to retain the top spot.

The Big Apple has topped the biannual ranking ever since it overtook London in September 2018. However, the London-New York gap has narrowed by 15 points over the last 18 months. Dublin was the only leading centre to gain more than four places, surging to 14th from 25th. Every other European centre in the top 20, Frankfurt, Geneva, Paris, Zurich and Luxembourg, saw their rating drop.

The Square Mile suffered a bruising 2023 when City dealmaking dropped to a post-financial crisis low. Just 23 firms floated on the London Stock Exchange and a flurry of big names opted to publicly list overseas. But this year has seen signs of a rebound, with interest rate cuts bolstering appetite for deals and successive governments considering sweeping reforms to inject more life into Britain's capital markets.

Elsewhere, bankers are holding out hope for a full recovery of the UK's IPO market in 2025, noting positive investor sentiment helped by political stability and the Financial Conduct Authority's overhaul of listing rules in July.

The index was compiled using 143 factors provided by third parties, including the World Bank, OECD and United Nations, as well as 37,830 assessments through an online questionnaire.

Aventum becomes 100 percent staff owned

International insurance and reinsurance group Aventum has transitioned to 100 percent employee ownership. The company, which previously had approximately 30 shareholders, has implemented an all-employee ownership scheme that includes its entire workforce of over 500 employees. Under the new scheme all employees will be given the equivalent of twice their annual salary in *share value*. This benefit will extend to new hires as they join the group.

The move comes as Aventum reports substantial growth, with gross written premiums reaching $1.86bn (£1.41bn) this year, a threefold increase from $600m in 2020. This transition to employee ownership aligns Aventum with a growing trend in the insurance sector, following moves by other companies such as Thomas Carroll Group (which installed an Employee Ownership Trust in December 2023). The aim of the shift is to enhance employee engagement and align staff interests with the company's long-term success.

Tortoise to buy to the Observer

Tortoise, the news website co-founded by former BBC News director and the Times editor James Harding and former US ambassador to the United Kingdom Matthew Barzun, and (as its name implies) part of the slow journalism movement, is in talks to buy the Observer from the Guardian.

In a letter to stakeholders, Tortoise editor and founder James Harding said:

"I am writing to let you know that Tortoise Media is in talks with the Guardian Media Group to buy *the Observer*, the world's oldest Sunday newspaper. We think *the Observer* is one of the greatest names in news. We believe passionately in its future – both in print and digital."

The Observer, established in 1791, has been a separate, sister paper to *the Guardian* since it was bought by GMG in 1993. Its journalism is published online on *the Guardian* website.

Tortoise and GMG have been in discussions about the terms of a potential deal and the two companies have agreed to enter formal and exclusive negotiations.

Tortoise launched as a slow newsroom in 2019. Its thinking was that by taking a little more time, it could better make sense of the world. From the start, it has been an open newsroom, interested in civilised disagreement and organised listening.

Tortoise has won awards for The Westminster Accounts – a searchable database of donations to MPs built in partnership with Sky News – and for innovation in news with its weekly Slow Newscast and the ThinkIn discussion format. Each weekday, Tortoise sets out to make sense of the news in its newsletter, the Daily Sensemaker.

Tortoise approached GMG with an offer to buy *the Observer* and a commitment to invest over £25 million over the next five years in the editorial and commercial renewal of the title. It will continue to publish *the Observer* on a Sunday and build the digital Observer, combining with Tortoise's podcasts, newsletters and live events.

It will honour the values and standards set under *the Guardian*'s stewardship and uphold *the Observer*'s uncompromising commitment to editorial independence, evidence-based reporting and journalistic integrity.

George Orwell described *the Observer* as "the enemy of nonsense"; we're excited to show readers, old and new, that it still is."

Malcolm Hurlston said "As a long-term reader and supporter, I have dropped them a line and offered my support. I was heavily involved in the last Sunday launch - News on Sunday. With trades unions as shareholders, it turned out to be a well chronicled disaster."

Estée Lauder cuts 2024 executive pay

Estée Lauder has disclosed reduced executive compensation packages for fiscal 2024, reflecting the company's ongoing post-pandemic challenges. Ceo Fabrizio Freda's pay has been cut to $17.8m, down from $21.8m in 2023 and $25.4m in 2022. Other top executives, including executive chairman William P Lauder and cfo Tracey T Travis, have also seen reductions in their total packages.

The beauty giant is grappling with sluggish recovery in key markets, particularly in Asia travel retail and China. Despite implementing a profit recovery and growth plan aimed at boosting operating profit by up to $1.4bn in fiscal 2025, Estée Lauder's projected net sales growth of up to two percent falls significantly short of analysts' expectations. The company is undergoing leadership transitions, with Freda set to retire next year and Travis stepping down as cfo, adding to the uncertainty surrounding its future performance.

Church of England Pensions Board releases ceo pay database

The Church of England Pensions Board has launched a new online tool, the Fair Reward Framework, to shed light on executive compensation practices among FTSE 100 companies. Developed in collaboration with UK asset owners and the High Pay Centre, the free database tracks metrics including ceo-to-median employee pay ratios, Living Wage accreditation and workforce consultation on executive pay. The initiative comes in response to the Board's concerns that the current shareholder voting system on executive remuneration is "broken".

Initial data from 65 companies reveals a median ceo-to-employee pay ratio of 75:1, with the highest at 431:1 for Tesco. Only six percent of companies disclosed meaningful workforce consultation on executive pay, while 23 percent faced significant shareholder dissent on remuneration issues. The Pensions Board, which voted against 40 percent of management pay recommendations last year, hopes this framework will inform shareholder decisions and hold remuneration committees more accountable. The Board is considering advocating binding shareholder votes on pay outcomes, rather than the current advisory system.

Boeing cuts executive pay and furloughs non-union workers

Boeing has implemented cost-saving measures in response to the ongoing strike by 33,000 members of the International Association of Machinists. Ceo Kelly Ortberg announced that the company will temporarily furlough executives and non-union workers, with affected employees taking one week off every four while retaining benefits. The furloughs will impact a significant number of US-based staff but will not disrupt production at the non-union South Carolina factory.

Ortberg and the leadership team will also take a commensurate pay reduction for the duration of the strike. The company has resumed negotiations with the union, though progress appears limited. The International Association of Machinists has criticised Boeing's approach to the talks, particularly regarding wages and pensions. Boeing has already implemented other cash conservation measures, including a hiring freeze and reduced travel. The strike, which began on Friday, is the first at Boeing in 16 years and has halted most commercial plane production.

More than 150 MPs urge Asda to end equal pay dispute

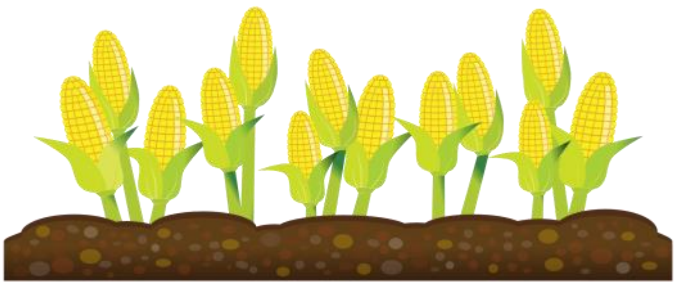
More than 150 MPs have called on Asda's owners to settle an ongoing equal pay dispute involving over 60,000 staff members. In a letter to TDR Capital, the supermarket's majority shareholder, the MPs urged for settlement negotiations with the GMB union to start urgently. The case, described as the largest ever private sector equal pay claim, centres on the pay gap between predominantly female shop workers and mostly male warehouse staff, which the GMB claims can be as much as £3.74 per hour.

The call comes as Mohsin Issa, one of Asda's co-owners, announced his decision to step down from running the supermarket. Asda, which was acquired by the Issa brothers and TDR Capital from Walmart in 2020 for £6.8bn, has been underperforming compared to its rivals. The company maintains that its pay rates are not influenced by gender and continues to defend itself against the claims, citing the distinct skill sets and pay structures in retail and distribution sectors. Lord Rose will assume Issa's executive responsibilities on an interim basis as Asda continues its search for a new chief executive.

OU reports on employee ownership in sustainable food and farming

A report from The Open University, in collaboration with Riverford Organic Farmers and Sustain, explores how employee ownership can address the complex challenges facing the food and farming sector.

The report, '*Managing employee ownership transitions for sustainability in food and farming enterprises: Learning from Riverford*', delves into the case of Riverford Organic Farmers, an organic farming and vegetable box delivery company that successfully transitioned to 100 percent employee ownership in 2023.



Professor Emma Bell and Dr Charles Barthold from The Open University's Faculty of Business and Law carried out the research, which examines the key factors that contribute to success in making employee ownership work. The report covers governance, culture, change management and leadership, providing insights for businesses considering the model, and highlights the potential benefits of employee ownership for policymakers. The academics suggest that by supporting and promoting the model, governments can contribute to a more equitable, sustainable and resilient food system.

EOT round-up

- Civil engineering services provider Adman
- IT service provider Excellence IT
- Industrial electronic repairs firm Kontroltek Limited
- Comms specialist Magenta Associates
- Travel company McKinlay Kidd
- Law firm Myerson Solicitors
- Construction company Robert P Slight & Sons

France

Capgemini launches eleventh Esop

Capgemini SE has announced the launch of its eleventh Esop, offering shares to some 97 percent of its workforce. The French IT services and consulting company aims to issue up to 2,700,000 new shares, representing 1.56 percent of its outstanding shares, as part of its strategy to involve employees in the firm's development and performance.

The plan, which follows the expiry of the 2019 Esop, is designed to maintain employee shareholding at around eight percent of Capgemini's share capital. The company's board has authorised a share buyback programme to neutralise the dilutive effect of the capital increase. The subscription period ran from September 12 to October 1 2024, with the capital increase scheduled for completion on December 19 2024. Employees will be offered leveraged and guaranteed subscription formulas to safeguard against potential losses during the non-tradable period of the shares.

Renault Group launches third Esop as part of the "Renaulution"

Renault Group has announced its third consecutive employee share ownership plan, Renaulution Shareplan 2024, as part of its strategy to increase employee-held equity to 10 percent by 2030. The French automaker will offer seven free shares to eligible employees in 30 countries, with those in 24 countries able to purchase additional shares at a 30 percent discount and receive matching contributions.

The plan, open to nearly 98,000 employees, sets a reference share price of €41.80, resulting in a discounted subscription price of €29.26. The subscription period ran from September 18 to October 2 2024.

Renault Group ceo Luca de Meo emphasised the importance of the initiative, describing it as "one of the most advanced seen in any sector of industry" and reinforcing the company's commitment to innovation and employee engagement. The move builds on the success of previous plans, with employee-held equity reaching 5.07 percent by the end of 2023.

Elis announces 2024 "Elis for All" employee share ownership plan

Elis, the French multinational textile, hygiene and facility services company, has announced the launch of its 2024 "Elis for All" employee share ownership plan. The initiative, approved by the company's management board on July 25, aims to increase employee participation in the group's future development and performance. The plan involves two capital increases reserved for employees, with a combined ceiling of two million shares, representing 0.85 percent of the company's share capital. Elis is offering a "classic" formula with a 30 percent discount on the reference price and a matching contribution of one share for every 10 shares subscribed. This move underscores Elis's commitment to aligning employee interests with its long-term success.

India

Revolt Motors marks seventh anniversary with inclusive Esop

Revolt Motors, India's leading electric motorcycle manufacturer, has introduced an inclusive Esop to commemorate its seventh anniversary. The scheme, which allocates five percent of the company's share capital, extends to all employees, from senior management to shop floor workers, setting a new industry benchmark for workforce inclusion.

The Esop initiative offers employees across all levels the opportunity for wealth creation, with options priced at a significantly lower rate. Anjali Rattan, who chairs parent company RattanIndia Enterprises Limited, described the move as "an invitation for employees to share in the wealth they help to create". By democratising stock ownership, Revolt Motors aims to foster a sense of shared purpose and align employee interests with the company's long-term success, potentially setting a new standard for employee engagement in India's burgeoning electric vehicle sector.

Rashmi Saluja refutes Esop misuse claims

A bitter dispute between Religare's management and the Burman family has escalated, with both sides exchanging serious allegations of corporate governance breaches. The conflict intensified on September 6 when the Enforcement Directorate filed an FIR against Religare's executive chairperson Rashmi Saluja and others, accusing them of cheating and criminal conspiracy.

In an exclusive interview with CNBC-TV18, Saluja refuted claims of making illegal gains through Esops. She questioned the timing of these allegations, which have surfaced following the Burman family's open offer to acquire Religare. Saluja's response highlights the contentious nature of the takeover bid and the complex corporate governance issues at play in this high-profile dispute within the Indian financial services sector.

Paytm shares up 66 percent in six months

Shares of One 97 Communications Ltd, Paytm's parent company, have surged 66 percent over the past six months, reaching Rs 662.85 in recent trading. Emkay Global has upgraded its stance on Paytm from 'Reduce' to 'Add', setting a new target price of Rs 750 per share, implying a potential 13 percent upside. The brokerage cites an easing regulatory environment and strong cost optimisation measures as key drivers for the company's anticipated path to profitability.

Paytm's founder, Vijay Shekhar Sharma, has confirmed the company's intention to reapply for a payment aggregator licence from the Reserve Bank of India. This follows recent regulatory challenges, including restrictions on Paytm Payments Bank's operations. Despite these hurdles, Emkay Global projects Paytm to achieve operating EBITDA positivity by Q4 FY25 and overall profitability by FY26/FY27, earlier than previously forecast. The brokerage notes that Paytm's valuation premium over global peers reflects India's growth potential and the company's distinctive loan distribution business.

USA

Harris/Walz campaign promises to promote employee ownership

In an NCEO blog post, founder Corey Rosen pointed out that the Harris/Walz campaign has become the first presidential campaign to endorse employee ownership: "In addition, Vice President Harris and Governor Walz will reform our tax laws to make it easier for businesses to let workers share in their company's success, including through broad-based employee stock ownership, profit-sharing plans and comparable arrangements, with appropriate guardrails to ensure these plans benefit and protect workers."
The 2016 Republican Party platform endorsed Esops, and the 2016 Clinton campaign promoted sharing company profits with employees but did not explicitly refer to employee ownership.

Centre president Malcolm Hurlston commented "This is the first such commitment in a major power. In the UK by contrast there was silence from all parties."

Department of Labor launches Employee Ownership initiative

The US Department of Labor has launched an Employee Ownership initiative, aimed at empowering workers through ownership arrangements and promoting worker-owned businesses, including cooperatives. The initiative, part of the Biden-Harris administration's economic plan, includes the creation of a Division of Employee Ownership within the Employee Benefits Security Administration (EBSA) to support the expansion of worker-owned enterprises and provide education on employee ownership benefits.
Hilary Abell, co-founder of Project Equity and former worker-owner at Equal Exchange, has been appointed as division chief. The US Federation of Worker Cooperatives welcomed the move, pledging to call for worker cooperatives to become central to the office's work. The initiative was established under the Worker Ownership, Readiness and Knowledge Act. Funding is subject to ongoing budget negotiations in Congress.

USA

Colorado friendlier to companies switching to employee-owned model

Colorado is emerging as a leader in promoting employee ownership, with a dedicated state office supporting businesses transitioning. Established by Governor Jared Polis in 2020, the Employee Ownership Office provides comprehensive assistance to companies navigating the complex process of becoming employee-owned. The state offers incentives, including tax credits and loan programmes. Since 2021, nearly 70 businesses have converted to employee ownership with the office's support, a significant increase from previous years.

Employee-owned businesses, particularly those structured as Esops, have shown positive outcomes in Colorado for workers and companies alike.

Research indicates that Esops tend to have lower voluntary quit rates and higher employee retirement savings compared to traditional business structures. The model is increasingly viewed as a viable succession plan for retiring business owners, ensuring company longevity and preserving local economic contributions. Notable Colorado businesses that have adopted employee ownership include Empowered Energy Systems, a solar energy provider, and Edible Beats, a restaurant group in Denver, demonstrating the model's applicability.

Employee ownership advocates make policy gains in Massachusetts

Non Profit Quarterly asked earlier this month “What does it take to build robust public support for a solidarity economy? How can workers become owners in the economy?”

Worker ownership is an important tool for enabling ordinary people to build a nest egg. But the economic playing field favours large corporate players to the exclusion of most workers.

To change this, worker-owners are organising both nationally and state by state. In Massachusetts, gradual gains are being made through the work of the Coalition for Worker Ownership and Power (Cowop), supported by the Center for Economic Democracy (CED).

Founded five years ago, the coalition’s gains have been steady. For the fiscal year 2025—in Massachusetts, that means July 2024 to June 2025—policy victories so far include $500,000 in direct support to fund a state office supporting worker ownership and $7.65m in lending authority for a small business technical assistance fund.

While the funding is important, the larger solidarity economy movement being built is even more significant. The broader national network which includes Cowop has made gains in other states, such as Washington, California, and Colorado.

USA

Iowa University wins $315,000 Ford Foundation grant

The University of Northern Iowa (UNI) Foundation has received a $315,000 grant from the Ford Foundation to support its Iowa Center for Employee Ownership programme. The initiative, housed within the Wilson College of Business, aims to address the impending retirement of Iowa's privately-held business owners and promote Esops as a viable succession strategy.

The Center will use the funding to expand education on the Esop model through presentations, webinars, and conferences. The grant will support collaboration between UNI and Rutgers University's Institute for the Study of Employee Ownership and Profit Sharing, to enhance research and curriculum development. The programme highlights Esops as a means to retain local businesses, increase wages, and promote wealth creation in rural and underserved communities, with Waterloo-based VGM Group cited as a successful example of employee ownership transition.

Centre member pushes for worker stake in US companies

Pete Stavros, partner at Centre member KKR, is spearheading a new coalition aimed at expanding employee stock ownership in US companies. The group, "Expanding ESOPs", comprises over 50 organisations including foundations, academics and service providers. Its main objective is to update the 1974 federal law to make employee ownership easier in both public and private companies, viewing it as a means to address wealth inequality.

The coalition advocates fair stock valuation for workers, ensuring benefits primarily flow to front-line employees rather than executives, and tax incentives to benefit workers. Despite the proven effects of Esops on company morale and productivity, their adoption has stagnated with only about 6,000 companies currently using them. The group's efforts come against a backdrop of significant wealth disparity: the richest 10 percent of Americans held $34.7 trillion in stocks in 2023, compared to $410 bn for the bottom 50 percent.