



administration MATTERS

Shaped to fit your business

October 2010

- 02 Introduction and market overview
- 04 Tracking trends
The article focuses on the market trends identified at this year's Share Plan Summit
- 06 Giving company secretaries a helping hand
A detailed view of how the role of the company secretary is changing
- 08 US tax legislation – FACTA 2010
The changes from FACTA is going to have a major impact throughout the world's corporations
- 10 Employee share plans – market trends
Matthew Findley of Hewitt New Bridge Street takes a look at the impact of tax increases
- 12 Business as usual
ifs ProShare examine the state of the all-employee share plan market and how it may be affected by the new government
- 13 Breaking through the noise
The world of internal communication has changed forever and information is now a widely held commodity
- 14 SThree case study
How Capita planned and implemented the SAYE and SIP schemes for SThree

Celebrating a record year



Since we last sent out administrationMATTERS it has been an eventful year for Capita Share Plan Services. We have been exceptionally busy and, as a result of all that activity, we have won a record amount of business. I believe that's a reflection of the very high levels of service we can offer clients in what is a highly competitive market. Our performance this year is something I am very proud of and I would like to thank all our clients for their support.

Thanks also go to everyone who has contributed to this edition of administrationMATTERS. There's some really excellent content in this issue. As always, if there's anything more you want to know about any of the issues raised, please do get in touch.

I would also like to take this opportunity to introduce Christina Hamilton, our new Head of Relationship Management, Share Registration and Share Plans. She joins us from UBS where she headed the UK Client Relationship Management Team for the Corporate Employee Financial Services business. Christina has extensive experience in share plans and a passion for delivering the best service possible to our clients. I believe she will be a real asset as we seek to build on the good work of the last year in the months ahead.

Best regards

A handwritten signature in black ink, appearing to read 'D Kilmartin', written over a light blue background.

David Kilmartin
Head of Business Development
Capita Registrars

Market overview

David Kilmartin, Capita Registrars, Head of Business Development, takes a look at recent developments in the share plan market.

Reasons to be cheerful

From our privileged position as a leading supplier of share plans we have been keeping a very close eye on market developments and listening carefully to feedback from our clients and their employees to give us a better idea of how the market is developing.

Everything we are hearing suggests that, despite the economic doom and gloom that seems to surround us these days, the outlook for share plans remains very positive. We continue to see interest from companies keen to set up new share plans, as well as to bring existing ones up to date. And we're also seeing healthy growth in average share plan contributions from employees. In fact, it seems to be business as usual (see our article from *ifs ProShare* for more detail on this).

Benefiting from low interest rates

It is my belief that this buoyancy in the share plans market is down to a number of factors. Firstly, employees seem to have confidence that their

employer's stock will be worth more in three or five years than it is now. It appears that they are taking the view that stocks are undervalued currently and that economic recovery will bring a rise in stock prices, and that they will be able to benefit from them in the future.

Secondly, the interest rates available on traditional savings products - from high-street banks and building societies, for example - remain fairly unattractive. So while we have seen the rate of interest that sharesave plan members may receive decline again, take-up of these schemes remains high. It seems likely that - in the minds of employees at least - any fall in the interest rate is being outweighed by the potential they see for future stock price increases.

I think the take-up of share plans is also being affected by historically low mortgage interest rates. As people have come off fixed-rate mortgages as their expire, they have been able to benefit from much lower rates and so they have seen their mortgage payments - often the biggest item of household expenditure - fall and their disposable income rise accordingly. Having just experienced one of the sharpest recessions in modern times, employees are understandably cautious so they are looking to find

new tax-efficient ways to save for more difficult times ahead. Hence the growing interest in what share plans can offer.

Turning more specifically to what our clients are asking of us, we are seeing a noticeable increase in the demand for our international plan offer, in particular the capability to offer multilingual websites.

Prospects look promising

As I mentioned in the introduction, we have had a record year that has seen us win - among many others - the business of insurance giant RSA Group (in conjunction with our partner UBS) and home improvement retailer Kingfisher, a win that we are in the process of implementing.

With the continued expansion of our Relationship Team (see Tracking Trends article) and the buoyant state of the share plans market, I confidently expect next year to be even better.

To find out more about how Capita Share Plan Services can help your business, contact David Kilmartin on +44(0)20 7954 9773 or david.kilmartin@capita.co.uk

Tracking trends

Simon Stafford, Capita Share Plan Services' Head of Relationship Management, reports on some of the market trends identified at Capita's Share Plan Summit back in April.

This year's Share Plan Summit held at the Glaziers Hall in London was a thoroughly enjoyable event with more than 100 guests attending to discuss new ways of getting the most out of their share plans.

On the day, the audience got the chance to hear Matthew Findley of Hewitt New Bridge Street discussing why all-employee share plans are still important and commenting on the enduring popularity of the sharesave plan (SAYE). Lawyer David Pett - who literally wrote the book on employee share schemes - presented on the popular matter of executive plans and the new tax year. We were also very fortunate to be able to do a joint presentation with Standard Life on the transfer and implementation of their share plan and share register to Capita.

The event also gave me the opportunity to talk about some of the key trends that we have seen emerging in the share plans market since the last summit in 2009. Firstly, we have seen a notable movement in companies looking to complement their existing plan with other options. For example, those who already offer a share incentive plan might consider additional and complementary plans, such as a SAYE, and vice versa. We have also noticed that clients will often consider providing a dividend re-investment option with their plan.

It seems that many employees now expect to be able to apply for and manage their share plans online - as well as being more convenient we believe it provides them with an enhanced experience. It also allows our clients to reduce their carbon footprint and meet their corporate social responsibility objectives. This has meant that during the implementation of new plans we have noted a growing trend towards introducing electronic communications and employees making use of our online Shareholder Portal.



We have seen a notable movement in companies looking to complement their existing plan with other options.

Simon Stafford

Share plan health checks

These developments in the market have added further relevance to the share plan health checks that we introduced last year, which help ensure that our clients are getting the most out of their plans.

It is always worth checking that a plan is still doing the job it was originally set up to do. With that aim in mind, our health checks involve a complete review of an existing plan to identify ways in which it can be improved and brought up to date. As an example, if the outcome of the health check suggests that it is required, we can help to increase plan participation by raising awareness of it through employee briefings and client surgeries. Or we might reinvigorate the take up of an existing 'paper-based' plan - and cut our client's costs - by introducing electronic communications. The health checks are also a chance to review the plan against current market trends.

Strengthening relationships

The Share Plan Summit also gave me a chance to talk about how the role of our share plan relationship managers (RMs) has fundamentally changed in recent years.

It is no longer an administrator's role. Our clients are rightly demanding much more from their RMs and, as a result, we have become more of a partner to our customers, taking a proactive approach to managing their share plan requirements on an ongoing basis.

Because of this enhancement of the RM's role, we have significantly expanded the size and capabilities of our highly experienced share plan relationship team. We are dedicated to providing our clients with the best possible service, and committed to growing the team as our client base increases so that we can maintain - and indeed expand - that level of service.

My thanks to everyone who attended this year's Summit. As always, we would welcome your feedback on the event and any of the points raised in this article, so please feel free to contact either myself or your RM.

For more information about how Capita Share Plan Services' relationship team can help you, or to arrange a free health check contact Simon Stafford on +44 (0)20 8639 2115, or simon.stafford@capita.co.uk

Giving company secretaries a helping hand

Mark Cleland, Managing Director of Capita Company Secretarial Services, explains how the role of the company secretary is changing.

Over the last two or three years we have seen the role of the company secretary change, moving away from the old, and very unfair, view of the company secretary as the dusty old chap who takes the board minutes, to being seen as something of a non-executive corporate governance director who can be involved in all areas of stakeholder engagement, including share plans.

This is mainly because following the recent financial crisis and the introduction of the UK's new Governance Code, there has

been greater emphasis placed on governance and compliance with the Companies Act that ensure companies are run efficiently and within the relevant regulations. This amounts to a step change in the company secretary's role and one that places an enormous responsibility and workload on already busy people.

In addition to ensuring compliance with legal requirements, corporate governance codes and guidance, today's company secretary must also:

- Act as a key adviser to the chairman, being prepared to challenge him when appropriate
- Support the non-executive directors and identify training and development needs

- Take an independent stance, for example when facilitating board evaluations.

What we do

Simply put, we provide outsourced company secretarial solutions for companies that need help meeting these new challenges. However, there's often nothing simple about the work we do. For starters, the company secretary's role can be different in every company we work with. One company secretary's office could be dealing with share plans, pensions and insurance, whereas another in a different firm might just look after corporate governance.

We have a full range of clients from the FTSE 100 all the way through to





small AIM firms. Our larger clients are likely to have a sizeable company secretarial team already so we often help them with specific projects - conducting corporate governance reviews, for example. Or they may have resource issues, like a head-count freeze, and need us to provide an interim solution for them by putting people in their office straight away.

For companies that don't have the necessary resources in-house, or would prefer to use an outsourced model, we can provide a full complement of services from basic compliance with the Companies Act, all the way to strategic corporate governance consultancy.

For some of our smaller main market and AIM clients, we act as the

company secretary on their behalf, taking care of all the board meetings, minutes and regulatory compliance with the Companies Act, as well as drafting the annual report and attending the AGM.

Knowledge sharing

Keeping up to speed in the company secretarial world - where you might have six or seven things that fall under your remit on a day-to-day basis - can be very difficult. Outsourcing the company secretarial function can also assist with that problem by giving clients access to the shared knowledge base that a team of experienced company secretaries can offer. At Capita, we have 30 company secretaries who constantly share information and best practice, which

allows us to feed any new regulatory developments through to our clients to ensure they are kept up to date.

This sharing of knowledge also applies when it comes to liaising with other parts of The Capita Group. We work very closely with our colleagues in investor relations, share plans and share registration services because these all link into the company secretary's role in some form - and that allows us to bring relevant information to our clients' attention very quickly.

To find out more about how Capita Company Secretarial Services can help your business, contact Mark Cleland on +44 (0)20 7954 9524 or mark.cleland@capita.co.uk

US tax legislation – FATCA 2010

If you Google 'FATCA' or 'Foreign Account Tax Compliance Act' you'll have plenty to read. It may be an unassuming label, but the changes from this new US tax legislation passed by US Lawmakers in March 2010 are going to have a major impact throughout the world's corporations, as well as on US individuals with offshore investments it seeks to rein in.

Our interest is how FATCA will affect Capita as an entity and therefore what consequences it will have on our clients, particularly those with products and services involving underlying investments in the US.

Commentators are busy interpreting what the US has unleashed; information on which to date has mostly been at a high level. A very recently published Internal Revenue Service (IRS) Notice releasing significant guidance on FATCA seems to do much to raise more questions than it answers. So, whilst not being relaxed about this, maybe it's just as well that most of FATCA's provisions are not effective until 1 January 2013.

The generally held view is that the FATCA provisions follow the uncovering during recent years of perceived major tax evasion abuses that particularly implicate European financial firms and their underlying US customers. As with much legislation, FATCA is expected to cast an influence felt far beyond what was intended.

The over-riding objective of FATCA is to prevent tax evasion by 'US individuals' (which includes Green Card holders and tax residents as well as US citizens) receiving US source income. It does this by targeting payments made to non-US firms so enabling the IRS to better control evasion.

The over-riding objective of FATCA is to prevent tax evasion by 'US individuals'

To do this, FATCA introduces the concept of Foreign Financial Institutions (FFIs). A firm enters into an FFI agreement with the IRS in which it undertakes certain reporting and withholding arrangements on the assets and details of US individuals. The responsibilities include an assumption that an individual is a US individual unless the FFI obtains evidence (e.g. a form W-8BEN) proving otherwise – unbelievable but apparently true! If residential status can not be proved the IRS then expects the account to be closed.

The IRS apparently estimates that there will be at least 250,000 FFI's. That's 50 times more FFI's than their Qualifying Intermediaries (QI) - of which Capita is one - created by the earlier changes enacted around US

withholding tax a decade ago; and FATCA is additional to the QI regime. Not becoming an FFI is seen as a refusal to disclose the identities of US individuals and instigates a 30 per cent penal withholding on all US payments.

The IRS is promoting wide consultation (comments required by 1 November 2010) to help make the legislation more pragmatic, but there is no doubt the world is taking notice.

As with any matter of compliance, whether UK, European or US, Capita will be at the forefront to ensure compliance, right from the start. Needless to say, we have already engaged with advisors to keep up to date on the evolving understanding and what FATCA means in practice in matters of operational tax. Capita already knows that it falls within the broad definition of an FFI.

We are always happy to keep you informed as we expect there is much more to understand about FATCA. The goalposts will undoubtedly move, hopefully as the IRS takes on board some, if not all, of the global feedback.

For more information, contact John Butler, Head of Quality Assurance on +44 (0)20 8639 2455 or john.butler@capita.co.uk

Google

FATCA

Search

About 22,700 results (0.15 seconds)

Advanced search

Everything

More

The web

Pages from the UK

Any time

Past 3 weeks

Standard view

Wonder wheel

More search tools

[PDF] **Foreign Account Tax Compliance Act (FATCA)**

File Format: PDF/Adobe Acrobat - Quick View

With **FATCA**, the US is effectively attempting to initiate a worldwide exchange of information. In order to comply with the **FATCA** rules, institutions must adapt ...
www.ey.com/Publication/vwLUAssets/Br.../FATCA_2010_English.pdf

Deloitte|Foreign Account Tax Compliance Act (FATCA)|A new ...

FATCA requires foreign banks to report and disclose US interests in foreign financial institutions (FFIs).
www.deloitte.com/.../930c9948e681a210VgnVCM100000ba42f00aRCRD. htm - United States - Cached

Tax Justice Network: FATCA: new automatic info exchange tool

18 May 2010 ... This is the Foreign Account Tax Compliance Act (**FATCA**) which was enacted into U.S. law in March 2010 (with effective date of January 1, ...
taxjustice.blogspot.com/.../fatca-new-automatic-info-exchange-tool.html - Cached

IRS Issues Guidance On FATCA

IRS Issues Guidance On **FATCA**, by Mike Godfrey, Tax-News.com, Washington Thursday , September 02, 2010. The United States Treasury and the Internal Revenue ...
www.tax-news.com/.../IRS_Issues_Guidance_On_FATCA_45152.html - Cached

Implications of Foreign Account Tax Compliance Act of 2009 (FATCA)

18 Mar 2010 ... **FATCA** legislation has substantial consequences for all financial services organizations, including asset managers.
www.pwc.com/us/en/financial.../global-newsflash-fatca.jhtml - United States

Lexology - FATCA proposed legislation enacted as part of HIRE Act

18 Mar 2010 ... On March 18, 2010, the President signed into law the Hiring Incentives for Restoring Employment Act (HR 2847) ("HIRE Act"), ...
www.lexology.com/library/detail.aspx?g=56210e83-5db7-48eb... - Cached

DLA Piper | Publications | Foreign financial institutions note ...

7 Dec 2009. Foreign financial institutions note: **FATCA** bill will include new IRS reporting requirements. International Tax Newsletter. Alan Winston Granwell ...
www.dlapiper.com/foreign-financial-institutions-note-fatca-bill-will-include-new-irs-reporting-requirements/ - Cached - Similar

ataximgmatter: FATCA (foreign account tax compliance act—or is it ...)

15 Jun 2010 ... The attention of US tax enforcement has been focused on offshore issues for some time. Of course, the most conspicuous part of that has been ...
ataximgmatter.blogs.com/.../fatca-foreign-account-tax-compliance-act-is-the-antifatca-act.html - Cached

[PDF] **Foreign Account Tax Compliance Act of 2009 Introduced**

File Format: PDF/Adobe Acrobat - Quick View

11 Nov 2009 ... **FATCA** is a successor to parts of the "Stop Tax Haven Abuse Act" introduced on ... The new **FATCA** withholding tax would apply even if the ...
www.shearman.com/.../TX-111109-Foreign-Account-Tax-Compliance-Act-of-2009-Introduced.pdf - Similar

IRS clarifies its position on FATCA - International Tax Review 1 ...

The IRS has issued guidance to taxpayers on how the tax authorities will interpret certain sections of the Foreign Account Tax Compliance Act (**FATCA**) that ...
www.internationaltaxreview.com/?Page=9&PUBID=210&ISS...

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Employee share plans – market trends

Companies have faced a number of challenges in connection with employee share plans over the last 18 to 24 months. The tax increases implemented to help strengthen public finances in the wake of the downturn have focussed attention on tax-efficiency and economic conditions. This has led to increased scrutiny of senior executive remuneration. The key trends that have emerged in response to these issues, and how things may change over the next 6 to 12 months, are summarised below.

Executive share plans

Companies have not historically placed tax mitigation at the top of their priority list in connection with executive share plans. However, the introduction of a 50 per cent income tax rate for those earning in excess of £150,000 per annum, proposed increases in rates of National Insurance contributions and a comparatively low capital gains tax rate have led many companies

to review their executive share plans with a view to trying to minimise the tax liabilities they give rise to. Our experience suggests that:

- While most companies have opted to retain their existing structures, a minority have decided to implement some form of tax-planning
- That tax-planning has typically involved the use of HM Revenue & Customs approved share options or some form of “jointly-owned equity plan”
- While some companies have considered how employee trusts could be used to deliver tax-efficient incentives, very few listed companies have implemented such structures.

Looking ahead, we do not anticipate the apparent drive for tax-efficiency to lead to a significant change in practice. This is due to the cap on HM Revenue & Customs approved options, increasing valuations (and

therefore tax charges) on the grant of “jointly-owned equity plan” awards, the loss of corporation tax relief under such plans and the aggressive nature of trust-based structures. For multinational companies, the UK-centric nature of such planning also reduces its attractiveness. In addition, the Government confirmed in the emergency Budget that it intends to proceed with consultations announced by its predecessor in connection with trust-related tax planning and the use of “geared growth” schemes. These consultations are likely to further limit activity in this area over the coming months.

More generally, falling share prices and the increased scrutiny of senior executive remuneration led to:

- Lower long-term incentive plan awards in 2009 (as a percentage of salary) than in prior years
- Target setting becoming a significant problem, particularly in relation



to earnings based measures. Some companies increased the weighting on total shareholder return in response to this difficulty.

We expect both of these issues to persist over the next year or so. We also anticipate:

- Greater focus on risk management. However, beyond the financial sector, this will lead to limited change beyond the use of risk adjusted metrics and increased bonus deferral
- Greater focus on retention. Many executives have little “lock-in” if their existing incentives have been badly affected by falling profits and/or share prices. As the economy recovers and recruitment increases, this may present companies with retention difficulties. We expect companies to implement strategies to cope with this, such as the selective use of restricted stock

- Clawback provisions to become more prevalent. Clawback is becoming an increasingly high-profile issue and we expect that more companies will introduce such provisions into their executive share plans.

All employee share plans

Our experience is that all employee share plans have proved resilient and that:

- There has been surprisingly little adverse reaction in relation to the operation of either sharesave plans or share incentive plans
- Free share awards under share incentive plans do, however, seem to have fallen out of favour to some degree. This is primarily, in our experience, on performance, cost and/or dilution grounds
- Sharesave has seen very little change, although it remains to be

seen whether the absence of any interest on savings made under three year savings contracts will have an adverse effect in the future.

Going forward, the resilience of such plans over the last couple of years suggests that they will remain at the forefront of wider employee share ownership, even if cost and dilution pressures continue to place some constraints on how companies use such plans.

Matthew Findley is a senior associate at Hewitt New Bridge Street and can be contacted on +44 (0)20 7939 4372 or at matthew.findley@hewitt.com

Business as usual

Julie Richardson of *ifs ProShare* takes a look at the state of the all-employee share plan market and how it may be affected by the arrival of a new Government.

All-employee share plans have weathered the financial crisis very well. In fact, *ifs ProShare's* annual survey has revealed both an increase in the numbers of employees joining share plans and a rise in the average value of monthly contributions.

For sharesave schemes, the number of employees joining rose by 16 per cent and the total monthly saving amount per employee increased by a massive 35 per cent.

On the share incentive plan (SIP) side, the total monthly saving amount per employee increased by an impressive 13 per cent. The average figure held in a share incentive plan was £4,563 (based on share prices at the end of December last year), which equates to over £4.5 billion in total.

Key themes and trends

These increases certainly demonstrate that employees continue to believe in the future success of the companies they work for. Undoubtedly, some people will have chosen to increase the amount they save because they see a greater potential upside as share prices have declined - in short, they hope to get more for their money. And,

because these are tax-advantaged schemes, employees see them as an efficient and effective way of saving for a rainy day.

Communication is one area of the share plan world that is constantly changing. As technology evolves, employers are looking for more cost-effective and sophisticated ways of being able to communicate with their employees. We are definitely seeing a move towards making better use of technology, often online or by telephone - and even SMS texting has been used. More and more companies are looking at their employee demographic and then using Digital Variable Print to good effect. In this day and age a lot of employees expect to be communicated with in these kinds of ways. And there's the added advantage that it helps a company's corporate social responsibility goals by reducing the impact on the environment.

Engaging with the new government

ifs ProShare began lobbying the new coalition Government immediately, specifically over the issue of Capital Gains Tax (CGT). We were concerned on two fronts: firstly, that they were looking to greatly increase the rate of CGT; secondly, there was talk of reducing the annual exempt allowance, which would have impacted many people in share

plans. We ran a very successful media campaign and were delighted to see that the annual exempt allowance wasn't touched and that the increase in rate - up to 28 per cent - was not as bad as we had feared.

We were also pleased to hear Chancellor George Osborne's comments at the Treasury Select Committee, where he spoke of his intention to look at ways of further encouraging employee share ownership.

We continue to lobby the Government on increasing the limit on sharesave, which is currently just £250 a month. That limit has been in place since 1991 - had it increased in line with inflation it would be nearer to £400! We are also asking for the tax-free period for share incentive plans, which is currently five years, to be reduced to three. Our belief is that this would encourage more companies to put the plans in place and more employees to participate. It would also bring it into line with sharesave which currently does allow for a three year plan.

Julie Richardson is Head of Employee Share Ownership at *ifs ProShare*, the member-led organisation that promotes and supports employee share ownership within the UK.
www.ifsproshare.org

All-employee share plans have weathered the financial crisis very well.

Breaking through the noise

The world of internal communication has changed forever; it is evolving and will keep evolving. Information is no longer a resource in the hands of a few but is now a widely held commodity.

Email and social networking now serve as a vehicle to agree or disagree. Employees and customers can express their views openly with no entry barriers. They are in fact a collective form of coffee machine and corridor talk.

This in itself creates an enormous challenge to marketing communication agencies that have been given the opportunity to provide internal communications. When you factor in instant messaging, the communication equation becomes even more challenging to employers. With this entire myriad it is inevitable that volume just keeps on growing, with new channels evolving and adding to that volume.

Creative agencies supporting client internal communications have to break through the noise to help clients engage their internal audiences with the correct message and creative approach.

To get to the core objectives, we apply key drivers to design and messaging concepts as a means of understanding the brief and achieving the right solutions.

Clarity

Information is ubiquitous; employees, customers and stakeholders are talking about your company 24-7 in the workplace and socially. As a result it is crucial that whatever the project you must create clarity supported by defined goals and actions.

Reality

It is important to engage employees as adults, they can and do grasp complex situations, so rather than protecting them from the harsh reality of everyday commercial decisions, communications must reflect truth and reality, if they don't all employee trust will be lost.

Relevance

Employees are astute and will no longer subscribe to initiatives, programmes or change that is not relevant to what they believe is the current state of affairs.

Engagement

Will the creative engage the targeted audience; will it resonate and communicate the message in a way that will achieve the desired response?

Proteus is a full service marketing and communications agency offering design, digital and production services that are completely scalable. Working with clients ranging from large corporations to local businesses, our experience covers all industries from financial, health, retail, recruitment and transport.

Shareholder communications

We are often asked to assist in the production of communication plans, strategic advice and ideas for implementation. One area in which we have vast experience is shareholder communications.

Over the years we have been involved in communicating the benefits of all kinds of share plans – Sharesave, share incentive plans (SIP) and buy as you earn (BAYE) as examples.

Clients for these projects have included RBS, Boots, Vodafone and Rolls Royce. As with Capita, Proteus is

often used as the resource to produce conceptual ideas, design and artwork of the scheme material and manage the implementation and delivery process whether it's online or printed.

Recent trends

Many companies are scaling back the amount of printed material they produce at present, focussing on more targeted and cost effective methods of communication. This has seen the movement towards more online solutions and the use of personalised direct mail.

An example of a recent project we have completed for our clients was an international Sharesave website for Capita.

The website was produced in 16 different languages and takes employees through the whole process of the Sharesave from background information and FAQ's through to taking their application.

We managed the translation process, design and build of the website and upload of all data to the site. The site also has the functionality built in to amend the site and run reports on who has and hasn't applied in real time – something that can be managed by the end client themselves, as Capita are doing.

Proteus is a full service marketing and communications agency. Want to know more or have any questions? Please contact Gary Lapping on 0117 985 888, by e-mail gary.lapping@proteus-uk.com or visit www.proteus-uk.com

SThree are 100% committed to encouraging employee share ownership, as demonstrated by the sheer variety and scope of our plans. We have proved our commitment by launching new schemes in the midst of market turbulence, whilst also bearing the P&L and other costs ourselves, as well as further improving the already generous SIP matching element to benefit our employees shortly after launch.

Steve Hornbuckle, SThree plc, Group Company Secretary, August 2010

CAPITA



Case study

Capita Share Plans Services provided SThree with a tailored SIP and SAYE scheme for all permanent employees in the UK with a minimum of 6 months service. This linked in with their existing share schemes, which currently include an LTIP, Executive, EBT and Minority Interest arrangements, whilst also providing a platform for expansion of the schemes globally.

Both the SAYE and share incentive plan (SIP) schemes were launched in June 2009 (as soon as SThree became a Capita Share Plans Services client) allowing employees to make an informed choice as to which scheme they wished to participate in and the level of their monthly contributions.

Numerous presentations were made at the time of launch, although further presentations are planned for a number of UK offices annually to re-engage and re-emphasise the benefits and increase awareness generally of SAYE and SIP. Both schemes (with the same benefits) will be re-launched,

albeit they are to be separated at different times of the year so as to improve take up.

All eligible employees received a personalised email invitation from the CEO, containing details of the offer and links to the SThree intranet. Such documentation included an Explanatory Booklet, FAQs (available on the Capita Employee Share Portal and intranet) and a 'How to Apply' leaflet.

From planning to launch, SThree's SIP and SAYE schemes were implemented in just four months. There are 1,800 employees at SThree and around 900 staff were invited to join. By understanding their employees' requirements and tailoring communications, SThree were able to enhance participation for all employees.

The offering

SThree offered a generous 1:1 (previously 2:1) matching ratio

(SIP) and 20% discount (SAYE) to demonstrate their commitment to employees and the schemes. To encourage long term share ownership and staff retention, they implemented a 12 month forfeiture period on the matching shares (should the employee sell their Plan shares or leave the company).

Objectives

1. Maximise employee benefits/share ownership
2. Increase share ownership by making the application process as simple as possible
3. Incentivise employees to perform better

Apply online

From the invitation email, the employee could click through directly to the Capita Employee Share Portal. This portal is an online facility for a company's shareholders and employees to view their shareholdings and share plans at any time, in one place.

The personalised Investor Code, detailed in their invitation email, allowed the employee to access this portal and complete their application for either the SAYE or SIP. Also, the Explanatory Booklet and FAQ's were available on the Capita Employee Share Portal for both the schemes.

Results

SThree wanted to work with a business that had the capability to deliver on these requirements. The results were that in addition to the 30+ per cent of the company's issued share capital already held by directors, employees and founders, the SAYE and SIP schemes saw overall take up of 24 per cent and 23 per cent of UK employees respectively, which was in addition to the 300-400 employees already engaged by the company's existing share plans. Furthermore, they recognised that there was improvement to be made to the take up in the SIP and for this reason, the matching ratio was increased under the SIP, to 1:1 from 2:1, which resulted in a 15% increase in the SIP's participation rate.

On-going and flexible partnership

There has been much greater demand for share plans in overseas countries, such that, in late 2009 SThree approved the roll out of share plans within other jurisdictions and a detailed plan was drawn up. Under the plan, as each country reaches a level of 100 employees, a share plan similar to the UK SIP (or any better local tax efficient scheme), will be offered. Work is already well underway with external lawyers and internal local HR/other contacts in order to move towards full introduction of such plans in Germany, Belgium, The Netherlands and France, in Q1 2011. In all these territories they will offer participation on similar terms to the UK, i.e. a 1:1 match, with them to bear all set up and ongoing administration costs. Having 51 offices in 12 countries, the plan is then to gradually roll this out to employees in their offices worldwide and following the success in the UK, both SThree and Capita strongly believe this will be well received.



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