

 **newspad
summit**

Paris 2018

The Esop Centre

Linklaters, Paris

June 21—22 2018



Linklaters

#EsopParis18

Download the presentation slides at the following URL: <https://tinyurl.com/esop-paris-18>



Welcome

Welcome to the second *newspad* summit, which is being held in Paris, courtesy of extensive support from Linklaters, the global legal group which is a leading member of the Esop Centre.

newspad is the leading Esop publication with wide coverage. Its readers within the employee equity world are all experts within their specialities. It does not just sit back and monitor events nor descend into sycophancy and puffery – it runs sharp campaigns in its columns to try to rectify serious injustices in employee share ownership, such as the Roadchef scandal, in which hundreds of former employees who participated in the company scheme are STILL awaiting compensation, 20 years later, for their shares which were removed without their knowledge. *newspad* provides a high-level forum for examining likely developments in employee share schemes, or La Participation Financière des Employés (EFP), as it is called on much of the European mainland, including France. You can find *newspad* every month on the Esop Centre website.

I would like to record the Centre's thanks to Paris-based FONDACT and the International Association for Financial Participation (IAFP), who have given this two-day event their enthusiastic support. They have provided several of the speakers whom you will hear later today explaining the ins and outs of our subject matter in France and giving us an insight into all-employee share participation in large companies like Saint-Gobain. President Macron is a fan – so much so that he is lowering social charges imposed on smaller companies which introduce such plans (L'Intéressement) in order to double the percentage of SMEs – currently 16 percent – who operate employee equity plans.

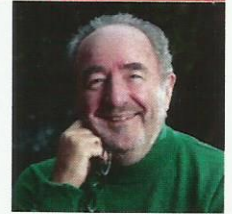
When I spoke to you at the inaugural summit in Paris a year ago, I refrained from speculating on what kind of leaving terms the UK was likely to negotiate with the rest of

the EU. With good reason, so it has proved, as we are little further forward in framing a lasting agreement, despite being only nine months away from the technical Brexit date.

Understandably, you seek more information about the potential impacts of Brexit on UK originated Eso share plans which have expanded into EU jurisdictions - and vice versa for foreign multinationals who operate broad-based plans in the UK. We have a major presentation on that issue and I hope you will discuss with our speaker experts what these impacts are likely to involve. For example, how bad could it be if the UK loses its exemption from the EU's Prospectus Directive?

This event brings together a wide range of experts – accountants, bankers, consultants, lawyers, trustees, HR and compensation specialists from companies – to give you updated reports about what's happening in the employee equity/EFP world. Our speakers impart this information in two ways: by sharing details of major new Eso/EFP plans and by explaining complex technical issues which can arise when such plans are installed. You will hear how employee financial participation is offered in both Saint-Gobain and Airbus, who collectively employ more than 300,000 people in many jurisdictions. Our thanks go to speaker Jorgen Pedersen from Saint-Gobain and Jennifer Rudman & Graham Avinou from Equiniti, plus Angelina Lederle from Airbus. Tomorrow, Solium will present insights from a recent survey of global companies on how they get the best out of their employee equity plans.

We are pleased to welcome newcomers, but it is equally encouraging to see old friends. We rely on your support, for the Centre has to recover its costs, including staff time, incurred by staging these events, which help make the employee share ownership world a more interesting place. We are more than an industry here - we are true believers who



want to make the world a better place through employees owning shares.

In addition, our programme analyses executive equity reward in both the UK and the US; the impact of Mifid II and GDPR on international regulatory compliance and corporate governance; cross-border share plan operations; share plan administration; the use of trusts in SME succession via employee ownership and equity plan communications. I admire especially Linklaters' counsel Ras Berglund for taking on the job of explaining the impacts of both Mifid II and GDPR on our world.

The Centre takes an interest in executive remuneration, not least because huge amounts of equity have been paid out, sometimes regardless of the underlying performance of the companies concerned. However, at last investment fund managers and other City institutions are shouting out loud about perceived executive reward 'excess' and encouraging other shareholders to vote collectively at the annual general meetings against the minority of companies whose top brass continue to enrich themselves, often through huge share awards in dubious incentive plans. I like to see employee shareholders able to use their own voting rights on these issues.

Does employee shareholding raise profitability? Companies in which it is well established tend to have better share price performance than those which have no broad-based employee share plans. However, Eso/EFP has to be combined with open and effective two-way management practices. The Centre supports more company disclosure - we want to see quoted corporates including information about their all-employee schemes in their annual reports.

Smaller companies in the EU need the many benefits that employee share ownership can bring to their operations - greater staff loyalty (hence lower recruitment costs),

rising productivity and a more cohesive, involved and motivated workforce, often with lower rates of absenteeism. However, in both France and the UK, many SME companies do not know how to make full use of employee ownership. During tomorrow's session, we will hear three key presentations dealing with different aspects of how best smaller companies can use employee ownership to pass on the business, how they can best use share option awards to reward talent and how they can use trust structures to enable loyal employees to absorb the ownership feeling. You will be given other examples of shared ownership in both Germany and Spain. I urge you strongly to make the most of these presentations tomorrow morning.

Plan sponsors and their advisers need to come up with fresh ideas. All the schemes they know and love date back to an era when the Financial Conduct Authority wasn't even a twinkle in a chancellor's eye. They may provide the basis for an industry but as a mission they reek of yesterday.

Fred Hackworth has suggested to me that for all-employee plans, three years should be the maximum for full vesting, that we need more free matching share provision, plus one-off bonus share awards for participating employees. Let's have your ideas during the course of the day and give them an airing tomorrow.

Even private equity is now rewarding all employees while the traditional schemers are happy to go through the motions.

My thanks in advance to all our speakers for joining us here. I am sure you will learn from the discussions and enjoy the socialising and the elegance of Paris.

Malcolm Hurlston

Malcolm Hurlston CBE
chairman, Esop Centre

Programme

Thursday morning

Download the presentation slides at the following URL:
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10:30 **Welcome and introduction**

Malcolm Hurlston CBE, chairman, Esop Centre

REGULATION AND COMPLIANCE IN EUROPEAN EMPLOYEE EQUITY PLANS

10:50 **GDPR and MiFID II—How recent regulatory changes have affected share plans**

Rasmus Berglund, Linklaters

GLOBAL EMPLOYEE EQUITY/FINANCIAL PARTICIPATION PLANS

11:20 **Global employee equity plan communication techniques**

David Craddock, David Craddock Consultancy Services

EXECUTIVE EQUITY REWARD

11:50 **The role of equity in the executive package and the executive personal portfolio**

Damian Carnell, Willis Towers Watson

12:20 **EMERGENCY DEBATE: UK corporate governance**

contributors include Damian Carnell, Rasmus Berglund and Malcolm Hurlston CBE

13:00 *Lunch*

Programme

Thursday afternoon

NATIONAL SPOTLIGHT: FRANCE

14:00 Case history: Airbus all-employee plans

Jennifer Rudman, Equiniti

Graham Avinou, Equiniti

Angelina Lederle, Airbus

14:45 French employee financial participation (Eso): latest developments

Nicolas Dumas, FONDACT

Jean-Michel Content, secretary general, IAFP

15:30 Refreshment break

15:45 Case history: Saint-Gobain — employee financial participation in a construction materials giant

Jorgen Pedersen, Saint-Gobain

16:15 Overview of President Macron's labour reforms, highlighting the financial sector

Géric Clomes & Lionel Vuidard, Linklaters

17:00 In light of the new start for social Europe, what is current European trade union policy towards EFP?

Marco Cilento, adviser, European Trade Union Confederation

17:30 How inactive share accounts can trap employee shareholders

Robert Scallon, Thales

17:45 Session closure

All participants are invited to join us at the cocktail party kindly hosted by Linklaters from 17:45

Programme

Friday morning

9:10 **Opening remarks**
Malcolm Hurlston CBE, Esop Centre

9:25 **Global share plan case histories**
Joel Regué & Anna Sanz, Solium

BREXIT

10:10 **The implications of Brexit for international equity plans**
Nicholas Greenacre, White & Case

ESO PLANS AND TRUSTEES

10:40 **EBT debate: 'tax havens' blacklist and trustee administration**
Trustee panel

10:55 Refreshment break

EMPLOYEE (SHARE) OWNERSHIP IN EUROPEAN SMES

11:20 **Succession planning in the UK**
Garry Karch, RM2

11:50 **Succession planning in the EU**
William Franklin, Pett Franklin

12:20 **Rewarding talent**
Dominic Jacquesson, Index Ventures

12:50 Q&As followed by summit close

Speakers



Rasmus Berglund

counsel, London
Linklaters



Damian Carnell

director
Willis Towers Watson



Jennifer Rudman

strategic development manager
Equiniti



Jean-Michel Content

secretary general
IAFP



Jorgen Pedersen

director
Saint-Gobain



Géric Clomes

counsel, Paris
Linklaters



Joel Regué

global compliance lawyer
Solium



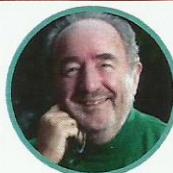
Garry Karch

managing partner
RM2 Partnership



William Franklin

partner
Pett Franklin



Malcolm Hurlston CBE

chairman
Esop Centre



David Craddock

director
David Craddock Consultancy Services



Angelina Lederle

group compensation & benefits specialist
Airbus



Graham Avinou

relationship manager
Equiniti



Nicolas Dumas

docteur en économie
FONDACT



Marco Cilento

senior adviser
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Lionel Vuidard

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Anna Sanz

global compliance lawyer
Solium



Nicholas Greenacre

partner
White & Case



Dominic Jacquesson

director of talent
Index Ventures

About

newspad

newspad is the Employee Share Ownership Centre's flagship monthly publication, edited by former Fleet Street editor Fred Hackworth. For almost 30 years, *newspad* has become staple reading for anyone with an interest in employee equities and top pay. Its comprehensive and colourful reporting covers UK tax-advantaged and non-tax-advantaged share plans, as well as international equity schemes and developments, for both employees and executives.

Employee Share Ownership Centre

The Employee Share Ownership (Esop) Centre is an international non-profit membership organisation based in the United Kingdom which principally promotes broad-based employee share ownership.

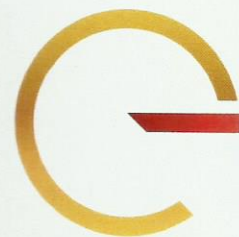
It was founded by Malcolm Hurlston CBE who with Lord Thomas of Macclesfield and David Reid of Clifford Turner brought the Esop concept from the United States to the UK and, through its legal, accounting and specialist members operating worldwide, to other countries in the EU and beyond.

The Centre supports its members with industry leading events, cutting edge news publications — such as *newspad* and the members' only *newsbrief* — and lobbying activities. Visit www.esopcentre.com to learn more.

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it's our business