EsopCentre

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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 www.esopcentre.com

WELCOME

In this issue

From the life president

We have taken steps to apprise the government of the realities of life in the share plan world. We were concerned by the accidental danger now facing many employee shareholders because of fiscal drift.

At a time when the economic benefits of having employees additionally motivated by financial participation has never been clearer, it would be a setback for all if the messages were mudded.

Labour thinktanks in the past have been unclear on positioning. There is an enduring interest in the co-operative structure through credit unions (which have rarely succeeded outside Scotland and N Ireland). There have been doubts about the capitalistic side of employee shareholding.

But now we have a Labour government with a wider understanding of the need to work with the City, which in the final analysis provides the resources to trickle down to the rest of the economy. This is above all a time of opportunity - with ministers who share our vision.

Malcolm Hurlston CBE

Annual all-employee share plan awards launched

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.

Conference – September 25

The Centre and Corpgro invite you to a conference on new London Stock Exchange share trading platform PISCES and employee share ownership.

The event will run from 08:30 till 13:00 on **Wednesday September 25,** will be hosted by PwC at its More London offices and chaired by the Centre's Robert Pay.

Topics covered will include the aims and aspirations of PISCES; how share plans and incentives could benefit; legal, tax, share valuation and accounting issues; and the practicalities of share plan administration.

Speakers confirmed include:

⇒ Tom Simmons, PISCES lead at the London Stock Exchange Group
⇒ Rebecca Clayton, Andrew Nealy and Jonny Rodwell of PwC
⇒ Juliette Graham, director at Clifford Chance
⇒ Damian Carnell ceo of Corpgro
⇒ Ifty Nasir, ceo of Vestd
⇒ Alex Walsh, ceo of Howells Associates
⇒ Stuart Bailey of Wealth at Work
⇒ Ben Macnaghten, valuation director at Valuation Consulting
⇒ Sabine Hanson, adviser, Advent International

To register please email events@esopcentre.com.

Please note that space is limited.

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 Esop Centre is set to return to Guernsey for its annual conference on employee share schemes and trustees. Held in conjunction with STEP Guernsey, we look to emulate the success of the 2023 event, 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 *Change in Continuity*, our expert speakers will address the issues facing trustees and share scheme professionals, with a focus on how the change of UK government will affect Guernsey and other Channel Islands.

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:

Book early to secure discounted ticket prices:

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

(if booked before October 4. £420 thereafter)

Non-members: **£485**/each

(if booked before October 4. £538 thereafter)

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

Share offers for Revolut and Rolls Royce employees

Last month Rolls Royce offered 150 free shares (worth £700 each) by to its 42000 employees worldwide. It's the first time Rolls Royce has gifted shares to employees, which will be handed out in September. The move is expected to cost the company about £30m.

And fintech company Revolut allowed hundreds of staff paper millionaires to cash out in a sale of up to $500m worth of existing shares at a $45bn valuation. Six years ago Revolut offered its 8000 full-time staff shares at £10 each with a four-year vesting period but now the shares are worth more than £500 each. Last year there were almost 1.5m Revolut employee share options outstanding, with an average weighted exercise price of £10 each. Revolut, which was recently awarded a UK banking licence, is effectively Europe's most successful fintech unicorn company.

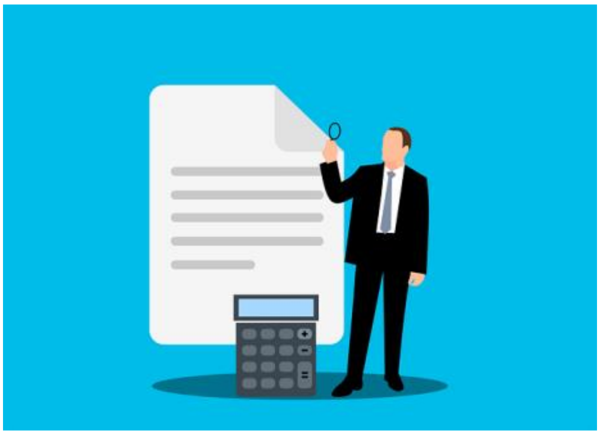
Guidance on reporting capital gains for Employment Related Securities

HMRC has issued new guidance on how people should report and pay tax on dividends and capital gains involving shares which employees have received from employee share plans. These include ways in which amounts can be reported and tax paid if a tax return is not separately required (which is still the case for a large proportion of UK employees). The new guidance is contained in HMRC's Employment Related Securities Bulletin 56.

In an article for *Lexology*, Nicholas Stretch explains that the background to this new guidance is the significant reduction over the last few years of both the individual tax-free dividend allowance, from £5,000 to £500, and the reduction of the individual tax-free capital gains amount from £12,300 to £3,000. Although many employees will still have less than £500 in dividends from their employee share plan shares, this is an overall limit on dividends from all sources.

HMRC produced the bulletin because practitioners were alarmed that the reductions meant that more employees were being drawn into personal tax reporting and payment obligations. Without a special bulletin, taxpayers risked being confused, seeking tax advice unnecessarily or at disproportionate expense or, worse, be exposed to interest and penalties with the stress of being chased by HMRC.

It is part of a wider drive to ease processes all-round in which the Centre and others are joining. The return of the dividend and capital gains tax allowance levels to where they were looks optimistic.



Corporate Governance Code requires board level employee representation

The UK Corporate Governance Code 2024 continues to mandate board-level employee representation for companies. There are three options: appointing an employee director, designating a non-executive director to convey employee views, or adopting a formal workforce advisory panel. A recent Financial Reporting Council survey of FTSE 350 companies found that 68 percent had adopted one or more of these requirements, with the majority opting for a designated non-executive director. Only one company appointed an actual employee director, highlighting a general reluctance to embrace direct worker representation at board level.

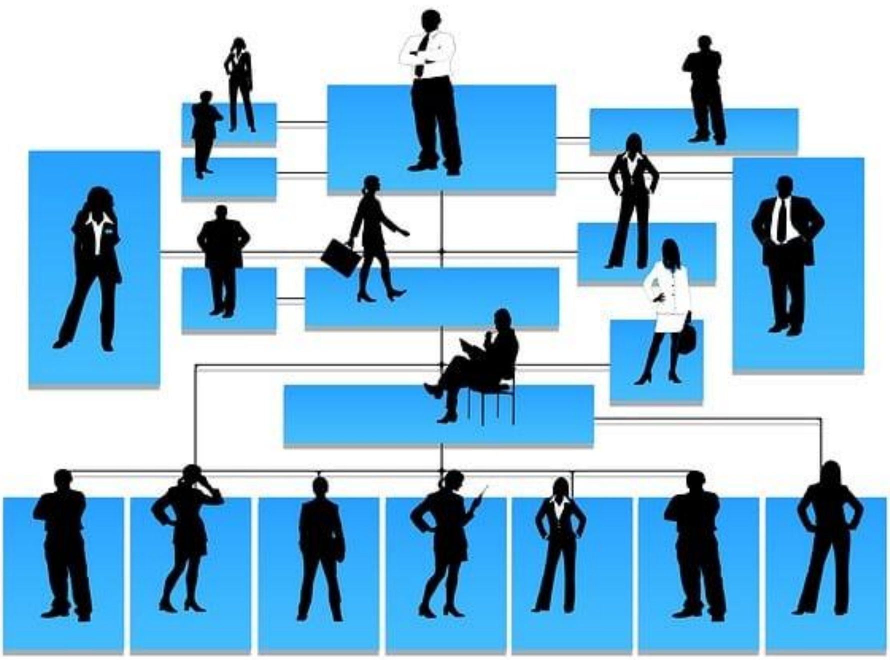
Companies should view this requirement not merely as a compliance exercise but as an opportunity to gain valuable commercial insights through deeper employee engagement. It suggests that firms should consider investing in robust systems to gather and analyse employee feedback, treating this as an intangible asset that can provide significant returns. In today's knowledge-based economy, employees are increasingly becoming companies' most valuable assets, and therefore, building effective listening systems to hear and act upon the employee voice is crucial for future success and value creation.

Centre member, Damian Carnell of CORPGRO commented: *"Companies ought to consider measured investment in gathering and hearing the employee voice fully. If that entails new MIS and spend; that highlights the need.*

"Intangible investments are now common, and real. Their hard to judge soft returns are nonetheless observed commonly for spend on marketing, training and R&D for example. Those things proceed as obvious, over decades, within many industries and globally - and rightly so, as intangible goodwill within overall market capitalisation expands inexorably.

"This investment decision is unsuited to the classic IRR and NPV analysis which often does not work for intangibles. As intangible asset values within market cap continues to expand, a serious rethink of NPV and cost minimisation company culture is needed. That thought is not limited to the employee voice investment.

"In the 1980s it was fashionable for companies to assert 'Our employees are our most valuable asset.' This was visibly untrue, in many cases because the fixed asset base of the heavy industries then in point, clearly out-weighed by far the intangible value of the employee skills. "



Valloop partners with GFT to accelerate employee ownership

Valloop, a Manchester-based company specialising in supporting small and medium-sized enterprises (SMEs) transition to employee ownership, has partnered with FS Club sponsor GFT to develop an innovative digital platform. The Valloop Exchange aims to accelerate and streamline the process of transitioning businesses from private to employee ownership, leveraging artificial intelligence and modern technologies.

The partnership comes amid a significant surge in employee-owned businesses in the UK, with a 37 percent increase reported in the past year. The platform will serve as a single marketplace, providing tools and information for both employees and business owners engaged in the transition process. GFT, known for its expertise in financial services technology, will design, build and support the platform, incorporating advanced security measures and sustainable 'GreenCoding' practices. Set to launch in early 2025, the Valloop Exchange seeks to capitalise on the growing trend of employee ownership, which has shown considerable success in empowering workers and transforming business models in the UK.

COMPANIES—EXEC REWARD

FTSE 100 chief executive pay at record high

The High Pay Centre has released an analysis which shows that FTSE 100 chief executives are now receiving record-high compensation, with the average ceo earning more than 100 times the salary of the average worker. Key findings from the report include:

1. Median ceo pay rose 2.2 percent to £4.19m, the highest figure ever recorded.
2. Average ceo pay in 2023 was even higher at £4.98m, a 12.2 percent increase from 2022.
3. The highest-paid ceo was AstraZeneca's Pascal Soriot at £16.85m.
4. FTSE 100 companies spent a total of £755m on the pay of 222 executives.
5. Nine companies paid individual executives over £10m, up from four in 2022.

The report highlighted a significant gender pay gap among ceos. Only 11 women served as ceos for at least part of the year, and just eight remained at year-end. The median pay for female ceos who served the full year was £2.69m, compared to £4.19m for male ceos. This vast disparity comes amid calls from some quarters, including the London Stock Exchange ceo, for even higher pay packages to attract top talent to UK companies.

Asos shareholders approve new executive pay plan

Asos, the online fashion retailer, has secured strong shareholder approval for its new executive compensation plan, designed to align with the company's growth strategy. The plan, known as the Value Creation Plan (VCP), received support from nearly 92 percent of shareholders, replacing the previous long-term incentive scheme.

The Plan is structured to incentivise senior leadership to deliver significant shareholder value through substantial growth in the share price. However, the company has set a high bar for reward, stipulating that the plan will only deliver value to recipients if the share price exceeds £6.70, a significant increase from its current level of 365p per share. This comes at a challenging time for Asos, which recently reported widening pre-tax losses of £120m in its half-year results, with sales declining by 18 percent amid ongoing turnaround efforts. The strong shareholder backing for both the VCP and changes to the directors' remuneration policy indicates investor confidence in the company's strategic direction and leadership incentivisation approach.

Transcorp rewards shareholders with N16.33bn interim dividends

Nigerian conglomerate Transnational Corporation Plc (Transcorp) and its listed subsidiaries, Transcorp Hotels Plc and Transcorp Power Plc, have declared interim dividends totalling N16.33bn for the first half of 2024, marking a historic milestone for the companies. This decision reflects the group's strong financial performance and commitment to shareholder value. Transcorp and Transcorp Hotels both declared interim dividends of N0.10 per share, while Transcorp Power recommended N1.50 per share.

In total, Transcorp will pay N4.06 billion, Transcorp Power N11.25bn, and Transcorp Hotels N1.02 billion in interim dividends. The group reported a significant 224.84 percent increase in profit after tax, reaching N96.18bn for the period. Transcorp's revenue grew by 114 percent to N175.4bn, with profit before tax rising 283 percent to N70.9bn. The group's strong performance was mirrored by its subsidiaries, with Transcorp Hotels seeing a 61 percent revenue increase and Transcorp Power achieving a 142 percent growth in total revenue.

Group chairman Tony Elumelu attributed this success to operational excellence and consistent transformative impact across key sectors in Nigeria.

Employee ownership: a panacea or a business model past its prime?

According to *Management Today*, champions of employee ownership believe it can improve engagement, innovation and productivity but it can also slow down decision-making and leave businesses vulnerable to market swings.

Does employee ownership, with its ponderous processes and complicated stakeholder management requirements, really lend itself to forging the agile, fast-moving, shapeshifting creatures that contemporary business demands? Or perhaps the death of employee ownership has been, as Mark Twain said, greatly exaggerated.

Boosting Northern Ireland's economy with employee-owned trusts

The *Belfast Telegraph* reported an upsurge in employee ownership and the benefits it can bring to businesses and the local economy. It studied the largest employee-owned trust in Northern Ireland, Newry-based S&W Wholesale, to analyse the model.

S&W is both the largest and one of the oldest companies to become an employee-owned trust. After 108 years in business, the new model brought assurance to stakeholders that the future would be secure. "We have a loyalty to our people, customers and supply partners," according to Anthony McVeigh, deputy chief executive and cfo. "Being bought out and swallowed up by a bigger company just isn't an option. With our purpose-built site underway, we're demonstrating our commitment to growth and our ambition for the future."

S&W isn't the only one excited by the benefits of employee ownership. At the Ownership Succession event in Belfast this summer, Economy Minister Conor Murphy said: "The 'People Powered Growth Report', which underpins today's event, makes for inspiring reading. It highlights the contribution of the employee ownership model to driving productivity, to creating more good jobs, and to investing in the skills of the workforce; all key objectives of my plan for the north's economy."

Northern Ireland's economy has grown by over 30 percent since 2000, according to recent figures from the Northern Ireland Assembly. But it's below the UK average (40 percent) and that of the other devolved nations, Scotland (38.6 percent) and Wales (33 percent). Social enterprise and business models like employee ownership will give Northern Irish businesses more feasible exit strategies, while helping increase output and improve outcomes through better staff engagement, which can only be good news for its economy.

'Pioneering' director moves estate agency to EOT

According to *The Negotiator*, Nicola Spencer is one of the first estate agency directors to move ownership of her firm to a trust for its staff. Spencer The Estate Agent, which has a single branch, has been in business since 2011 and employs 12 people.

This type of scheme has had little take-up within the property industry to date, and Spencer is one of the first estate agencies to announce its transfer to an EOT. "When you own and run a company as a sole director, there must be a clever exit strategy in mind, even if it is for ten years down the road as ultimately you are solely responsible for all of the employees, their families, and their mortgages," said md and sole director Nicola Spencer, who remains in her role at the helm of the firm following the transfer.

"So you can't just decide to lock the door one day and walk away," she added.

"For our clients, this means that nothing changes; there won't be a new fat cat company taking over and making changes, or increasing fees and prices, we will continue in exactly the same way as we have always done."

EOT round-up

NEW

- Electronic security and fire services Choice Fire and Security Solutions
- Construction company Conlon Holdings Limited
- Software integration company DeltaXML
- Healthcare marketing agency JMP Health
- Mergers & Acquisitions advisory LAVA
- Software development company RA Information Systems
- Recruitment agency Total Recruitment Specialists
- Interior designer TSK
- Conservatory manufacturer Westbury Garden

Vietnam

Liberalisation of employee stock ownership plan regulations

Vietnam has introduced new regulations governing employee stock ownership plans, significantly reducing administrative burdens. The State Bank of Vietnam's Circular 23, which took effect on August 12 2024, eliminates the requirement for prior approval to operate an Esop.

While offshore parents can still award shares to Vietnamese employees only as free shares or grants with preferential conditions, the abolition of registration procedures is expected to streamline the process and reduce costs both for local entities and their parent companies.

The new rules maintain certain restrictions, such as prohibiting the remittance of funds abroad to acquire shares. Companies must continue to use designated domestic foreign exchange accounts for Esop-related transactions, and monthly reporting requirements have replaced quarterly reports. Existing plans that allowed outbound fund transfers must be adjusted within a year to comply with the new regulations.

Despite these limitations, the reforms are seen as a positive step towards aligning Vietnam with global trends in talent retention and attracting foreign income, potentially making the country more attractive to multinational corporations.

France

Pullup Entertainment: new employee share ownership plan

Video game publisher PULLUP Entertainment has completed an employee share ownership plan, resulting in a capital increase of €119,877.87. The Paris-based company, known for its collective of international talent in game development, issued 12,579 new shares to eligible employees of the company and its French subsidiaries during a subscription period that ended on July 9.

Following the settlement and delivery of new shares on August 12, the company's share capital stood at €10,261,432.80, divided into 8,551,194 shares with a par value of €1.20 each. The completion of the capital increase was recorded by the chairman and ceo, acting under delegation from the board.

India

Paytm seeks settlement of potential Esop issuance norms violation

Paytm, the digital payments giant operating under One97 Communications, has submitted a settlement application to the Securities and Exchange Board of India (Sebi) regarding a potential violation of employee stock option issuance norms. This action comes in response to a show cause notice issued by Sebi earlier this year, concerning the 21 million Esops granted to Paytm's managing director and ceo, which were subject to specific performance milestones. The company's move to seek settlement highlights the complex regulatory landscape surrounding executive compensation and stock-based benefits in India. While details of the alleged violations remain undisclosed, the case underscores the importance of strict compliance with Sebi's Share Based Employee Benefits and Sweat Equity regulations. As Paytm navigates this regulatory challenge, the outcome could have implications for how tech companies in India structure their executive compensation packages and Esop schemes in the future.

Good news for senior employees of *this* Tata Group company

Tata Digital, the e-commerce arm of the Tata Group, has introduced a new employee stock option plan for its senior executives, aiming to foster a performance-oriented culture within the company. The plan, approved during a recent annual general meeting, comes as part of ceo Naveen Tahilyani's efforts to revamp the firm's senior management and align employee incentives with the company's strategic goals. These objectives include boosting revenue, enhancing consumer experience through fintech platform development, and achieving profitability to attract external investors.

The scheme, which has a minimum vesting period of three years, offers benefits based on employee grade. Higher-level employees will have their stock options converted into company stock, while those at director level and below will receive cash based on their options. This move aligns Tata Digital with practices common in companies like Flipkart and Swiggy, where Esops are used as both a retention strategy and a wealth creation tool.

However, the response among employees has been mixed. It remains unclear whether senior executives who joined and left the company within the past two years will benefit from previously issued stock options.

South Africa

Sishen employees snap up shares worth R131m in Kumba Iron Ore

Kumba Iron Ore, a major South African mining company, has reported significant employee participation in its share ownership scheme. The Sishen Iron Ore Company Community Development Trust has acquired shares worth R131.6m in Kumba Iron Ore, demonstrating a substantial investment in the company by its workforce.

The purchase, made in two tranches on July 24 and 25, saw the Trust acquire shares at weighted average prices of R404.93 and R399.50 respectively. This move comes as Kumba Iron Ore continues to promote employee and community benefits through its various share ownership schemes, including Esop. The company states that approximately 380,000 people in its host communities benefit from these dividend-paying schemes.

However, this positive development occurs against the backdrop of Kumba's ongoing restructuring efforts, which include cutbacks, as the company adapts to logistical challenges and aims to align its production more closely with Transnet's performance.

GNU can drive new growth and value through employee ownership

South Africa's new Government of National Unity presents a significant opportunity to promote employee share ownership as a tool for inclusive economic growth and reduced inequality. Employee ownership has been widely supported across the political spectrum as a successful element of black economic empowerment (BEE).

However, the current tax framework in South Africa needs to evolve to more effectively support these schemes.

Bruce Hunt, writing in the *Daily Maverick* argues that South Africa should look to international examples, such as the UK, US, and Singapore, which have used tax incentives and policies to encourage employee ownership. These include tax deductions for companies, capital gains tax relief, and deferred taxation for employees.

By adopting similar measures, South Africa could make employee share ownership plans more attractive and feasible, aligning with global best practices and meeting local socio-economic objectives at the same time. Centre president Malcolm Hurlston, a regular reader of the Daily Maverick, agrees that supportive legislation would encourage more companies to adopt Esops, and foster economic development, improved corporate governance, and greater social equity.

Zimbabwe

Company in bid to centralise employee ownership schemes

According to *The Standard*, Zimbabwe financial services firm Chengetedzai is seeking to centralise the management of employee share ownership schemes in order to combat insider trading. The company aims to engage issuers in creating a unified platform that would ensure transparent, timely and compliant transactions. This move comes as part of broader efforts to maintain market integrity and align with the country's tight monetary policies aimed at curbing inflation. Despite recent slow market activity, Chengetedzai reports an uptick in trading volumes towards the end of June 2024.

The depository has seen a steady increase in new account openings, with local investors dominating at 95.13 percent of the 47,132 total accounts. The Zimbabwe Stock Exchange's market capitalisation stood at ZiG38.71bn at the close of Q2 2024, with Chengetedzai's system settling trades worth ZiG98,293m in June alone. The company notes that corporates and pension funds hold the largest stakes in dematerialised securities, accounting for 30.04 percent and 24.45 percent respectively of the total value registered on their Central Securities Depository.

USA

Colorado company turned over to its employees with state help

As Dylan Wiman climbed the ladder in private equity and construction, he was reading, studying and learning.

“I’ve been wanting to do some sort of employee ownership in the deals I’ve been working on over the years,” Wiman said. After 10 years in construction, Wiman went into private equity. He “invested in some deals, did some merger and acquisition advising,” and became the kind of person who could buy a company.

So in 2022, when the owners of Rocky Mountain Steel Inc started hinting that they were ready to retire, Wiman said he was interested in buying and he encouraged Rocky Mountain Steel owners Tim Warner and Bernie Lorimor to go for it. They and their employees did, with the help of the Colorado Employee Ownership Office at the Office of Economic Development and International Trade.

The deal came at the perfect time, because OEDIT has been working since 2020 to make Colorado an easier place for business owners to explore and convert to employee ownership models. In Colorado, nearly half of the small businesses are owned by people 55 or older, so it could mean the difference between a lot of businesses shutting down in the near future or a lot of them staying open and thriving, through a model Wiman says counters “wealth becoming pooled into a small minority of people” and that could “correct a distribution of wealth that I think is a little out of whack.”

When Warner and Lorimor were ready to sell, OEDIT supported them in creating an Employee Stock Ownership Plan.

USA

The case for employee-ownership education in business schools

Andrea Steffes-Tuttle, a researcher and business owner, makes a compelling case for integrating employee ownership education into business school curricula. Her argument stems both from personal experience and academic research. Steffes-Tuttle points to recent legislative support for employee ownership in Colorado and cites studies showing that companies with significant employee ownership are more productive, grow faster and are less likely to fail. Her own research on B Corp-certified companies revealed that employees in firms with shared ownership models, such as worker cooperatives, demonstrated higher engagement and job satisfaction.

Despite these advantages, Steffes-Tuttle notes that employee ownership is rarely taught in business schools, leaving future business leaders unprepared to address one of the most pressing economic issues of our time. She argues that universities should seize the opportunity to incorporate diverse business approaches, including shared ownership models, into their core curricula to equip students with the tools to create more equitable and sustainable businesses in the future.

Court declines to dismiss challenge to Esop releveraging transaction

A US District Court in Arkansas has refused to dismiss a lawsuit challenging an employee stock ownership plan releveraging transaction at Central States Manufacturing Inc.

The case, Shipp v Central States Manufacturing, Inc, involves allegations that the company and its Esop trustee breached fiduciary duties under ERISA when conducting a two-step releveraging transaction in 2020. The plaintiffs claim this transaction diluted the value of existing Esop shares and resulted in the Esop overpaying for newly acquired shares.

The court, while expressing scepticism about the merits of the claims, concluded that at the pleading stage, the plaintiffs had plausibly alleged breaches of the duty of prudence and loyalty. This decision highlights the complexities surrounding Esop releveraging transactions and the importance of careful planning for Esop sustainability. While the court did not rule on the merits of the case, its refusal to dismiss the lawsuit serves as a reminder for companies to document the rationale behind Esop transactions, even when addressing common challenges like increasing repurchase obligations in mature Esops.