Vol 34 No 8 January 2019

it's our business

newspad of the Employee Share Ownership Centre

Star-studded *newspad* 2018 awards

The best of the UK's employee equity plans during the past year have been picked out by Centre judges and are presented in this issue. They are all leading candidates for the ***newspad 2018 Awards***. A shoal of FTSE 100 leading companies entered their most recent plans in an attempt to get among the list of winners and commendations.

Centre judges have awarded 16 high quality ***stars*** to selected entrants in the various categories, reflecting the sophistication of most entries. These starred companies entered employee equity plans which, in the eyes of the judges, contained outstanding features.

Best all-employee international share plan (more than 5,000 employees)

BP, **easyJet** and **Rolls Royce**

Best UK centred all-employee share plan (fewer than 5,000 employees)

Landsec and **Xtrac**

Best share plan communications

BP, FirstGroup, Micro Focus, Non-Standard Finance, Rolls-Royce and **Smiths Group**

Best use of video communications

Unilever

Best use of technology in employee share plans

BP and **Paddy Power Betfair**

Most creative share plan solutions

BAE Systems and **Investigo**

The winner of the ***Laurie Brennan*** award for astounding achievement in the UK all-employee share ownership sphere will be announced at the celebration following the Centre's British Isles share plans symposium in London on March 7 (*see separate story below)* to which all the winners and runners-up will be invited.

They will be all named in a special issue of *newspad* to be published at the end of this month. The commentaries of the judges on the finalists in each category will be summarised too.

The judges, who met at Centre HQ last month, were: **Damian Carnell**, director at Willis Towers Watson, specialist in executive reward and employee share plans; **Anna Watch,** head of executive share plans (governance & compliance) at member firm BT, **Robert Head**, director of Neo Reward and formerly head of global share plans at Pearson with Centre chairman **Malcolm Hurlston CBE** chairing.

Echoing the international reach of *newspad*, the judges noted a trend towards self nomination of entries by major world companies.

From the chairman

*How easy it is for intelligent metropolitan elites to become disconnected from '**the people'** and risk violent protests and worse, as witnessed recently by the **Gilets Jaunes (yellow vests)** who paralysed France. Employee share ownership is one small but growing element in the brew which might dissuade more people from feeling abandoned and alienated by the system. By contrast egregious bonuses in the executive suite remind those outside the elites how the dice are loaded against them. I will write to the UK political party leaders, asking them what Eso measures they would offer in their manifestos to heal the divide, were another General Election to be called this year. We appreciate the fight waged by SNP MPs in parliament for adequate compensation to be paid now to ex Roadchef Esop employee participants, but it has been the only party to fly the flag on behalf of these long-suffering employee shareholders. As a starter, we would support moves, by legislation, if necessary, to:*

- *increase portability of employee shareholdings when people change jobs*
- *allow employee participants in a SIP to cash in their holdings, tax and NICs free, after **three** years, instead of the current five years*
- *make all-employee participation mandatory before share plans qualify for tax relief*

Many employees nowadays change jobs within a few years and governments must change their policies, as enshrined in regulation and law, to reflect the new realities. With fresh thinking employee share ownership can come into its own this year, so let me know what changes are top of your 2019 Eso wish list.

Malcolm Hurlston CBE

The *newspad* annual share plans *fashion show* permits members, share plan advisers and their clients to display their best all-employee equity plans to the worldwide readership of *newspad*. The Award certificates are respected through the share plans world and bring kudos and publicity as just rewards for the winners and the highly commended plans. This year they are supplemented by stars, usable by entrants internally and externally for the next year.

Centre share plans symposium , March 7

A share options plan case history, featuring online bank **Coconut,** will be a highlight of the Centre's third **British Isles share schemes symposium,** which takes place in London on **Thursday March 7 2019.** This case study will be led by Coconut's founder & ceo, **Sam O'Connor,** with **Nigel Mason** of Centre member the **RM2 Partnership,** during the full-day event, hosted by senior Centre legal member **Travers Smith** at its Snowhill, EC1 offices. Coconut uses Enterprise Management Incentive to motivate employees.

The speakers are: **Colin Kendon** of **Bird & Bird**; **David Craddock** of his eponymous **Consultancy Services**; **Martin MacLeod** of **Deloitte**; **Jennifer Rudman** of **Equiniti**; **William Franklin & Eva Simpson-Fryer** of **Pett Franklin**; **Sue Wilson & Elizabeth Bowdler** of **PwC**; **Nigel Mason** & **Robin Hartley** of **RM2**; **Nicholas Greenacre** of **White & Case; Damian Carnell** of **Willis Towers Watson**; **Elaine Graham** of Guernsey-based trustee **Zedra** and **Elissavet Grout** of event sponsor **Travers Smith.**

Trustee members **Estera and Zedra** are both logo co-sponsoring the **e-brochure**, which you can download from the symposium event page of the Centre's website www.esopcentre.com.

Centre chairman and founder**, Malcolm Hurlston** will welcome delegates and introduce the programme, which includes:

*Employee equity plan case histories *Going global with your employee share plans *EMI and its almost tax-free rewards for key employees in SMEs *How best can EMI be improved? *Exit-only EMIs. *Alternatives for SMEs who cannot qualify for EMI tax-approved options.

*Employee Ownership Trusts - What kind of businesses are using EOT and why?

*Hybrid EOTs: the new way to structure MBOs & employee ownership *The employee shareholder experience – the UK and France compared *Share plans in volatile markets

*Impacts of Brexit on employee share schemes

*Q & A on regulatory & compliance issues - GDPR and Mifid II

*Executive equity reward packages: new design parameters, performance share plans & shareholder activism; Executive share plans and the UK corporate governance code

*Employee equity trustee concerns

*Re-energising other tax-approved share plans - the Company Share Option Plan (CSOP); SAYE-Sharesave and the Share Incentive Plan (SIP).

Fees: There is a **£395** admission charge for **Centre member** practitioner (service provider) **delegates**. Non-member service provider delegates pay **£595** for a seat.

*Speakers and delegates from **plan issuer** companies will be admitted **free of charge***. All fees are subject to VAT. Queries to Fred Hackworth at fhackworth@esopcentre.com or call the team on +44 (0)207 239 4971. **Delegates should book their seats soon, as seating in the auditorium may be limited.**

Our host, **Travers Smith,** offers a buffet lunch and a drinks reception with invited guests, including *newspad* award-winners, at the end of the day.

More symposium co-sponsorship packages are available: please contact the Centre.

Happy new year to all our readers. Spare a thought for the surviving 300 or so ex-Roadchef Esop participants who still await their compensation payments, 20 years after their employee shares were sold over their heads.

MOVERS AND SHAKERS

Alumnus in the Eye

Former newspad editor and Hurlstons alumnus **Malcolm Coles** made it into the pages of Private Eye. At Hurlstons/Esop Centre Malcolm wrote a paper for the Fabian Society and later went to serve at Which? Malcolm Coles recently joined The Sun as digital director ('clickbait' king) moving on from the Guardian and the Telegraph; it was his wise move in taking down previous anti-Murdoch blogs that caught the Eye's eye. An earlier alumnus with an Eye link was **Oliver Foot,** brother of Paul Foot and nephew of Labour leader Michael Foot MP. With Hurlstons support Oliver went on to found Orbis, the flying eye hospital.

Newspad notes with regret the death of **Tom Burke**, activist son of late Centre economist **Terry Burke**. Tom, a Grenfell activist, took his own life last month.

Intertrust reinforces its top team

Centre member **Intertrust** in Jersey announced new appointments to its senior team to shape the direction of the business. **Tania Bearryman** is now executive director, trust & company Services, where she will have oversight of Intertrust private wealth, treasury and investments, capital markets, corporate services and performance and reward management. Tania is a member of the South African Institute of Chartered Accountants and a chartered fellow of the Chartered Institute for Securities and Investment.

Shane Hugill is head of performance & reward management. Previously he helped develop the specialist portfolio, which encompasses pension and savings, deferred compensation and share plans. In his new role he will ensure that the fast-growing service line expands further from its Jersey base into the group's other jurisdictions.

Simon Mackenzie, md of Intertrust in Jersey, said: "Shane and Tania have both been integral to the growth and success of our performance & reward management team and these new roles are recognition of their expertise and importance to Intertrust. In their senior roles Tania and Shane will be looking to further develop our digital services for the benefit of our clients and I look forward to working with them to achieve this."

Equiniti beefs up new governance division

Centre member Equiniti Group, the FTSE-listed share services and fintech company, plans to expand its recently acquired proxy and corporate governance advisory business, **Boudicca Proxy Consultants**. The addition of senior employees to its operations, development and corporate governance departments will help meet increasing demand for its specialist services. The business clinched a record 110 client mandates in 2018, an increase of 35 percent since 2017. The appointments will bolster Boudicca's market offering, which combines progressive proxy solicitation and corporate governance advisory services, the latter acting as a key differentiator for many clients. **Nick Laugier** joins Boudicca as director of operations and development and oversees a team of eight. Boudicca's capital market proxy business is strengthened too by the arrival of **Wilfred Louwsma** as head of operations. Wilfred will work closely with Nick to lead the team and undertake innovations. **Sika Neckles** joins Boudicca's expanding specialist advisory unit as corporate governance manager. She will work with **Jonathan Harker**, director of stewardship, **Adam Rose**, head of corporate governance & industry and **Karoline Herms**, who has been promoted to principal corporate governance officer. She chairs Boudicca's women's company secretary circle. **Sheryl Cuisia**, md of **Equiniti's** proxy solicitation and corporate governance advisory business Boudicca Proxy, said: "We are delighted to welcome Nick, Wilfred and Sika to Boudicca - they are highly respected professionals who will bring a wealth of experience. Boudicca Proxy continues to attract and develop market leading talent within the shareholder engagement sector."

UK CORNER

Three unions call for share plan at BA

Three trade unions have submitted an epoch-making joint pay and reward claim to **British Airways,** calling for all-employee Eso to be reinstated**.** Unite, British Airline Pilots Association and GMB want improvements to pay, enhanced profit-sharing arrangements and the introduction of company-wide Eso.

BALPA, Unite, which represents cabin crew, and GMB, which represents terminal and head office staff, engineers and IT employees, said they were seeking pay rises for their members from January 2019, ***enhanced profit-sharing arrangements and the introduction of an employee share ownership scheme.***

BALPA was the first and only British union to advocate employee share ownership and GMB's leader Lord Basnett was president of the trades union bank when it brought esops to Britain with the Centre.

As an independent airline, BA was a strong supporter of Eso both in theory and in practice. For many years, especially with Gail Redwood (then married to Sir John Redwood MP) as company secretary, BA was an active member of the Centre. As often happens with continental takeovers, this fell away when BA merged with Iberia in 2011, creating the mega airline group **IAG.** The original BA shares, including employee share options, were cancelled during the merger and employees were given IAG shares to the equivalent value, via a Jersey trust. IAG explained that as it was a Spanish company, it was not possible to issue share certificates. Instead IAG shares traded on the LSE were held electronically as share entitlements, in the form of **CDIs** (CREST Depositary Interest), the holders being owners of the shares. The administration is handled through the IAG Nominee Service.

The unions said that BA was reporting exceptional financial results but the carrier had allowed a culture to develop in which employees

ZEDRA

were disconnected from the airline's success. Negotiations between the unions and the **Oneworld** carrier are due to commence shortly. Their claim was based on the financial fortunes of the airline which moved from a £230m operating loss in 2009 to a £1.8bn profit in 2017.

BA's vision of employee ownership with employees enjoying the wages of capital may now be restored.

Bonus rumpus at charity for disabled

The ceo of a taxpayer-supported business, which supplies cars to disabled people, was being teed up for a bonus windfall, which could have reached £2.2 m, the government spending watchdog revealed. An inquiry into **Motability** by the **National Audit Office (NAO)** found that 614,000 customers, many confined to wheelchairs, had been charged £390m more than necessary since 2008. The £1.7m pay package of Mike Betts, Motability Operations' ceo, was recently called "totally unacceptable" by the *Work and Pensions* ***and*** *Treasury committees.* The NAO then found Mr Betts could qualify for a bonus which already was worth £1.86m last September, and which could have reached **£2.2m** by 2022. Frank Field MP, work and pensions committee chairman, said: *"It is beyond appalling to learn that money that could have been used to improve the lives of disabled people will be lining his pockets instead."*

Following this report, Motability Operations announced that Betts would stand down from his position by May 2020, and the group's chairman, Neil Johnson, would retire in April this year.

The Motability scheme, an operations business and two charities, accounts for ten percent of all new UK cars. Under the scheme, an individual's mobility welfare payments are transferred to Motability Operations in return for a leased car, along with insurance, maintenance and roadside assistance. The Commons committees said ***potential rivals could not compete with the company because it received substantial tax breaks that no other company was entitled to.*** The NAO found that remuneration for Motability Operations' executive directors had been "generous" and linked to performance targets *"**easily exceeded**"* since 2008. As a result, in the first seven years of the bonus scheme, *five executive directors received £15.3m in total.* The NAO said Motability Ops' own forecasts on the future value of used cars had been out of line with the market average, resulting in customers being charged £390m "more than was required" to cover lease costs since 2008. *The watchdog found that Motability had generated more than £1bn of unplanned profit since 2008 and held £2.62 bn in reserves as of March 31*. The report said Motability deserved credit for achieving 99 percent overall customer satisfaction, but had made little effort to understand why only 36 percent of eligible customers used the scheme. A Department for Work and Pensions spokesman said the NAO report "strengthens our concerns regarding Motability Operations' financial model" and insisted the department was committed to working with the charity to achieve "improved outcomes for disabled people".

Motability sprang from the work of disability campaigner Alf Morris, Labour and Co-op MP for Wythenshawe and a good friend of the Centre. When he became a minister he took the opportunity to enact his ideas, later rewarded with a peerage.

Labour plans for executive pay shake-up

The reform of executive remuneration, including the scrapping of executive share option plans, as proposed in a report by Labour last November received little attention at the time. The media were far more interested in Labour's quite separate proposal for the compulsory transfer of ten percent of total corporate equity over ten years, in companies employing 250 or more, to employee-owned Inclusive Ownership Trusts, which the shadow chancellor heralded at the 2018 Labour Party Conference.

However, one of the authors of the report recommending major changes in UK executive remuneration, ***Prem Sikka***, *professor of accounting at the University of Sheffield, and emeritus professor of accounting at the University of Essex,* has explained his thinking and that of colleagues, who were commissioned by shadow chancellor John McDonnell and shadow business secretary Rebecca Long-Bailey.

Prof Sikka wrote: "Shares and share options have become a key factor in executive remuneration. They were enjoyed by directors at **Carillion** and crashed banks, enabling directors to collect large sums at no good to anyone else. The value of share options is unclear and that makes it difficult to know the full value of the remuneration package. The option awards have been abused – backdated to maximise executive remuneration. *Shareholdings* *by directors create the temptation to pay excessive dividends and engage in the buyback of shares, as that lifts the share price and directly benefits directors. The most effective remedy is to ban companies from giving share options and shares to executives. If executives are required to hold company shares they should be purchased with their own resources, rather than be provided by the company. This leaves a public trail of the transaction which is harder to falsify. Their purchase and sale of shares need to be disclosed.*

"*The rhetoric is that executive pay is related to performance. Yet there is little evidence to support this. Executive rewards are inflated by golden hellos and goodbyes which have nothing to do with performance. They are banned in Switzerland – and the same should happen in the UK.* Consider the cult of executive bonuses. A justification offered by many executives is that they somehow deliver superior performance, which could be in the form of higher profits, sales, market share, etc. This argument has two problems. Firstly, no executive can deliver superior performance on his/her own and such matters are always a collective effort. Secondly, raising market share, sales, etc. are all part of normal management work. Isn't that what a good board should be doing, anyway? *Bonuses should only be paid for extraordinary achievements*."

Their report recommended that the payment of bonuses and incentives must secure support from at least 90 percent of stakeholders. Bonus schemes for directors should be available to workers too; after all they played a key role in the generation of the wealth.

"*Too many executives collect high remuneration through contrived bonus schemes, massaged profits and downright abuses. Our report recommends that company law be changed to force executives to return rewards which have not been earned by honest economic activity. The period of claw-back could be five years – but unlimited for cases of wilful neglect and fraud. Legislation would be needed to enforce such claw-back and to limit any executive discretion to waive it.*

"*Give stakeholders a say**:** Poorly paid employees are unlikely to approve big executive remuneration packages unless they get a fairer share of the pie too – so employees and customers must be empowered to vote on executive pay. The voting rights for customers would help to check profiteering, mis-selling of products, poor services and abuses. The UK customers of utilities, banks, insurance companies, railway and many other entities can easily be identified with certainty and be empowered to vote on executive pay. Consumers receiving poor services are unlikely to approve excessive executive rewards.

"*Women and individuals from ethnic minorities have a disproportionate presence among the low-paid. Therefore, we recommend that companies need to publish pay differentials between executives and employees analysed by gender and ethnicity. This would give visibility to the problem and help mobilise social pressure."

Prof Sikka added: "These are just some of the policy proposals in our report. We know that they will be opposed by those who enjoy their privileges. *For too long, the UK has left matters of executive remuneration to companies, their shareholders and executives. That has neither curbed fat-cattery nor facilitated equitable distribution of income. We hope our proposals can help to secure the much needed change."*

Although these proposals are not (yet) official Labour Party policy, they were warmly welcomed by Mr McDonnell and Ms Long-Bailey. They would radically alter the way executive remuneration is set for the UK's 7000 largest companies and groups that employ more than 250 people. The scope of these changes would extend to partnerships and charities. Company law would be changed to require *employee and customer stakeholders* to be involved in the process of setting executive remuneration, not just the directors and shareholders. These stakeholders could have the power to set an upper limit cap on total executive remuneration. Company law would be changed to provide for legislation to claw-back. "Golden handshakes, hellos, handcuffs, parachutes, goodbyes and severance" would be prohibited. The use of company shares to remunerate executives is seen as contributing to "undeserved remuneration" and a lack of transparency, coupled with obscurity, prevents control of executive remuneration. In order for the total executive remuneration cap to operate, it is proposed that all executive remuneration should normally only be paid in cash, and that *company equity should only exceptionally be available for executive remuneration if the share schemes are offered on the same terms to all employees*.

If an individual's annual total remuneration exceeded £1m per year, then remuneration in excess of this would **not** be eligible for Corporation Tax relief. Remuneration to any employee of more than £150,000 per annum would need to be disclosed in the annual accounts in bands of £10,000 with each individual named.

Persistent failure to comply with Minimum or Living Wage legislation would lead to criminal charges on the directors and personal minimum fines equal to the executive's remuneration. Such policies would be enforced by a combination of legislative changes and new codes of conduct which would be monitored by a new Companies Commission. This would replace voluntary organisations such as the Financial Reporting Council which are considered to have "failed" and which the Conservative government is already to replace next year. A separate report on the future Companies Commission and how it would oversee and enforce UK company law and corporate governance is being prepared.

**Centre members are invited to tell newspad what they think about Labour's plans to reform executive remuneration. Please email your comments (for publication) to fhackworth@esopcentre.com*

Sin bin for repeat top pay offenders

The top brass of well-known companies including **WPP, AstraZeneca, The AA** and **Entertainment One** have been accused of repeatedly ignoring investor complaints and have been named and shamed in a new public register, available for republication. The **Investment Association (IA),** the trade body for Britain's £8 trillion funds industry, sent letters to the ceos of 32 listed companies demanding to know why at least 20 percent of shareholders have opposed one or more of the board's resolutions for two years running. Its letter warned the businesses that they will now be named on a new "*repeat offenders*" list of UK firms that have experienced the same revolts year on year. The public register is now live. "A repeat appearance for the same resolution highlights that a company is either not responding sufficiently to investor views or the engagement process is not working effectively," the letter read. Shareholder protests rose 22 percent on the previous year, with rebellions typically related to excessive pay packets or the re-election of company directors. AstraZeneca's ceo faced a shareholder protest over his pay last May, while almost a third of WPP shareholders rebelled against departed boss Sir Martin Sorrell's huge remuneration package last June amid claims that he was being investigated for the alleged misuse of company funds – allegations he strenuously denied. A spokesman for WPP said that the company had "engaged extensively with shareowners" on the unique nature of Sir Martin's 2008 employment agreement. Other names on the IA's list include **Entertainment One**, the company behind **Peppa Pig,** which faced a shareholder revolt over pay in September, as well as betting giant **GVC**, whose shareholders voted against the FTSE 100 firm's remuneration report in June. "While many companies are taking the necessary action and engaging with their shareholders, a frustrating number are failing to address investor concerns," said the IA's director of corporate governance Andrew Ninian. "We hope that the increased focus on these repeat offenders will encourage them to engage with shareholders."

Pay ratio rules now in play

The UK's biggest listed companies will be forced to justify the pay gap between chief executives and their workforce as part of rules which came into force on New Year's Day. The pay-ratio regulations are part of government efforts to improve transparency around executive remuneration. They follow investor revolts in 2018 over massive bonus awards for senior executives at companies including **Royal Mail** and house-builder **Persimmon**. In one of the biggest shareholder revolts in UK corporate history, almost 70 percent of Royal Mail's agm votes were cast against its remuneration policy, in light of an annual package for the ceo, Rico Back, worth up to £2.7m, on top of a £6m *golden hello* for having left the company's European parcels subsidiary. Businesses will have to divulge and justify the difference between senior executive total reward and average annual pay for employees. They will need to explain how directors take staff and other stakeholder interests into account when they decide on salaries and bonuses. The regulations make it a statutory requirement for listed companies with more than 250 staff to disclose the ratio of ceos' remuneration to the median pay of their UK employees every year. Employers must now identify workers on the 25th, 50th and 75th quartile of pay when comparing employee pay to that of the ceo. The first pay ratio disclosures will be released in 2020.

COMPANIES

*Peter Lord and David Sproxton, the duo who drew the animated characters **Wallace & Gromit** while at school 40 years ago, are transferring ownership of

Aardman Holdings to their 140 employees. They are selling 75 percent of the shares in Aardman, now the UK's biggest animation production studio, to staff by setting up an **Employee Ownership Trust.** Funding for the EOT is coming out of Aardman's £18m cash reserves. Together with staff, 180 freelancers will receive a share of profit. Under HMRC rules, employees can receive up to £3600 pa in tax dividends. Sproxton said: "If we sold Aardman [to a big studio] it would just become an asset on the balance sheet to be traded. They could say, let's turn it all over to CGI and shoot it in Singapore." The EOT structure gives staff not only a direct stake in the profits but a say in the future too. Lord and Sproxton move into consultancy roles and Nick Park, the star creator of *Wallace & Gromit* and *Chicken Run* takes on a senior role on the new board.

*The workforce of major insurer **AXA** now holds more than five percent of its issued share capital, as well as 6.5 percent of the voting rights, following the group's 2018 employee share offering. Launched in August, "*SharePlan 2018"* saw **24,000** AXA staff in 36 countries taking part, more than 23 percent of the eligible employees. "The aggregate proceeds from the offering amount to €330m, for a total of 15m newly issued shares, subscribed at a price of €18.56 for the classic plan and €21.83 for the leveraged plan," reported the Paris-based insurer. In addition, the company was cancelling the corresponding 15m shares in order to eliminate the dilutive effect of SharePlan 2018.

*Les Moonves, the former boss of **CBS**, will not receive a $120m (£95m) severance package after an inquiry into alleged sexual misconduct. The US broadcaster said that he misled the company over the allegations and failed to work with investigators, meaning it had grounds to fire him. Mr Moonves stepped down in September following fresh claims he had sexually harassed or assaulted six more women. He said that the accusations made in *The New Yorker* magazine were untrue. CBS claimed Mr Moonves had displayed alleged "wilful and material misfeasance" and failed to co-operate fully with the company's investigation into the allegations against him. It claimed he had violated company policy and was in breach of his employment contract and as a consequence he would not receive any severance payment from CBS. At the time of Mr Moonves' departure as chairman and ceo at CBS, where he had worked for 23 years, CBS said it had set $120m aside as a possible severance payment to him pending an investigation.

***Debenhams** senior executives have lost multimillion-pound bonuses and share awards after the struggling department store failed customer satisfaction targets and reported the biggest loss in its 124-year history. The retailer had set a minimum target of £85m pre-tax profits to pay out the lowest bonus award of ten percent of salary, but Debenhams reported underlying profit of just £33m, and was pushed into a loss of £491.5m by write-downs of £512.4m. A fifth of the bonus payment had depended on customer satisfaction scores. Ceo Sergio Bucher received a £972,763 pay package last year, which included a £113,204 housing allowance that had been agreed when he joined two years ago from Amazon Fashion, according to Debenhams annual report.

The remuneration committee reduced the performance share plan awards for Mr Bucher from 150 percent of salary, to 100 percent. The payout will be split between shareholder return, earnings performance and a return on capital employed. Debenhams has already said that it will close 50 shops this year, but Mike Ashley, its biggest shareholder, believes a company voluntary arrangement and subsequent merger with rival House of Fraser will be needed to save the retailer.

***Dixon Carphone**'s 30,000 staff will receive at least £1,000 in shares each over three years to encourage them to "behave like owners," said ceo Alex Baldock. The company announced a £10m per year free share award scheme for its employees. The shares will be offered to all permanent employees who have worked in the Dixons Carphone group for at least 12 months. Qualifying employees will have to wait three years until their shares in the Eso scheme mature, after which they can cash out their shares or keep them invested.

***GAME Digital** shares fell back after the company announced it was considering cancelling its share trading on the main London Stock Exchange. The company said it would propose instead admission to the AIM market to shareholders at its agm. In addition, GAME proposed minor administrative and definitional changes to its articles of association and to its **employee share plans**, to make them suitable for a company whose shares are trading on AIM." Last August, shares in the retailer rose after the group posted a positive set of results for the second half of the year. Retail metrics improved by 6.2 percent year-on-year for GAME Digital's UK business.

*The row over the huge salaries awarded to Britain's university heads reignited after the first to be paid more than **£500,000** a year was named. François Ortalo-Magné was paid £501,000 last year to run the **London Business School (LBS)** – a figure critics have branded 'unjustifiable'. The package, revealed in the LBS latest annual financial statement, is more than three times the Prime Minister's salary and an inflation-busting increase of 11 percent on what his predecessor was paid. French-born Ortalo-Magné spent most of his academic career in the US, joining the LBS in August last year from Wisconsin School of Business – an institution ranked as low as 71st in the world in one MBA course ranking. Matt Waddup of the ***University and College Union*** said such pay deals '*suggest universities have either learned nothing from the senior pay scandals that have been so damaging for the sector in recent years – or that they just don't care.*'

*Anglo Dutch oil giant **Shell** plans to set carbon emissions targets next year and link these to executive bonuses, ceo Ben van Beurden told the *Financial Times.* This followed pressure from shareholders such as the Church of England and Robeco who have 'pushed Shell to make firm commitments to cut its carbon footprint, the paper said. They criticised last year's announced ambition to halve carbon emissions by 2050 as not going far enough. Van Beurden said that by setting targets the company would be 'systematically driving down our carbon footprint over time'. The company is still in talks with investors about the percentage to be targeted but the pay of 1,200 top employees could be affected, the FT said.

***TSB** gave most of its employees £1,500 each before Christmas to reward them for handling the fallout from its IT meltdown last April. The payout cost the bank £11m and temporarily replaces the company's March bonus, which was linked to annual profits and customer service metrics and which will not pay out because TSB has missed its targets. The bank is expected to report a loss for 2018 and has yet to resolve 66,000 out of 184,000 customer complaints lodged in the wake of a botched IT platform migration that left some bank customers shut out of their accounts for weeks. The December payment was equivalent to a seven percent bonus for frontline staff, who earn around £21,000 on average. Part-time staff and new joiners received a smaller amount. TSB senior executives did not share in the pre-Christmas payout and are not expected to receive any full-year bonus. A TSB spokesperson said the payout was to thank staff and reflect "the exceptional team effort across the business to put things right for our customers." Staff usually benefit from a profit-sharing scheme paid as a percentage of salary.

Post Brexit fears for UK plans in the EU

**"The fundamental problem with a no deal Brexit is that, in the absence of a Withdrawal Agreement under Article 50, there is no legal basis for a smooth exit,"* wrote Peter Foster in *The Telegraph.*

"The status quo transition period that Brexiteers imagine buying off the EU is a unique creation that is made possible by Article 50, which acts as a bridge to a future relationship with a departing member state. Transition does not legally exist without a Withdrawal Agreement. In a no-deal world, the UK defaults into being a non-member EU state, a so-called third country. This abruptly leaves the UK acting on a minimalist legal base with the EU, affecting everything from trucking permits to data transfers and derivative contracts. On data flows (the lifeblood of modern business) the EU is ruling out temporary equivalence, forcing businesses into costly and cumbersome alternatives. Only on financial services is there some small measure of latitude." Centre chairman **Malcolm Hurlston** said: "UK-based global share plan sponsors want to know now whether they will be able to extend their plans within the EU post Brexit on the same basis as hitherto...They have no wish to wait until March 29 to find out. The present impasse is a scandal."

*The European Commission has advised financial services firms they should consider relocating to the EU if they want to continue selling products there, because they "***will no longer be allowed to provide services in the EU on the basis of their current authorisations."***

The Commission's statement of measures to protect its 'vital interests,' in the event of a hard Brexit, explained: ***"Financial institutions that wish to provide banking or insurance services in the EU should take all necessary steps to be properly authorised on withdrawal date, including by establishing presence in the EU27."***

*The **European Court of Justice** ruled that the UK can unilaterally withdraw its Article 50 Brexit notice. The UK can do this prior to (i) the coming into force of the Withdrawal Agreement, or, if there is no Withdrawal Agreement concluded between the EU27 and the UK, (ii) prior to March 30 2019, or, if there is an extension of the two year sunset period, (iii) prior to the end of such extension of the *sunset period.* The timing for a declaration for an Exit from Brexit is now clear; the judgement gives the UK parliament an option which was not available before.

*Banks, insurers and other financial services companies are in a race against the clock to clinch licences and bolster their continental workforces before Britain leaves the EU. Without a comprehensive trade deal between the UK and EU covering financial services, companies risk having no replacement for lost passporting rights, which currently allow firms to serve clients across the bloc. The crucial vote in parliament over the proposed Brexit withdrawal agreement has been postponed until mid January, putting in doubt a transition period that would extend cross-border access for banks until December 2020. This means firms have little choice but to shift employees, assets and clients from the UK in preparation for a no-deal and no-transition scenario.

Royal Bank of Scotland (RBS)** was preparing to move a third of its investment bank clients and billions worth of assets out of the UK to Amsterdam. RBS Group lodged an application at Scotland's supreme civil court to transfer European clients of its NatWest Market business to its Dutch subsidiary. It would allow RBS to shift around 30 percent of the investment bank's customers out of the UK – about 20 percent of its revenues – to safeguard its business against a no-deal Brexit. The bank confirmed it will shift around £6bn worth of client assets and £7bn in liabilities from its UK business to its new EU hub. If, however, the UK were to strike a transition deal, the customer migration "may be more gradual and subject to further political developments", RBS said. *****London may lose up to €800bn (£700bn) in assets to rival financial hub **Frankfurt** by March 2019 as banks start to transfer business to the German city before Brexit day, reported *The Guardian. The lobby group **Frankfurt Main Finance claimed that 30 banks and financial firms had chosen the city as the site of their new EU headquarters. Several banks – including **JP Morgan, Goldman Sachs** and **Morgan Stanley** - are planning to spread their operations across Frankfurt and other cities including Dublin and Paris. Ultimately, this will mean draining billions of pounds worth of assets from London to companies' German operations within months. *"All in all, we expect a transfer of €750bn to €800bn in assets from London to Frankfurt, the majority of which will be transferred in the first quarter of 2019,"* said Hubertus Väth, md of Frankfurt Main Finance. "Banks are faced with the choice of either relocating only what is absolutely necessary or preparing for the relocation of the entire business," Väth said. *"In any case, it is clear that considerable second-round effects will follow,"* he added, highlighting the possibility that further job losses and asset moves were on the horizon. **Lloyds, Standard Chartered, Credit Suisse, Citigroup** and **Nomura** are among the banks planning to expand or set up new offices in Frankfurt in light of Brexit. The City minister, John Glen, last month backed **Bank of England** estimates that Britain is likely to lose about 5,000 City jobs by the time the UK leaves the EU on March 29 this year, but Frankfurt Main Finance believes that up to **10,000 jobs** could move from London to Frankfurt alone by 2022. Germany moved one step closer to loosening its labour laws, which had been seen as a hurdle in attracting more banking jobs. The changes were first proposed as part of a government coalition agreement after the German elections in March and will make it easier for firms to sack high-earning bankers.

*London's investment bankers were braced for an average four percent fall in their 2018 bonuses, to be announced by their employers this month. For a post-Brexit slump in corporate finance activity has started to bite into City pay, claimed a remuneration report by **Options Group**, the executive search firm. By contrast, dealmakers on Wall Street are expected to receive an average three percent more. The difference will extend the yawning gap between US and UK banker pay. A senior M & A banker in New York can expect a 2018 bonus of between $1.5m and $2m, while an equivalent executive in London is in line for $550,000 to $900,000, the report said. London dealmakers, however, will fare better than their counterparts in continental Europe, where bonuses are set to decline by an average of almost seven percent. “Concerns over Brexit have weighed on deal volumes in the UK this year, while political instability in European countries impacted European deal activity,” said Mike Karp, ceo of Options Group. “By comparison, Wall Street bankers have performed well.” UK equity advisory bankers are predicted to be especially hard hit, with bonuses slipping by an average of ten percent on last year, the data showed.

*Initial public offerings and subsequent follow-on issues in Europe, the Middle East and Africa have fallen in the wake of the UK’s Brexit vote. As a result, investment banks’ equity capital markets divisions in the region had brought in revenues of only $2.6bn in the year to end November, according to **Dealogic**, the data provider. This was 25 percent down on the same period in 2017. The year was a tale of two halves. M&A activity surged in the first half of the year. The $66bn acquisition of **Monsanto,** the large agricultural group, by **Bayer**, the German pharma and chemical company, generated $248m in revenues for bank advisers and they received $74m in fees from Comcast’s long-running $53.3bn takeover of **Sky**. However, in the second half, investment bankers cited a drop-off in big deals and a change in sentiment that dampened appetite for further M&A.

* “Due to the ongoing uncertainty about the fate of the Withdrawal Agreement, there is increasing risk of a disorderly Brexit with far reaching consequences for business if the UK has to trade on WTO terms,” said Catriona Hatton, of *Baker Botts’* Brussels office. “In some sensitive sectors, such as air transport, the EU and UK may find a stop gap solution by putting in place bare bones agreements to ensure continuity of supply,” but this is unlikely to be an option for many sectors. “*Continued uncertainty makes many US, UK and continental European executives increasingly anxious.*

Companies in Europe are accelerating the roll-out of their Brexit contingency plans if they have operations in the EU and UK that would be impacted by a hard or no deal Brexit. This may prove to be a costly exercise if the Agreement enters into force, but in the current climate, companies need to plan for a hard Brexit.”

*The Temporary Permissions Regime will allow EEA firms and investment funds to continue regulated business in the UK, if the UK leaves the EU in March 2019 without an implementation period in place, said the **Financial Conduct Authority:** To prepare to enter the regime, firms and fund managers are reminded to take these steps

now: Complete our online survey about their operations in the UK; Register for our Connect system; Firms should check their passport on the FS Register and let the FCA know asap, through the national competent authority, of any changes. If this information is not on the Register, please contact us. Fund managers should check which funds they are actively marketing in the UK and let the FCA know asap, through the national competent authority, of any changes.”

* ‘No deal’ Brexit regulations on postal packets are imminent. SI 2018/1362 introduced a new section ***16A VATA 1994*** from December 16. This provides HMRC with the power to make regulations imposing a VAT liability on people sending goods into the UK by post, and such regulations are likely to be published very soon. Their aim appears to be outlined at p.47 of HMRC’s Partnership Pack (2nd edition), which sets out that non-UK sellers will be expected to register with HMRC and account for UK VAT through a new technology-based solution from early 2019, if they are sending parcels valued at up to £135 to the UK. For more detail, refer to the **Deloitte** Indirect Tax Brexit Portal.

EMI options exercised after death

HMRC confirmed that an Enterprise Management Incentive (EMI) share option can be exercised after death of the holder, provided this possibility was written into the EMI agreement at time of grant. HMRC issued a statement after receiving an increased number of questions about options being capable of exercise after a person’s death. It said; “If the intention is for the Enterprise Management Incentive (EMI) option to be capable of being exercised after the person’s death, *this provision must be written into the EMI option agreement at the date of grant.* However, adding this provision **after** the date of grant would be providing a new exercise trigger right and would be treated as a fundamental change. A fundamental change results in the option being re-granted. Option agreements which allow for options to be exercised for a longer period than 12 months after a person’s death do not meet the requirements of the legislation to be qualifying EMI options, added HMRC.

Entrepreneurs' Relief more problematic

There was concern before the autumn Budget that **Entrepreneurs' Relief (ER**) might be abolished, wrote Centre member **Pett Franklin** in a share schemes update. Abolition of ER had been recommended in a report by the think tank, ***Resolution Foundation,*** which argued that the cost of the relief (estimated at £2.7bn annually**)** was not justified by the impact on encouraging new businesses. The chancellor confirmed that the relief is to continue, but a package of measures, one previously announced, are likely to act together to reduce the scope of the relief substantially. From April 6, legislation will take effect to allow shareholders who satisfy the requirements for holding shares in a personal company to avoid the loss of the relief as a result of their interest being diluted below five percent. They will have the ability to elect to crystallise their relief at the date of the dilution while making another election to pay their tax on the date of the disposal of the shares.

However, it is questionable how helpful this relief is for a successful company needing finance to allow its full value to be realised. For disposals occurring after April 5, instead of being required to hold shares qualifying for relief for one year, the requirement will be for shares to be held for a qualifying period of **two years**.

The biggest concern relates to the requirement for an individual to have a five percent financial interest in the company to qualify for ER. Previously, the requirement was simply for the shareholder to be entitled to five percent or more of votes and five percent or more of the nominal value of shares. ***There was no requirement for a five percent economic participation.*** This has now changed so that, broadly, for disposals occurring on or after October 29 last year, the individual claiming **relief must have a right to receive at least five percent of distributable profits AND at least five percent of the net assets of a company.** This is likely to have a substantial impact on entrepreneurs of successful companies where maintaining a five percent economic interest may be incompatible with the requirements of the company to raise capital satisfying the qualifying conditions and which results in the EOT acquiring at least 51 percent of the share capital of the company within the same tax year as the disposal. The relief was intended to encourage the development of employee ownership structures through the provision of the CGT tax relief and a further income tax relief on all employee bonuses of up to £3,600 per year. EOTs are more popular as a result of owners recognising both the tax and commercial benefits of selling their companies into employee ownership. Pett Franklin has been working on EOT transactions as a result of which it has developed its thinking on the most effective approach and some of the challenges to be overcome.

It said "The Budget changes concern the 'personal company' test, which must be met by individuals who want to claim ER on a share sale. Where a business has one share class, this may not sound complicated as one would assume that the entrepreneur would typically participate in dividends and net assets pro rata. However, businesses often have multiple share classes. Where there is more than one share class, careful thought needs to be given to whether an individual is beneficially entitled to five percent of distributable profits. If the Articles of Association are silent on this point, or state that dividends are at the discretion of the board, is the condition met? Clarity from HMRC on this point is needed.

The net asset test creates further complexity. This new provision will undoubtedly impact companies with certain types of share incentives, such as growth share plans or private equity type share structures with ratchets and 'waterfall' arrangements, where the net assets are not divided pro rata between shareholders. For those that think there is an easy fix and rush to amend the company's Articles of Association, a word of warning: If the share rights are changed to grant fixed rights to dividends and net assets, this may well result in an increase in value of relevant shares and consequently an income tax charge under employment related securities legislation may arise. Arrangements specifically designed to secure ER may well fall into the territory of the general anti-abuse rule (GAAR). Tax advice should be sought before acting.

Business owners with an exit on the horizon may find it worth considering whether a sale to an **EOT** is feasible, an option which can deliver a zero rate of tax on sale. In the meantime, for those with time to plan ahead, it may be possible to implement share structures which do not fall foul of the new rules from the outset. For those on the brink of a sale, urgent advice should be sought. At first sight, the extension of the qualifying period from one to two years to support longer term business investment seemed relatively harmless and not unreasonable, given that most genuine entrepreneurs will own the business that they have founded or grown for at least a two-year period, said RSM. This change applies to disposals on or after April 6 – which gives a small window of opportunity for anyone who currently meets the one-year qualifying holding period requirement but who will want to sell before they meet the new two-year qualifying period test. Advisers are already rolling up their sleeves in readiness for a flurry of business sales in the run up to the end of March.

Backlash over utility pensions cut

British Gas owner **Centrica** faced a backlash from its 11,000 engineers over cost-cutting plans to reform their pensions, reported *The Guardian.* Leaked comments from internal message boards showed that employees were furious over pensions being targeted for savings while leaders continued to receive multi-million-pound reward packages. Matthew Bateman, head of residential services at British Gas, told staff on one thread that he understood concerns but said he would "be impacted by the changes in the same way as everyone else if they are accepted." He added: "without fundamental change to our cost base we will not grow" and warned the pension scheme may be closed if engineers reject the reforms in a ballot. However, the fight to secure savings from the pensions scheme for engineers will not be easy. "What we are being offered to sell our retirement is a disgrace. Have the senior leadership team looked into reducing their own salaries and bonuses?" said one staffer on a message board. Another echoed the anger over company directors' reward, citing ceo Iain Conn, who enjoyed a 40 percent pay rise to £4.15m last year. "There's all this talk about how it's going to affect us yet there is no clarity on how Iain Conn and the senior leaders are going to be impacted. People should stop taking million-pound bonuses and shares out of the company," they wrote. One engineer said that if the changes go through, then staff would have to live out their retirement on £190,000 less over a 15-year period.

Southern Water** has had to double payments to its deficit-laden pension fund and share future dividends with the scheme, after being accused by regulators of paying bumper payouts to shareholders at the expense of its growing pension black hole. The company, which has a £252m pension deficit, has promised to pay an extra £50m into its fund after an investigation by **The Pension Regulator (TPR)** found an "imbalance" between the funds contributed to the scheme and the level of dividends paid to shareholders in 2016 and 2017. "The risk to member benefits was unacceptably high," said regulator Nicola Parish. "We are clear that we will take action where we see substantial dividends with low scheme contributions and long recovery plans." Southern Water promised to pay the extra money in a shorter period of time and has introduced a new system that means it will have to increase the amount it pays into its pension fund if dividends paid to shareholders reach a certain amount. The disparity between shareholder payouts and pension contributions has been a major area of focus since the collapse of **Carillion** earlier this year, when **Frank Field**, **MP,** chairman of the Commons work and pensions committee, criticised the company for "falling short" on contributions for 10 years while "shelling out dividends and handsome pay packets". Earlier this year, **environment secretary Michael Gove** publicly attacked water companies for pouring 95 percent of their profits – ***£18.1bn *– into shareholders' pockets between 2007 and 2016. "Ten years of shareholders getting millions, the ceo getting hundreds of thousands, and the public purse getting nothing," he said.*

WORLD NEWSPAD

The States of Jersey (the island's government) approved the introduction of a new International Savings Plans (ISP) regime that came into effect from January 1, said Bedell Cristin. The new ISP regime will serve multi-national companies wherever they are based with employee incentive arrangements, as well as employers in the Gulf Cooperation Council region to assist with their end of service benefit obligations. Proposed by the Jersey Pensions Association with support from Jersey Finance, the scheme enables large international institutions with globally mobile employees to establish savings plans in Jersey for non-resident employees. An ISP is distinct from a pension scheme, as it can pay out benefits not just on retirement, but in a wide range of circumstances. For example, it can provide benefits to employees when their employment ceases, when they are transitioning between jobs, retiring or faced with other life changing events. Nancy Chien (chairman of the Jersey Pensions Association and a Bedell Cristin partner) has been instrumental in shaping this new legislation. She said: "Employers are looking for flexible employee incentive arrangements for retaining key talent. Jersey has an excellent track record in pensions and share plans, and the introduction of ISPs enhances that by demonstrating that we're a modern jurisdiction that can adapt to the changing needs of clients."

Many EU tax regimes punish stock options

Thirty European tech start-ups warned that the EU's "inconsistent and often punitive" rules that govern employee ownership were hindering their businesses. The entrepreneurs, said that laws on the continental mainland make it costly for employers to award stock options to employees. The result was "a brain drain of Europe's best and brightest," they claimed. The warning to EU policy makers came as research by venture capitalists and Centre member **Index Ventures** found that employees own only ten percent of late -stage start-ups in Europe, because of limitations brought about by regulations, but by contrast in the US, it is 20 percent. The letter by the tech founders claimed the regulations made it hard for talented employees to give up their current careers, usually at big tech companies, to join new start-ups. In Belgium, taxes are paid on stock options when they are granted, rather than when they acquire the shares. If the start- up fails, staff could end up paying for nothing. Rules in some countries *are "so punishing that they put our start -ups at a major disadvantage to their peers in Silicon Valley and elsewhere, with whom we're competing for the best designers, developers, product managers and more,"* the ceos wrote. Index Ventures, who co-ordinated the letter, ranked how encouraging current laws and tax regimes are for employee ownership in different countries across Europe. The UK and France were ranked ahead of the US, but Germany, Spain and Finland were ranked among the worst. Samir Desai, co-founder of **Funding Circle**, Patrick Collison, co-founder of **Stripe,** and Markus Villig, founder of **Taxify** signed the letter.

US: Top-performing — and sometimes less than top-performing — ceos are rewarded with lucrative contracts that generally include salary, bonuses, stock and options grants, and benefits. In a few cases, ceos are set to earn more than $100m in total compensation in 2018, said the online news bulletin *24/7 Wall St.* It reviewed data from Equilar Inc on the total compensation of US ceos to determine the highest paid in 2018. Calls for corporate accountability have grown louder in recent years. Many feel that ceo pay has become excessive, especially when compared to many of their average employees. **Each of the 25 highest-paid ceos among major publicly traded companies is paid at least 200 times the average salary of their employees**. Mindy Grossman, ceo of **Weight Watchers International**, has the highest ceo-to-average-worker-pay ratio —

10	Stephen Kaufer	TripAdvisor	$43.2 m
9	Ronald F. Clarke	FleetCor Tecnologies	$45.1 m
8	Jeffrey L. Bewkes	Time Warner	$49.0 m
7	Dexter Goei	Altice USA	$53.6 m
6	W. Nicholas Howley	TransDigm Group	$61.0 m
5	Gregory B. Maffei	Liberty Media & Qurate Retail Group	$67.2 m
4	Leslie Moonves	CBS	$68.4 m
3	Michael Rapino	Live Nation Entertainment	$70.6 m
2	Frank J. Bisignano	First Data	$102.2 m
1	Hock E. Tan	Broadcom	$103.2 m

earning **5,908** times more than the company's average employee.

There has been a recent push to hold powerful executives more accountable for their personal actions. Les Moonves stepped down as the head of **CBS** after six women accused him of sexual harassment and Steve Wynn left **Wynn Resorts** after similar claims against him. To determine the 25 highest paid ceos in 2018, 24/7 Wall St. reviewed data compiled by Equilar, a provider of executive compensation tracking tools and data. Equilar ranked the top 200 ceos by their total compensations, which generally include salary, bonuses, stock and options grants, and benefits. Each company's annual revenue came from US Securities and Exchange Commission filings.

Oz: Westpac shareholders gave the bank a yellow card on executive reward in protest over bonus cuts they say did not go far enough. The bank's chairman, Lindsay Maxsted, told shareholders that more than half the votes cast ahead of the bank's agm were against the remuneration report. All but one Westpac group executive had short-term cash bonuses cut and top-tier staff saw an average 25 percent drop in rewards, but the bank still joined **Telstra, Tabcorp and Harvey Norman** in getting a yellow card (*'first strike')* during a volatile agm. Westpac shareholders cited unhappiness over the size of bonuses amid the fallout of the scandals heard at the financial services royal commission. "Although the board took events over the year into account, many have questioned whether we went far enough, particularly in reducing short-term variable reward paid to the ceo and other executives," Maxsted said. He defended the bonus structure but said the bank would respond to the sizeable revolt, which puts the board at risk of a second strike and spill vote at next year's agm. "The board takes your feedback very seriously," Maxsted said. "Given the many concerns expressed we will reach out to more shareholders this year to fully capture and understand your views." The cash bonus handed to Brian Hartzer, the bank's ceo, was down about 30 percent for a year in which profits were flat and the big banks were hauled across the coals at the royal commission. Hartzer's total realised remuneration fell 9.4 percent. Maxsted said the issues raised at the royal commission – which included Westpac's admission of falsely witnessed loan documents – did not represent the culture of the industry or the bank.

Denmark's main opposition party, the Social Democrats, will introduce stricter caps on executives' bonuses, higher levies on capital gains and a doubling of inheritance tax if it wins the next election. The proposals are designed to combat rising inequality, which poses a major problem for the country's cradle-to-grave welfare state, the party said. They represent a tack to the left compared to the Social Democratic government of former leader **Helle Thorning-Schmidt** *(alias TV hit series Borgen)* who served as PM between 2011 and 2015, and come in the wake of public outrage over white-collar crimes and a money laundering scandal at Danske, Denmark's biggest bank. The Social Democrats have consistently led in the polls ahead of the election that must take place by June 17. Their proposals include:

- A wider and stricter cap on bonuses of 20 percent of executives' salaries
- A ban on companies being able to claim executive pay as corporate costs on salaries exceeding 10m kroner ($1.5m).
- Extending the offer of bonuses and stock options to 80 percent of employees
- Mandatory disclosure of management incentive schemes
- A higher tax ceiling on capital gains of 52 percent, from its current level of 42 percent
- A European financial transaction tax and EU corporate tax floor
- Unilateral taxation of digital companies

Send your share scheme stories to newspad

The Centre is always happy to publish in newspad stories from employee share scheme sponsor companies and/or their advisers about Eso schemes which have either matured, or launched recently. Readers like to know why specific schemes were launched, whether the main objectives were achieved, whether the schemes were financially successful and what the average employee participation rate was. Please email your share scheme information to newspad editor, Fred Hackworth, at: fhackworth@esopcentre.com for publication in the next issue.

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