

MUFG Corporate Markets

Share Plans Insights 2025

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Introduction

As Australia's leading provider of Employee Share Plan services, MUFG Corporate Markets, a division of MUFG Pension & Market Services, is uniquely positioned to observe and interpret the evolving dynamics of equity participation. With over 550 clients globally and more than 1 million plan participants, our insights are grounded in deep operational experience and a broad data set spanning 400 plans across 170 organisations in Australia.

This year's Share Plans Insights explores how companies are responding to shifting expectations around equity ownership, governance and global compliance. Broad-based share plans particularly those offering tax exempt or gifted shares are gaining traction as organisations seek to extend ownership beyond the executive level. Whilst these initiatives are well established among top tier ASX companies, their limited adoption further down the index suggests room for growth and innovation.

We also examine the increasing complexity of global plan rollouts, where communication strategy plays a pivotal role. From tailoring messages to local contexts to leveraging technology for engagement, successful implementation now depends as much on how plans are communicated as on how they're structured.

Shareholder sentiment continues to influence remuneration outcomes, with voting trends revealing both strong support and rising scrutiny. The uptick in first and second strikes across the market reflects a broader demand for transparency and alignment between pay and performance, an area where proactive engagement and clear rationale are more important than ever.

This report also covers regulatory developments, IPO related plan considerations and international legal updates, offering practical guidance for equity professionals navigating a rapidly changing environment.

At MUFG Corporate Markets, we remain committed to helping our clients design and deliver equity plans that are strategic, compliant and impactful. We hope this report provides valuable context and inspiration as you shape your approach for the year ahead.

If there is anything within this publication that you would like to discuss, please do not hesitate to contact me via the details below.

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Key Share Plan Trends

Tax Exempt Share Plans

Tax Exempt Share Plans are the most popular and common broad-based schemes operated in Australia. Over the past year, several companies have engaged our team to evaluate the implementation of broad-based plans.

It is encouraging to observe companies across various sectors submitting proposals to remuneration committees, favouring initiatives such as gift shares or salary sacrifice schemes. To implement a tax-exempt share scheme there are certain conditions that are required to qualify. These conditions are:

- ✓ The employee must not have a real risk of forfeiting the Employee Share Scheme (ESS) interest under the conditions of the scheme
- ✓ The scheme must be offered on a non-discriminatory basis to at least 75% of Australian-resident permanent employees with at least three years' service
- ✓ The scheme must be operated so that your employees must hold their ESS interests for a minimum of three years or until they end that employment

To be entitled to the \$1,000 reduction, employee's taxable income (after adjustments) for the income year must be \$180,000 or less. This is up to the employee to determine; the employer's role is to advise them if the scheme meets the other eligibility criteria. Below are some key considerations for implementing a broad-based plan.

Key considerations for implementing a broad-based plan.



Is the plan suitable for the organisation? For instance, a tax-exempt plan may not be appropriate for smaller companies with high-net-worth employees.

Does the plan deliver tangible value and promote a sense of ownership among participants?

If the scheme is only offered intermittently (e.g., once every two or three years), it may fail to provide meaningful value accumulation. Organisations should contemplate annual participation to maximise benefits.

What are the projected costs associated with the plan?

Companies should create thorough cost models that account for variables such as take up rates, potential share price fluctuations, anticipated transactions that could affect share prices, and strategies for warehousing shares in the Employee Share Trust.

How do peer companies structure their employee offerings?

This final question is frequently raised by our clients. As the largest plan administrator for organisations across all ASX indices, we offer below an illustration of the types of plans adopted according to ASX ranking. While some companies within the ASX All Ords index do offer gift share or contribution plans, these practices are not yet widespread.

ASX Ranking	ASX 50	ASX 50-200	ASX 300	ASX All ords
Long Term Incentive - with market and non-market conditions	✓	✓	✓	✓
Short Term Incentive - Internal Measures	✓	✓	✓	✓
Retention Plan - Rights or Shares	✓	✓	✓	✓
Contribution Plan - including matching share scheme	✓	✓	✓	✓
General Employee Plan (gift shares)	✓	✓	✓	✓

✓ Most offer ✓ Not common ✓ Rare

Remuneration Resolution

The Remuneration Report continues to be the key focus of investors and activists alike. We continued to witness investors using their vote as a vehicle to express discontent, not only with pay practices but with overall board and management performance.

Activists leveraged remuneration resolutions to spotlight issues related to equitable pay, transparency and the questionable alignment of executive incentives with long term company performance.

The push for more rigorous standards in executive compensation as partly driven by the influence of proxy advisors advocating for greater accountability and adherence to Environmental, Social and Governance principles, especially the governance aspect, which often receives less attention.

The votes cast by shareholders are sending a clear and powerful message to corporate boards. There is a growing intolerance for any misalignments between pay and performance, and shareholders are becoming increasingly vocal about their expectations for more stringent standards and greater accountability.

Read our recent AGM Snapshot

Executive compensation and remuneration resolutions.



83.80%

of ASX 100 companies had a 'FOR' Vote of over 90%. Up 19.28% from 2023.

51.85%

of ASX 200 companies had a 'FOR' Vote of over 90%. Down 3.15% from 2023.

72.25%

of ASX 201+ companies had a 'FOR' Vote of over 90%. Up 5.31% from 2023.

'FOR' Vote	ASX 100	ASX 200	ASX 201+
Over 90%	83.80%	51.85%	72.25%
80% - 89.99%	5.40%	14.81%	11.52%
75% - 79.99%	5.40%	3.71%	5.23%
60% - 74.99%	5.40%	7.41%	3.66%
40% - 59.99%	0.00%	14.81%	5.77%
Less than 39.99%	0.00%	7.41%	1.57%

Strikes in 2024

The 2024 AGM season featured an increase in the number of both first and second strikes against the remuneration report of companies, influenced largely by the recommendation of proxy advisors. This trend indicates that the remuneration report is often used to express dissatisfaction with Board and Management performance rather than specific issues with the remuneration policies alone, though these aspects are frequently interrelated.



In 2024, **30 of our issuer clients received a first strike**, with 9 additionally receiving a second strike.

The concept of a “second-strike” occurs when a company’s remuneration receives a negative vote of 25% or more from shareholders for two consecutive years. This second strike can trigger a Spill Resolution, which calls for a vote on whether to hold a Spill Meeting. In such a meeting, all board members except the Managing Director must stand for re-election.

Despite the gravity of spill resolutions, they are rarely successful. Even in instances where a remuneration report is overwhelmingly rejected for a second time, the subsequent spill motion often fails to pass. This outcome suggests a complex dynamic where shareholders may desire to signal their discontent without necessarily wishing to unseat the entire board, reflecting nuanced views on governance and performance accountability. Below are some recommendations to assist in avoiding the strike.



Review the remuneration framework regularly to align with changing business environment and regulatory change.



Enhance by engaging external consultants for recommendations and implementing changes to align with key stakeholder expectations.



Communication to be formulated that is easy to understand and appropriate for the broad range of audience.



Engage key stakeholders throughout the year to have a constructive dialogue and understand their concerns and articulate company rationale behind the scheme framework.



Upfront activity as remuneration is key agenda item for discussion with major shareholders and proxy advisors.

Communication

More than ever, companies have a global workforce and prefer to have a single plan that provides similar value. Fitting the same plan in all jurisdictions and meeting compliance requirements is challenging and that makes communication strategy evermore critical to have a successful employee scheme.

As the plan administrator for several global employers, we have the privilege to work with client communication teams on developing the strategy that suits their employees. Below outlines the practical steps and methods used to implement a communication strategy globally that all companies should take into consideration to ensure the strategy is tailored to fit the cultural and regional nuances, making it relevant and effective in each region.

Global Coordination: Ensure all regions are aligned with the overall communication strategy. This should include regular meetings and updates to keep everyone on the same page.

Alignment with Overall Strategy: All regions being aligned with the overall communication strategy is crucial. While each region may have its own specific tactics, they all contribute to the broader global strategy.

Localised Messaging: While the overall strategy is global, the messaging is tailored to fit the cultural and regional nuances of each area, ensuring that the communication is relevant and effective for everyone.

Use Technology: Leverage technology to facilitate communication across different regions. Including collaboration tools, video conferencing, and other digital platforms to ensure seamless communication.

Compliance: Conduct thorough due diligence on legal, regulatory, and financial obligations in each region, and provide a global appendix summarising compliance requirements.

Feedback Mechanism: Implement systems to gather feedback from different regions to help understand the effectiveness of the communication strategy and making necessary adjustments.

Tax: This covers withholding and reporting obligations, recharge and deductibility, moments of tax, and key issues in the UK, USA, and Canada. It also emphasizes balancing global consistency with country-specific rules.

Global Due Dilligence and Compliance: Understanding and adhering to various regulations such as tax, securities laws, foreign exchange, documentary requirements, employment/labour laws, data protection, and salary deductions.

Training and Support: Provide training and support to ensure that all team members are fully equipped to execute the communication strategy effectively. This includes workshops, online courses, and other resources.

Securities Laws and Foreign Exchange: Including understanding exemptions, dealing with tricky countries, and finding solutions to navigate the fine print.

Cuscal: In the Spotlight



As a leading player in Australia's payments ecosystem, Cuscal Limited continues to innovate in how it engages and rewards its people. We spoke with Freya Smith, Chief Legal and People Officer, to explore how Cuscal's employee share plans are shaping culture, driving alignment with shareholders, and fostering a sense of ownership across the organization.

Tell us a little about Cuscal and your role.

Cuscal is an authorised deposit taking institution (ADI), with the licences, connectivity and processing capability to support all payment types and regulated data services. The combination of these capabilities and credentials within a single organisation in Australia is limited to the four major Australian banks and Cuscal. Cuscal powers seamless and secure connections for its clients and their customers. Having originally been formed in 1966 to service Australia's mutual banking organisations, Cuscal's business has focused on innovation and investment to expand its capabilities to be a leading player in Australian payments.

I am Cuscal's Chief Legal and People Officer and Company Secretary and I lead Cuscal's Legal and Secretariat, People & Culture and Procurement and Vendor Management functions. As part of my role, I am responsible for Cuscal's remuneration framework and policies and all our incentive plans.

What plans are employees able to participate in?

On listing, Cuscal established a Tax-Exempt Employee Share Plan (ESOP). The ESOP provided for grants of shares up to \$1,000 to all Australian and New Zealand permanent full-time or permanent part-time employees and was designed to encourage long term ownership for staff and alignment of staff with shareholders. We want staff to have a belief in the future, hold shares long term and receive dividends. The ESOP involved the grant of shares subject to disposal restrictions, which comprise a restriction on disposal of a period of three years from the allocation date or until the participant ceases employment with Cuscal, whichever occurs earlier.

Why did Cuscal offer shares to the employees as part of the ASX listing ?

We believe that any cost of the gift shares is far outweighed by the future benefit of improving culture. It also provides an opportunity for some staff who may not have owned shares before to become an employee owner. We have seen many examples of the attitudes and behaviours change in staff once they become shareholders and how they align better with shareholders. So, our goal is to ensure our staff have a chance to own shares.

How do employees value the plan?

The plan to date has been successful as more staff understand the benefits. Having ownership in the company has helped staff to be aligned with shareholders and Cuscal's long-term performance. The concept of ownership is an important mindset which helps staff to reach their potential and improve their performance.

What were the key challenges in implementing the new plans?

There is always a fair bit of work done behind the scenes with advisors to make sure we cover all the bases for regulatory requirements including legal and tax.

What feedback have you received from employees since the launch of the plan?

A lot of employees have commented that through being a shareholder, they have improved their financial knowledge and how Cuscal makes money which has had a knock-on effect to alignment internally. The ESOP has created a sense of being one big team across all the enterprise and has helped lift motivation and performance of individuals and teams.

Spotlight: Rolling out a share plan as part of a Listing on the stock exchange

Listing on a stock exchange represents a significant milestone for any company, reflecting the dedication of directors in shaping corporate strategy as well as the commitment of the executive team and employees who execute that vision. While a privately held company is able to operate an employee incentive scheme, it often faces challenges such as limited share liquidity, static share prices, and restricted windows for share transactions.

Upon listing, employees gain the ability to trade shares and monitor share price movements, which presents an ideal opportunity for organizations to share their success by implementing an employee incentive plan. Below are some considerations when implementing an employee incentive scheme during the listing process:

- ✓ Determining the maximum number of securities issuable under the employee incentive plan.
- ✓ Benchmarking incentive plans against peer group offerings.
- ✓ Reviewing existing employee incentive plan rules to ensure they remain fit for purpose.
- ✓ Assessing whether current plans permit different types of instruments (e.g., options, shares, rights).
- ✓ Evaluating any provisions that may restrict transaction automation, such as requirements for manual withdrawal of shares upon cessation of employment instead of automatic transfer.
- ✓ Ensuring plan rules reference the current Corporations Act and determining whether separate plan documents are required for different schemes or if multiple offerings can be managed under an umbrella plan.

Tax Considerations

- ✓ Reviewing potential tax implications when converting unlisted shares to listed, fully paid ordinary securities.
- ✓ Establishing the appropriate valuation for tax purposes if securities vest upon listing.

Project Management

- ✓ Coordinating the timing of offers, acceptances, and security issuances to ensure employee allocations are accurately communicated to the market at the time of listing.

Communication

- ✓ The transition to listing provides a valuable opportunity to foster positive sentiment by ensuring employees feel recognized and rewarded. For many, participation in an employee share scheme may be a new experience; therefore, clear and accessible communication regarding plan mechanics, benefits, and tax implications is critical. Hosting webinars and facilitating employee inquiries throughout the process will support a smooth and successful implementation.



Regulatory Updates

Consolidation of Unquoted Security Codes for Employee Incentive Schemes

As per the [ASX Guidance Note 30](#), options or conditional rights granted under the same employee incentive scheme can be classified as a single security class, regardless of differences in strike prices, expiry dates, performance conditions, or vesting periods. Securities of the same type from different schemes may also be consolidated.

The ASX allows entities to consolidate unquoted securities under one code if they are issued under the same or similar employee incentive schemes. Entities should contact their Listings Adviser with details of current codes and confirmation of eligibility. Each request is reviewed individually.

After consolidation, entities should disclose the change in their next Appendix 2A or 3G, listing old and new codes. Consolidation of ordinary securities with other types, or those converting at different ratios, is generally not allowed. Participation in consolidation is optional.



Global Regulatory Developments in Share Plans

Multi-award-winning law firm Tapestry Compliance has provided the summary below, showing some of the key global regulatory developments in share plans over the past 12 months.



Germany

Court decision on enforceability of leaver provisions

Developments & Trends: The Federal Labour Court of Germany has considered the enforceability of leaver provisions under local law, ruling that vested but unexercised options held by an employee who voluntarily resigned should not have lapsed. This judgement raises a number of issues, but did not clarify the position for other typical 'bad leaver' triggers such as employee misconduct. It is also unclear whether the outcome would have been different if the employee's options had not formally vested by the time of resignation.

Tapestry comments: The courts in many European countries, including Germany, tend to take an interventionist approach to provisions which may have a negative impact on employees. This case highlights the importance of approaching the design and wording of such provisions carefully from the outset, to balance employee protections with appropriate restrictions. While companies tend to prioritise global consistency in plan documentation, it is also helpful to consider the potential risks in key countries in order to maximise enforceability in the event of a dispute.



UK

Private Intermittent Securities and Capital Exchange System (PISCES) launched

Developments & Trends: PISCES, a new type of regulated platform for private (non-listed) intermittent share trading, has officially launched. The sandbox framework came into force on 5 June 2025, marking a major milestone in the UK. There are a number of advantages to the PISCES platform from an employee equity perspective, including enhanced liquidity, flexibility and even potential tax benefits. The sandbox will run until June 2030, to enable testing to be carried out live in the market with real companies and investors. UK authorities will monitor outcomes and, in due course, decide whether to transfer PISCES into permanent legislation or other next steps.

Tapestry comments: With the sandbox legislation for PISCES now in place, it will be interesting to see if this new platform is embraced by private companies. If so, PISCES could become a foundational part of the UK's capital markets, as well as a model for other countries looking to modernise private equity trading. An important point to note is that PISCES is not restricted to UK-incorporated companies; any company that does not have shares already admitted to trading on a public stock exchange (in the UK or elsewhere) may be eligible. Consequently, global employers now have a new potential liquidity route for employee equity.



USA

‘Foreign Private Issuer’ definition reviewed by the Securities and Exchange Commission (SEC)

Developments & Trends: The SEC is reviewing the definition of ‘foreign private issuer’ under US securities laws, with a 90-day comment period closing in September 2025. Foreign private issuer status is critical to many non-US companies offering employee equity to US-based employees, enabling them to take advantage of an exemption from onerous ongoing obligations which would otherwise apply.

Tapestry comments: The definition of foreign private issuer has not been amended since 2003, and among other factors, the SEC is querying whether the rules should change to reflect “significant changes in the population of foreign private issuers” over the last two decades. If the review results in it becoming harder for companies operating in the US to qualify as foreign private issuers, the impact on affected companies will be very significant.



Worldwide

Market volatility affecting employee equity

Developments & Trends: With significant global market movements in both directions recently, managing share price fluctuations at key moments in the employee equity cycle is a trending discussion point.

Tapestry comments: This is an important consideration for listed issuers in particular, as companies seek to minimise the impact of market volatility on their plans from a regulatory and practical perspective.

Tapestry has extensive experience in helping clients stay on top of developments and trends, manage legal and tax compliance, navigate challenges and optimise the reach of their employee equity plans worldwide.



[Click here to find out more about Tapestry](#)

About Us

We provides comprehensive global equity plan solutions to clients operating employee share/stock, rights, and option plans. With over 550 clients globally, operating plans in 100 countries around the world, with more than 1 million plan participants the Share Plans global service offering incorporates the full lifecycle of plan management: inception, implementation, ongoing administration, regular review and re-design, and exit.

We're the only provider in the Australian market that can provide Employee Plan Administration, Equity Award Valuations, Total Shareholder Return Reporting and Trustee Services.



Employee Plan Administration. Our dedicated account management model means that your day-to-day needs will continue to be met efficiently and effectively.



Legal and Regulatory Advice. Share Plans legal, regulatory and trustee services removes an onerous responsibility for companies and allows you to focus on your business while remaining compliant.



Trustee Services. Our Trustee Team (In-house trustee) can assist with the establishment of employee share plans trusts, including legal drafting of the trust deed, creation of the legal trust structure, establishment of holding accounts and compliance parameters.



Employee ATO Taxation Reporting. Our ATO Reporting suite is a flexible and timely solution that includes the establishment of plan taxation rules, employee statement management, and compliant and accurate company reporting.



Employee Engagement and Communication Services. Share Plans' communication materials use simple and effective language which engage and inform your employees.



Share Sale Facility. Our tailored solution includes the processing of share sales on behalf of employees upon vesting, simplifying the process.



Process Implementation and Re-Engineering. We conduct regular process and documentation reviews to ensure they simplify processes, reduce costs and client workload, improve employee and stakeholder experience, and ensure compliance.



Equity Award Valuation and Total Shareholder Return Calculations. miraqle metrics has more than a decade of experience in offering accurate, transparent, and independent remuneration data services; including Equity Award Valuations and TSR Reporting.

We are proud to be the leading provider of Employee Share Plans in Australia and would welcome the opportunity to connect with you and discuss any of the findings in this report or if you have any feedback on what you would like to see from future publications.

Visit our [website](#) to find out more or get in contact with us today.



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