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Esop Sofa: Hot Topics – *newspad* Review

Rebecca Perry, Tapestry
Jonathan Sturman, Kier Group
Charles Goodway, Standard Chartered
Darren Smith, Global Shares

Tuesday, 16 January 2024, 11:00 GMT

A Word From Today’s Chairman

Darren Smith
Vice President,
Head of UK & Ireland Sales
Global Shares
darren.smith@jpmorgan.com

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Today's Agenda

- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Panel discussion
- 11:25 – 11:45 Question & Answer

Today’s Panel

Jonathan Sturman

Executive Remuneration &
Share Plans Manager

Kier Group

Jonathan.Sturman@kier.co.uk

Charles Goodway

Head, Deferred and Executive
Compensation Performance,
Reward & Benefits

Standard Chartered Bank

Charles.Goodway@sc.com

Rebecca Perry

Managing Associate

Tapestry Compliance

Rebecca.Perry@tapestrycompliance.com

Biggest Impacts On Share Plans In 2023

Re-introduction of bonus to SAYE/Sharesave

Bankers' bonus caps

Changes in CGT allowance

Effect of Covid Pandemic

Cost of Living crisis

Changes to share scheme reporting

CSOP changes came into effect

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Autumn Statement

- Chancellor, Jeremy Hunt, presented his Autumn Statement 2023 speech on Wednesday November 22. He announced a number of measures with the aim of stimulating growth while continuing to control inflation.
- Centre member **Tapestry Compliance** commented: *"As expected, there was little change specifically on incentive plans in the Autumn Statement, but there will potentially be some changes to be made in processes and communications as a result of some of the more general updates.*
- *The changes to ISAs will be welcomed to the extent these create greater flexibility for savers. In the context of incentive plans, it is expected that a greater number of participants will be looking at ISAs as a mechanism for capital gains tax planning on shares coming out of tax-advantaged Sharesave (SAYE) and Share Incentive Plans (SIPs), with the capital gains tax annual exempt amount having been reduced to £6,000 from April 2023, and dropping further to £3,000 from April 2024. Companies may wish to consider how much financial guidance or information they offer in relation to this, and with annual tax-free amounts falling for both capital gains and dividend tax. This is an area where employee communications may need revising or updating to ensure that plan participants are aware of their obligations to pay."*

Kier Winner

Category: Best use of technology, AI or behavioural science in employee share plans

Without effective technological solutions, all-employee share plans would be prohibitively expensive and time consuming for many companies. This award category recognises innovative uses of technology.

Shortlisted for this award were *BP* whose technology entry focused on back-office systems, which efficiently link share plan administration teams with the participant portal; **Kier Group**'s microsite and mobile phone app were the outstanding features of its targeting the entire workforce; and we were impressed by *Merlin Entertainments'* use of a robotic process automation 'bot'.

Overall Winner of **best use of technology, AI or behavioural science** was **Kier Group**

Call For Evidence & Consultation

SIP: Reduce the minimum tax relief vesting qualifying period from five years to three and possibly less.

SAYE: Exempt from CGT gains of up to, say, £12,000 realised by the sale of shares acquired pursuant to the exercise of SAYE share options.

SIP: providing that cash dividends on SIP shares are exempt from income tax (so as to put the taxation of SIP share dividends on the same basis as shares held in an ISA).

Re-define the Good Leaver rules so that employees who resign after (say) two years are allowed to cash in at least some of their company shares/share options.

SAYE: Allowing savings contributions to an SAYE share option-linked savings contract to be made out of pre-tax earnings (as are savings accumulated to acquire partnership shares under a SIP).

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Esop Centre Round-Table Discussions:

“ On Tuesday, 1 August 2023 the Centre brought together a group of employee share plan enthusiasts for a round-table style chat about their burning Eso issues. Topics included: Call for Evidence on SAYE/SIP which seeks views on the current usage of the schemes and whether they are effective in achieving their policy objectives; Cut in CGT exemption, a disaster waiting to happen; HMRC launch of a new SAYE bonus rate mechanism; and Global Share Schemes.”

Report: https://esopcentre.com/esop-news/report-esop-centre-hot-topics-online-round-table-1-august-2023/

“ As reported in November's newspad, on Wednesday October 25 2023, the Centre hosted an online chat on current hot topics in employee share ownership. Topics on the agenda included: Looking back at the Call for Evidence on SAYE and SIP; Thoughts on the consultation on taxation of Employee Ownership Trusts and Employee Benefit Trusts; SAYE bonus rate – how it’s going, what’s happening in practice; the drop in annual dividend allowance.”

Report: https://esopcentre.com/esop-news/report-esop-centre-newspad-online-round-table-25-october-2023/

Esop Centre submissions:

https://esopcentre.com/documents/3647/Response_of_The_Esop_Centre_to_the_HM_Treasury_Call_for_Evidence_on_SAYE-SIP.pdf

https://esopcentre.com/documents/3675/2023.09.25_Esop_Centre_response_to_Consultation_on_Taxation_of_EOT___EBT.pdf

What’s In Store For 2024?

Photo by petr sidorov on Unsplash

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Newspad

WELCOME

In this issue

PRESIDENT'S COLUMN

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EVENTS

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WORLD NEWSPAD

From the life president

What's happening at Royal Mail? At privatisation employees were well rewarded with shares. There was a further top up when Sajid Javid was Secretary of State. He overrode the cautious advice of logicians to reward them with a further chunk. Now there's corporate complexity with Royal Mail existing alongside IDS (International Distribution Services). At the same time the future of the universal nationwide mail service in the UK has been put into doubt by the government. The Centre has an expert team, preparing to offer guidance to employee shareholders in these testing times. As with Roadchef we own the problems. This is no home for sycophantic good news.

Malcolm Hurlston CBE

Department for Business Innovation & Skills

The Rt Hon Sajid Javid MP

Martin Donnelly
Permanent Secretary
Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET

15 June 2015

Dear Martin,

ROYAL MAIL EMPLOYEE SHARES

Thank you for your note of 11th June 2015. This is to confirm that I am formally directing you as Accounting Officer to implement the gifting of up to one percent of Royal Mail shares to its UK employees.

I have noted your concerns about the value for money of doing so. However, in coming to this decision I have taken into account the wider benefits of this policy. Employees currently comprise an important part of Royal Mail's shareholder base. As you note in your letter, this principle of employee participation was enshrined in the Postal Services Act 2011. Furthermore I believe there is merit in rewarding the employees of Royal Mail for their hard work, which has contributed to the recent performance of the company and has been reflected in the current share price.

I therefore direct you to proceed as requested.

SAJID JAVID
Secretary of State for Business, Innovation and Skills

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https://esopcentre.com/esop-newspad-index-page/

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AWARDS

Overall winner of **best share plan response to significant changes or challenging situations** was **National Grid**. Equiniti's Paul Bowen accepted the award on National Grid's behalf.

Malcolm presents National Grid's award to Paul Bowen

Highly Commended in this category was **AstraZeneca**, for whom global LTI plan manager Elizabeth Crutchley accepted the award.

Elizabeth Crutchley receives AstraZeneca's award from Malcolm and Juliet

Special mentions

The judges gave a special mention to four entrants because there is much to learn from them:

BP is noteworthy. It features on the shortlists in multiple categories and judges commended it for its ongoing long-term commitment to employee share plans.

Mitie is commended for its sensitivity to low paid workers and the honesty of its approach.

Merlin Entertainments received a special mention as judges were impressed by its use of robotic process automation ("RPA bot") to prepare and distribute documents, which were unique to each participant. It may well have blazed a trail.

And finally, **Jet2's inclusion** in its share plans programme of part time staff, who would not usually qualify for employee share plans received a special mention: bringing gig workers into share plans may, for one reason or another, be the pattern of the future.

★★★★★

The 2022 Newspad All-Employee Share Plan Award winners with Centre president Malcolm Hurlston CBE, and manager Juliet Wigzell at the Centre's British Isles Share Plans Symposium, March 30 2023.

Comments, Questions & Answers

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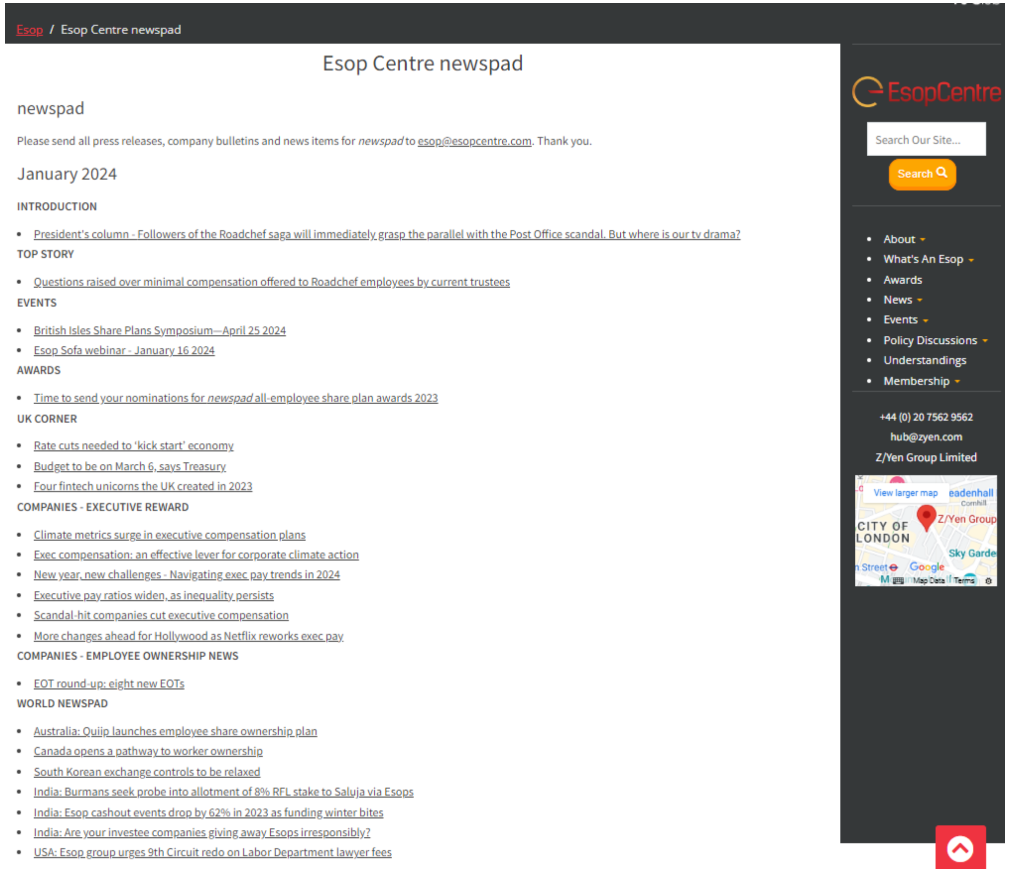
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Please send all press releases, company bulletins and news items for *newspad* to esop@esopcentre.com. Thank you.

January 2024

INTRODUCTION

- President's column - Followers of the Roadchef saga will immediately grasp the parallel with the Post Office scandal. But where is our tv drama?

TOP STORY

- Questions raised over minimal compensation offered to Roadchef employees by current trustees

EVENTS

- British Isles Share Plans Symposium—April 25 2024
- Esop Sofa webinar - January 16 2024

AWARDS

- Time to send your nominations for *newspad* all-employee share plan awards 2023

UK CORNER

- Rate cuts needed to 'kick start' economy
- Budget to be on March 6, says Treasury
- Four fintech unicorns the UK created in 2023

COMPANIES - EXECUTIVE REWARD

- Climate metrics surge in executive compensation plans
- Exec compensation: an effective lever for corporate climate action
- New year, new challenges - Navigating exec pay trends in 2024
- Executive pay ratios widen, as inequality persists
- Scandal-hit companies cut executive compensation
- More changes ahead for Hollywood as Netflix reworks exec pay

COMPANIES - EMPLOYEE OWNERSHIP NEWS

- EOT round-up: eight new EOTs

WORLD NEWSPAD

- Australia: Quiip launches employee share ownership plan
- Canada opens a pathway to worker ownership
- South Korean exchange controls to be relaxed
- India: Burmans seek probe into allotment of 8% RFL stake to Saluja via Esops
- India: Esop cashout events drop by 62% in 2023 as funding winter bites
- India: Are your investee companies giving away Esops irresponsibly?
- USA: Esop group urges 9th Circuit redo on Labor Department lawyer fees

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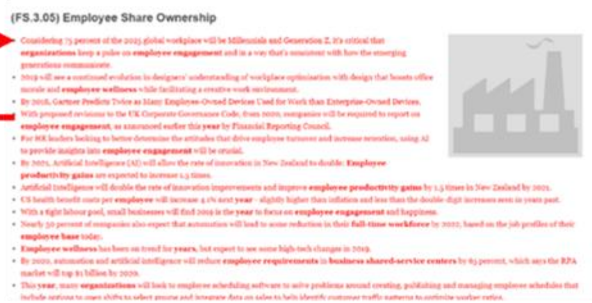

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Forthcoming Events

Wed, 17 Jan (11:00-11:45)	Horns Of Plenty: Unicorns, Narwhals & The Changing Company Valuation Landscape
Thur, 18 Jan (11:00-15:45)	The Future Of Building Foundations In The City: Energy Generating Assets
Mon, 22 Jan (11:00-11:45)	Revving Up: How The Digitalisation Of Trade And Trade Finance Is Accelerating
Tue, 23 Jan (10:00-10:45)	An Update On EU Financial Services Legislation & Associated Initiatives

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