Adapting to change

Issue 10 June 2004
The newsletter from Computershare

Editorial
Industry Update
Case Study
Communicating change on a global basis
Capitalising on legislative changes in plans
Improved features and new look for Investor Centre
Harnessing change - proxy solicitation
Case Study: Eurotunnel – Successfully managing the AGM process
Contact Centre and new online services
Regional Report
Ireland Update
South Africa Update
AOB

Adapting to change
inside
Case Study:
BP - Communicating change
Embracing new technology
Myners Report update
Welcome to the latest edition of Insight

At a business function I attended recently, a fellow guest asked me – so what does Computershare do? I talked about registry services, plans administration and the raft of specialist communications services we provide. But then it dawned on me that there is a much simpler way to describe what we do.

We are in the business of helping clients with their two-way communications with key stakeholder groups - shareholders, employees and customers. We handle the one-to-many and many-to-one flow of information, so that every contact is personal and personalised.

But as we all know - it isn't that straightforward. Communications, probably more than any area of business experiences pressures that create the need for constant and ongoing change. Technical innovations in telephony and online services have redefined interactions with stakeholders and created opportunities for more efficient and effective information flow, and consumers are increasingly expecting multi-channel options.

Regulatory change can increase and decrease an organisation's obligations in huge steps. Political pressure for increased participation in corporate governance and e-communications leading on from the Myners report is of course in all our minds at the moment – you'll find more details in Industry Update on the following page.

At Computershare our role is very much to help clients adjust to changes and seize the opportunities they bring. Our two recent acquisitions have added to the expertise and services on offer to you. You'll find details of the Georgeson proxy solicitation service and Transcentive’s World Records Group in this issue of Insight. IRtrack is now available – an online investor relations tool from our Analytics division, that tracks over US$ 2 trillion in equity asset positions. Please get in touch with your Computershare contact for more details on any of these services.

In the meantime… if you have any comments to make about Computershare – please call or send me an email. Your views are always welcome.

Rob Chapman
Paul Myners’ Report to the SVWG provides a clear analysis of the impediments to voting efficiency and sets out the steps that market participants are required to undertake in order to remove the obstacles.

This should be set out in the agreements between the various participants in the chain, from the beneficial owner through to the custodian in whose nominee name the shares are registered. Lent stock should be recalled and voted on contentious resolutions, unless there are good economic reasons for not doing so.

Key Issues

1 Beneficial owners
Beneficial owners should have a clear voting policy and should ensure that there is a clear chain of responsibility for voting their shares.

2 Electronic voting
Electronic voting is the key to a more efficient voting system and issuers in the FTSE350, institutional investors and their intermediaries need to introduce electronic voting capabilities in 2004. Myners recommended that beneficial owners should, within three months, make “direct and specific enquiries” of their agents and others to establish the extent to which electronic voting capabilities will be available this year. Given the importance he attaches to electronic voting, he will revisit the subject in a year’s time to assess the progress made, particularly by voting agencies and custodians.

3 Designated vs. omnibus nominees accounts
Transparency of ownership and the lodgement and auditing of voting instructions were easier to achieve where custodians used designated nominee accounts. However, there may be cost implications for the institutional investor. The conclusion was that investors who wished to establish a direct relationship between the issuer and the person making the voting decision should consider arranging for their shares to be registered in the name of a nominee with a specific designation.

Issuers would also benefit from the increased transparency within the share register, but should expect an increase in the number of nominee holdings on their share registers.
Adapting to change
Issue 10

4 An advanced record date
In the last edition of Insight, we expressed our concerns regarding the proposal for the introduction of a record date four or five days prior to the AGM. While Myners considered the introduction of an advanced record date had merit, he discounted this as a recommendation, because it would require the introduction of legislation and widespread adoption of electronic voting could achieve the necessary improvements.

Myners’ recommendation to the DTI requests the introduction of legislation to unify the point in time by which proxies must be appointed and voting entitlements are established. The time limit would be standardised at the close of business two clear working days prior to the date of the meeting and issuers would not be able to set a shorter period. The recommendation has financial and operational benefits for all parties and has Computershare’s full support. We anticipate that the legislative changes will be part of the Companies Bill and come into effect in late 2006 or early 2007.

Unfinished business
A recurring theme of the recommendations in the report is the need for beneficial owners to obtain confirmation of voting from their fund manager, proxy voting agency and/or custodian. While existing systems can confirm that, at a given point in time, a proxy appointment and instruction have been lodged, this is not necessarily evidence that the shares have been voted or of how the votes have been cast.

The rejection of the proxy instruction by the registrar, the receipt of a later proxy instruction or the appointment of a corporate representative to attend and vote at the meeting all invalidate the initial voting confirmation. It is only after the meeting has finished and from the final proxy instructions lodged or poll votes exercised that registrars can produce an audit trail that stands external scrutiny. This raises the prospect of registrars receiving multiple requests for proof of the final proxy instructions lodged and/or votes cast in a poll.

In order to provide beneficial owners with direct confirmation of their proxy instruction/poll votes we will require authority from issuers to release the information. Alternatively, it will be necessary for the information to pass from the registrar to the custodian, then to the voting agency, then to the fund manager for onward delivery to the beneficial owner.

Further recommendations to the DTI are for legislation to enshrine the rights of proxies to enable them to speak and vote on a show of hands and to clarify the position regarding the right to appoint more than one legal representative in respect of a single holding.
Details regarding a Guidance Note issued by the ICSA are given later in this article.

**Crest Electronic Proxy Appointment (EPA)**

Following the Myners' Report publication in February 2004, the level of voting instructions lodged via the CREST EPA system has begun to increase substantially. The initial technical difficulties and delays experienced by some voting agents have now been addressed. This is evidenced by the volume of EPA instructions in each of the middle weeks of April 2004, which exceeded the total volume for the whole of 2003.

The number of issuers offering EPA has increased significantly, with 100 issuers offering EPA for meetings in the period from January to April 2004, compared with 80 for the whole of 2003. Of these 100 issuers, 64 are offering EPA for the first time. CRESTCo anticipates that at least 75% of FTSE100 companies will use the service this year.

Utilisation of the system by CREST members remains patchy and the level of voting for some issuers is disappointing. While 52% of the issued capital was voted at a recent AGM, the company noted that 17 CREST holdings (less than 1%) and only 3% of the total shares held in CREST accounts voted via the electronic system. In contrast, another company has received almost 500 electronic instructions, representing well over 30% of the total shares held in CREST accounts.

In their March newsletter, CREST stated "to ensure the continuing support of these issuers, it is important that investors use the service to process their appointments and instructions in 2004. It is unreasonable to expect issuers to continue to enfranchise investors via CREST or other electronic media unless the market uses them." Computershare fully endorses and supports the above statement.

**Corporate Representation at General Meetings**

The Guidance Note, released by the ICSA in March, attempts to clarify both the legal position and practice that has developed in this area. It covers the appointment and instruction of proxies and the appointment and admission to general meetings of Corporate Representatives. It is, however, essential to check the provisions of the individual issuer's Articles to confirm that the general rules set out in the Guidance Note are applicable.

The Guidance Note identifies that there are differing opinions as to the validity of appointing more than one corporate representative per holding. In the case of a dispute over the validity of an individual's appointment or their right to attend, speak or vote at the meeting, the matter should be referred to the Chairman of the meeting for a decision. The Chairman is advised to take legal advice or possibly obtain a court ruling as to whether or not the 'votes' held by multiple corporate representatives should be counted, where the decision would impact on the passing of a resolution.

The ICSA Registrars' Group has adopted the Guidance Note as the basis for corporate representation at general meetings. It will be incumbent on issuers to advise their registrar if they wish to adopt any other guideline. CREST will distribute the Guidance Note to all of its members and the ICSA Registrars' Group will circulate it to trade bodies such as the ABI, NAPF, and IMA etc. A copy of the ICSA Guidance Note (reference number 040310) is available at: http://www.icsa.org.uk/news/guidance.php
Dividends and elections in CREST
In January 2004, legislation was introduced which allowed the electronic distribution of tax vouchers. During the second quarter of 2004, CREST are introducing a service to enable their members to receive dividend and interest payments directly into their CREST cash memorandum accounts and to make SCRIP, DRIP and currency elections, via the CREST system. The service is expected to be of interest to the large institutional shareholders, rather than the CREST personal members.

The dividend payment functionality, which will include the receipt of an electronic tax voucher, will be an alternative to payment via BACS or the issue of a dividend warrant. The introduction of the system will be subject to the agreement of issuers and subsequent systems development by Computershare. The CREST tariff, details of which were released just prior to the publication of this article, offer a payment holiday until 1st June 2005 for dividends, after which time both issuers and recipients will be charged 15p per PAY transaction. The charge for elections will be 50p, payable by the member and 15p per acknowledgement/rejection, payable by the issuer.

DRIP and SCRIP Terms and Conditions should be reviewed and may require amendment in order to enable elections via CREST.

If, at any time, you wish to discuss market developments, please contact your Computershare representative or email andy.cotter@computershare.co.uk
"We achieved our business objectives through a well designed and managed communications programme. A clear understanding of the needs of the coordinators was key to ensuring the successful implementation of new roles and responsibilities."

Mark Sheppard, Managing Director, ComputersharePepper

Case Study

Last year, BP and Computershare worked together to roll out new procedures, roles and responsibilities relating to the management of global shares. It was then a matter of communicating these changes to over 80 country coordinators and training them in the new procedures.

By the end of summer 2003, BP and Computershare had been working intently for months on issues such as data migration, tax obligations, financial reporting, and all the administrative procedures behind the plans.

The next challenge was for ComputersharePepper – a design and communications consultancy, wholly owned by Computershare - to develop the communication programme: one which would generate buy-in from coordinators and ensure that they were fully trained in their new role as well as capable of bringing colleagues up to the same levels of competence.

ComputersharePepper for Share Plan Communications

ComputersharePepper design and deliver market-leading stakeholder (customer, employee, or shareholder) communication programmes for clients across the EMEA, Australia, and North America.

Our core skills include:

- Creative communications concepts
- Design and copywriting (both off and online)
- Multi-media and new media capabilities
- eLearning tools and technologies
- Streaming and web casting

- Localisation expertise
- Change management consultancy
- International project management
- Experience communicating across time zones, languages, and cultures

ComputersharePepper have delivered successful international stakeholder communications programmes and services for clients such as Hewlett Packard, IKEA, AMP, Debenhams, BP, Orange, Audi, Bosch and Deutsche Post.
Designing the Communications Programme
All successful communications programmes have something in common - they are designed around the needs and preferences of the identified target audience. If the communicator fails to understand and tailor their communications to the needs of their audience, they will fail in achieving their objectives.

In the case of share plan management, it is similarly important to understand your target audience. It is rare that you will be communicating with 'one' audience, so it then becomes necessary to look at further segmentation. Will the worker on the shop floor have the same support needs as the senior executive in corporate headquarters?

Will a promising new graduate trainee have the same informational needs as a seasoned veteran of the company? The short answer to these is 'no'.

The challenge facing BP
With over 80 country coordinators to quickly bring up to speed, BP agreed the following objectives:

- Inform coordinators and check their buy-in to their new roles and responsibilities
- Ensure they understood the share plans and the administrative procedures behind them
- Train coordinators in the use of the new webbased systems, designed to support secure yet decentralised management of processes like data cleansing, nomination and applications procedures, and ongoing plans administration
- Confirm their capability to train colleagues in all of the above

With the business objectives agreed, the next step was to understand the needs of this target audience; country coordinators. A great deal of insight has been generated over the past fifty years, both by academics and professionals, about how people learn.

This has shown us that there are actually different 'types' of learning, and with each, different ways to achieve the desired outcome. The five main 'types' of learning are verbal information, intellectual skills, cognitive strategies, motor skills, and attitudes.*

“We were impressed with the innovative suite of training materials developed for us by ComputersharePepper. The interactive modules were particularly useful as they enabled our administrators to fully participate in the training sessions and experience first hand how the new processes and systems would work.”

Jean Piercey, Share Plan Services Manager, BP plc

Adapting to change
Issue 10

- Editorial
- Industry Update
- Case Study
- Communicating change on a global basis
- Capitalising on legislative changes in plans
- Improved features and new look for Investor Centre
- Harnessing change - proxy solicitation
- Case Study: Eurotunnel - Successfully managing the AGM process
- Contact Centre and new online services
- Regional Report
- Ireland Update
- South Africa Update
- AOB

With BP, the focus was on affecting (i.e., changing or reinforcing) intellectual skills and attitude. Managing attitude is, in fact, one of the fundamental strategies of any good change management programme, and actually affecting attitude should be one of the core goals of any good communications programme.

In the case of intellectual skills, there are a number of steps or ‘learning events’ each with their corresponding cognitive processes. A good communications programme will always take these into account. It is these events that should form the basis for both instructional design and media selection.

Computershare Pepper worked closely with BP to apply this approach to the design of a Global Training and Communications Programme. The solution was an integrated multimedia communications programme that has now been successfully rolled out worldwide with BP and Computershare Plan Managers.

In this case, the presentation showed an individual in an identifiable role performing the tasks and achieving the objectives that were to become those of the audience. The multimedia presentation was used in the roadshow context, but as a digital module, it was also streamed to users via the web-based systems and provided in CD format in the Support Packs.

Events to encourage learning of intellectual skills

1. Gain attention
2. Describe the goal
3. Stimulate recall of prior knowledge
4. Present the material to be learned
5. Provide guidance for learning
6. Elicit performance
7. Provide information feedback
8. Assess performance
9. Enhance retention and transfer
At this stage in the learning process, the audience must become more directly engaged and active; feedback and performance assessment is also required. In the BP case, the Interactive Tutorial mimicked the actual system on which the coordinators would have to work to perform required tasks. Providing access to such a database system for training purposes can be too difficult or risky, especially when training is conducted over such an extended space (worldwide) and time (from roadshow and ongoing). The Interactive Tutorial is a discrete self-contained module that can be distributed on CD and requires no Internet/network access or database. It allows users to experience the system as if it were live, and also builds in task-based help routines.

Finally, a pack carrying the BP internal branding guidelines was provided as additional reference documentation. This kit was distributed to participants and absentees, and is intended to reside in the country office and provide constant support in retraining on an ongoing basis. It is further intended to ensure that the valuable progress achieved at the introductory roadshow is not eroded with time.

The programme went live in November and was completed by January, and has been judged a great success. Country coordinators were particularly receptive to a programme that was so clearly designed with their needs in mind. As a result, they are much more likely to adopt the attitudes and intellectual skills necessary to deliver the overall BP share plan programme.

In addition, BP now has the tools they need to deliver ongoing training and for use with new coordinators.
Substantial legislative changes introduced over the last year, including those announced in the 2003 Budget have created numerous advantages for share plan participants. However, many companies have yet to capitalise on these and fully communicate the main benefits to their employees. Here we provide a review of the key changes and explore the opportunities they create for you and your employees.

The impetus for change to Employee Share Plans has historically come from the Chancellor’s Budget and in 2003, share plan participants were not disappointed. As the year progressed and the Finance Bill was published, the impact of the changes for Company Share Option Plans and Share Incentive Plans became even clearer.

The changes introduced by the Finance Act 2003 are outlined below:

**Company Share Option Plans**
- Removal of the second part of the three year rule for tax relief. This means that if a company grants approved options every year, employees can also exercise each year provided three years have elapsed since grant.
- People who leave the company within three years of grant because of injury, disability, redundancy or retirement on or after reaching the age specified in the plan can now exercise early and obtain tax relief, provided they exercise within six months.
- Any exercises in taxable circumstances i.e. within the three year period for a reason not mentioned above, still continue to be subject to tax. The change is that both tax and national insurance are now collected through the PAYE system and not merely reported to the Inland Revenue for assessment.

**Share Incentive Plans**
- Companies now have the ability to amend their rules to allow employees to invest their bonus in partnership shares. The annual limit remains at £1,500 but this may appeal to employees who do not want to commit to a regular monthly saving.
- If a group of companies has more than one Share Incentive Plan, new provisions will allow employees to move from one SIP to another when they change employment in the group.

Communicating change on a global basis
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- Harnessing change - proxy solicitation
- Case Study: Eurotunnel – Successfully managing the AGM process
- Contact Centre and new online services
- Regional Report
  - Ireland Update
  - South Africa Update
- AOB
It is also worth pointing out that last year saw the Income Tax (Earnings and Pensions) Act 2003 come into effect. While this is simply a rewrite of the share plan (and other) legislation in plain words, if companies are changing their rules for the reasons listed above, it makes sense to update the plan for ITEPA 2003.

All of these rule changes are the province of your advisers and you should contact them to discuss how best to bring these into effect. As well as being able to help you understand what these changes mean to your participants, your Plan Manager can also help you with the crucial job of clearly communicating the benefits to your employees.

For further information please contact Rob Cooper, Technical Manager on 0870 703 6192 or by email at rob.cooper@computershare.co.uk

Further changes announced in 2004 Budget

- Relaxation of the 75% subsidiary rule – 51% owned subsidiary is now acceptable – for Enterprise Management Incentive plans
- Extension of the transfer pricing rules to transactions between connected UK companies.
With increasing usage of the internet across all aspects of everyday activity, we continually review our own internet products to ensure they are user friendly and make two-way communication as simple as possible.

In this edition of Insight, we focus on an important part of our website - Investor Centre, an online management tool for shareholders.

Investor Centre is a free and easy to use service that enables shareholders to conveniently and securely manage their portfolio. With the latest release, shareholders benefit from:

- New look providing improved colourings and clearer layout
- Greater consistency across whole site, making it easier to use
- Contact details at the bottom of each page, tailored to the task the shareholder wishes to complete
- Added flexibility, with members able to choose their own alphanumeric USER ID's and PINS
- Better standardisation for transactions, displays and layouts

During the past 12 months, the number of Investor Centre members has increased by a staggering 264%.

Confident in the security offered by our site, shareholders will find all the tools they need to effectively manage their portfolio, at their fingertips. From simple updates such as address and dividend mandate changes to requesting a stock quote – they are all a few simple clicks away.

Why not take this opportunity to remind your shareholders of how simple it is to go online and use this service. Just visit www.computershare.co.uk and click on to Investor Centre, then Investor Centre Home.

We welcome feedback from clients and shareholders about any aspect of our website.

For further information, please contact your relationship manager.
Harnessing change
Proxy solicitation – effectively handling more demanding international investors

As an imported concept from the US, 'proxy' or 'vote solicitation' - as distinct from proxy advisory agencies that can provide both voting recommendations and a platform for voting shares - is emerging as an important piece in investment decision making in the UK and Europe.

In 2003, Computershare acquired Georgeson Shareholder Communications - a market leader and pioneer in proxy solicitation. Today, Computershare, with Georgeson's global reputation and expertise in this area, can provide proxy solicitation in the UK and Europe in conjunction with its other services. Moreover, Computershare’s expertise extends beyond vote solicitation to managing the execution of a range of corporate finance transactions in multiple jurisdictions.

In this article, Guy Barker, Managing Director of Georgeson Shareholder’s Corporate Advisory Group in Europe, outlines proxy solicitation and explains why it is so crucial to the overall vote process.

What is proxy solicitation?
It is the active management of the process of votes, from the decision to vote, to the entering of the vote with the tabulator or registrar. It also involves advising companies before the meeting date on the best strategy for approaching and achieving a successful outcome.

Why is it necessary to actively manage the vote process?
Votes can directly and dramatically affect the future of a company and the conduct of its business.

Imagine if a Board were unable to carry out its business plan because to do so, it needed to raise equity capital.

Yet, it was unable to get enough votes to approve the resolution or there was a significant holder or holders opposed to the dilutive impact? Or, it was aware that a major shareholder was threatening to vote against the remuneration of its CEO and, voting to remove one or more Directors?

In all of these cases, an astute company would retain a proxy solicitor, particularly if it wished to maximise positive votes from shareholders in multiple jurisdictions.

Can you give me a couple of examples?
Georgeson succeeded in defending the Board of an investment trust company against such an action from an activist shareholder group. It carried out the same function on behalf of the CEO of a large French company saving the CEO's job. Currently in the UK, Georgeson is acting for the new Board of Baltimore Technologies who have unveiled a new business strategy – a large holder based in Bermuda has requisitioned a Meeting and proposed resolutions to remove the whole Board.
We are retained to advise and execute a vote solicitation amongst thousands of retail shareholders.

Regular meetings in Europe are opportunities to provide a proxy solicitation service because of the need to achieve pre-determined levels of quorum. This has evolved into an investor relations activity for European companies, given the proactive nature of US investors (and increasingly UK funds) in responding to corporate governance flaws within companies by, for instance, voting against the discharge of Directors’ liability or an increase in an employee’s share option plan.

In the UK, activist voting against Board resolutions is becoming a regular event.

Can a proxy solicitor affect the outcome of corporate finance transactions?
Yes, very much so. As a global proxy solicitor, we are retained by Investment Banks and corporate brokers to assist in the active execution of merger and acquisition transactions. What we do is not dissimilar to what those banks and brokers do but our proactive stance means that frequently, we can add a greater level of certainty to the outcome which can involve contacting both shareholders in the UK and numerous foreign jurisdictions.

In Paris, we worked for a large Financial Adviser in executing the acquisition by a consumer services group for a French real estate organisation. In this instance, shareholders were spread across four countries. We conducted a pre-acquisition shareholder identification and with that data made contact with shareholders in order to help achieve the objectives of the client.

Do you contact institutional and retail shareholders?
Computershare and Georgeson have the combined capability and experience to contact both of these groups. In the EMEA region, we have conducted campaigns in the UK, France and Germany communicating with both groups to execute corporate transactions. With Pepper Technologies there are now opportunities to make the pre-transaction analysis of retail shareholders more sophisticated and to further improve shareholder response.

What factors make the management of the vote process and the communication of corporate governance compliance at the AGM to the whole shareholder base, an essential corporate governance tool?
A number of developments - particularly, including in the UK - where we are witnessing the emergence of a far more demanding investor - have brought into sharp focus the need for effective control and the proactive management of the vote process.
Firstly, initiatives by foreign voters to actively participate in both non-contentious and contentious shareholder meetings. The existence of Institutional Shareholder Services, more commonly known as ISS, has taken centre stage. This influential body represents the votes of literally billions of funds in the US. It makes recommendations based on its research to its clients as to the appropriate vote on resolutions at AGMs.

With an ever-increasing non-UK foreign shareholder component on UK share registers, the views of this body and others (IRRC, Deminor, Proxinvest, PIRC) as well as those of the ABI need to be factored into the strategy of shareholder communications. The NAPF announced a new venture (REVV) with ISS that is set to transform both UK and global institutional voting in UK companies. The ABI followed suit with a link-up with IRRC.

Secondly, I cannot see the political pressure on UK institutions to vote at UK company's AGMs showing any signs of abating. The views of Patricia Hewitt at the DTI are very clear: - the Government wishes to encourage a more active engagement from institutions as the stewards of investments on behalf of beneficial owners.

The intelligent response from a company wishing to enhance its relations with a global shareholder base is to actively encourage and manage the voting process at its AGM in order to receive a strong mandate from shareholders for strategy and governance. A company should be prepared to reach out to those shareholders, wherever they are in the globe, and actively solicit their (crucial) votes at the time of the AGM. This will greatly enhance the Board's ability to receive the confident mandate it requires to execute Board strategy during the course of the financial year, whether it be routine or non-routine business. For example, an AGM, a major acquisition or a defence to a hostile takeover.

The introduction of electronic voting will certainly assist the vote process, a service that Computershare is able to provide to its clients. When combined with active solicitation, it can help ensure that all international institutions understand the actual purpose or impact of the resolutions or minimise the risk of erroneously cast or even lost votes.

Finally, there is the introduction of the Senior Independent Director (SID) at Board level to communicate with shareholders on governance and other issues of concern, resulting from the Higgs Report. Companies need to take Higgs seriously and enable their IR departments to turn compliance with all governance codes into a virtue to attract high quality foreign investment – US investors are generally known to favour the UK governance regime so it should be turned to an advantage. UK institutions, led by the ABI, are actively monitoring the adoption of the Higgs Report by listed companies.
Crucially, the role of the SID will be to ensure that issues of concern are addressed during the year as well as at the AGM. If this role functions properly, it will enable the Board to sort out remuneration and other similar issues before they become public rows leading to humiliating defeats.

On such critical points as control and reputation, voting and the solicitation of response in a public market transaction should not be left to chance – after all, why spend all that money on advisers, only to leave the execution at risk?

To discuss the benefits of proxy solicitation in more detail, please contact GBarker@gscorp.com
Successfully managing the AGM process

In April 2004 Eurotunnel looked to Computershare to help run their Annual General Meetings. The day's events took place in Paris, consisted of two consecutive AGMs followed by an Ordinary General Meeting, and lasted for a period of nine hours. Nearly 2,000 British and French shareholders were in attendance.

Computershare worked closely with Eurotunnel through every stage of the AGM management process - from initial conception to seamless delivery.

All Company Secretaries are very aware of the level of preparation required to manage their AGM. Yet in the UK, even well attended AGMs rarely last more than two hours, with some often drawing to a close within 30 minutes. The same is certainly not the case in France, where proceedings tend to be considerably lengthier. In addition, the governing laws of UK and France also vary, dictating different accreditation and procedural processes.

For example, while French law requires shareholders to provide a signature to gain admittance to an AGM, this is not the case under UK law. So as April 7th, the day of Eurotunnel’s AGMs dawned, it was clear from the beginning that a very different AGM was in prospect, for all those involved.

Accreditation

Eurotunnel stock held by retail investors represents over 60% of the total ownership base, and in the light of investor activism campaigns, a large turn out was anticipated.

A bank of 30 desks, running the full length of the reception area had therefore been set up for the accreditation process.

Throughout the whole day this remained a busy thoroughfare and it provided the ideal location for the large screen, used to relay events taking place inside each meeting.

In the UK, one to two hours accreditation, with the occasional shareholder arriving after the meeting has started is customary. For the Eurotunnel meetings, the first shareholders entered the reception area at midday and more continued to arrive throughout the course of the afternoon, up until 7 pm. Accreditation of French shareholders attending the Eurotunnel Société Anonyme (SA) meeting was managed by Crédit Agricole Staff alongside Computershare, who carried out accreditation for the UK shareholders.
Meeting organisation
The Boards of UK plc's often encounter a brief period of shareholders' questioning, though it is rare for this to last more than an hour. At the Eurotunnel SA meeting, which lasted three and a quarter hours, a full two hours of this was taken up with questions.

With two Annual General Meetings, there was also the requirement for two polls. While the poll votes for the Eurotunnel SA meeting were captured by Crédit Agricole, the Eurotunnel PLC meeting got under way at 5 pm. With further questions put to the Board, this meeting was polled and adjourned at 5.30 pm prior to the Eurotunnel SA Ordinary General Meeting convened by the “mandataire” appointed by the Paris Commercial Court (“the Court Meeting”).

Voting records
Eurotunnel Units are listed on the London, Paris and Brussels stock exchanges with Units held in both registered and bearer form. One Unit of stock represents one share in each of Eurotunnel SA in France and Eurotunnel PLC in the UK. Bilingual proxy forms were returned in respect of all three Meetings, with bearer votes “blocked” by shareholders recorded by Crédit Agricole Investor Services Corporate Trust (who also maintain the Registre Nominatif Français). Computershare collated proxy votes for Eurotunnel PLC.

The day was not yet over. The three and a half hour Court Meeting began at 6 pm. The Eurotunnel PLC meeting was reconvened at 10.20 pm for five minutes at which point the poll results were announced and the appointment of the new Eurotunnel SA directors, who would also act as Directors of Eurotunnel PLC was confirmed.

With two different collation systems in use, it was vital that Computershare and Crédit Agricole worked closely together at each stage of the vote recording process.

One further point of difference between UK and French law had to be taken into account at this stage. French law precluded Eurotunnel SA shareholders voting by post from voting in person at the AGM. It was therefore also important for Computershare to maintain a separate record of voting SA holders in order to identify holders’ voting rights at the accreditation stage.

The events of the day finally drew to a close at 10.30 pm, some 10 hours after the first shareholders had arrived. During that time, the board of Eurotunnel had addressed two meetings (the third was chaired by the “mandataire”) and taken questions from shareholders in two languages, with simultaneous translations available to all shareholders via headsets. Computershare and Crédit Agricole had jointly recorded the votes of nearly 2,000 shareholders.
Computershare’s multi-channel contact centre, entirely located in Bristol UK, provides a key service—handling enquiries and responding to requests from your shareholders, made by phone, email, fax and letter. Through the use of innovative technology and by focusing on the support and continuous development of our team, you can be confident that your shareholders will receive the very best service.

Valuable experience

Over the years, many call and administration centres have been associated with high staff turnover and poor training. We are therefore justifiably proud of the longevity of service of our own staff, many having been with Computershare for more than four years. In addition, our attrition rate is just 8% in an environment where staff turnover rates of between 20-25% are more the norm.

This success has been achieved through a combination of the following:

- Continually refining our recruitment processes
- Ongoing training in products, services and technology
- Commitment to the personal development of each individual
- Flexible working patterns

For your shareholders, this means that all everyday enquiries are dealt with promptly and efficiently, and that more complex matters quickly receive the right level of attention.

“I have managed call centres for a number of different organisations over the years. When it comes to the Computershare team, I have no hesitation in stating that their depth of knowledge and their experience are second to none.”

Alison Jones, Head of Contact Centre

Seamless service

Given the range of services we offer and the variety of requests we receive, a key requirement is to accurately route each phone call. Applying technology which has already proved successful in Australia and in the USA, we are soon to implement Investor Phone in the UK.
Embracing new technology
New online services from Computershare

IRtrack
With increased focus on corporate governance, it is more important than ever to understand and be in contact with your institutional investors.

IRtrack from Computershare Analytics, provides Investor Relations (IR) professionals with immediate access via one online system to complete UK and global shareholder and market information.

IRtrack delivers:
• Full and accurate share ownership analysis
• Full global peer ownership data
• Interactive relationship management information

IRtrack offers a unique solution that can be fully customised to a client’s requirements and can be easily accessed by advisers and issuers.

To find out more about IRtrack, available from Computershare Analytics, please contact Nick Dawson on 0870 703 6181 or email nick.dawson@computershare.co.uk

Transcentive
In February 2004, Computershare acquired Transcentive, an innovative global service provider of solutions for equity plan administration. The purchase enables Computershare to further strengthen its position in the fast-growing market of employee share and option plan management services.

With 25 years of experience, Transcentive combines leading-edge technology and services - ranging from client self-administration to complete plan outsourcing, to provide management solutions to nearly 3,000 public and private companies around the world. Through the company’s World Records Group, Transcentive supports the needs of corporate secretaries, tax officers, compliance officers and human resources personnel. The World Records V™ application, which can either be hosted by Transcentive or installed on a local network, offers a global entity management solution that tracks, retrieves and disseminates corporate records relating to directors, officers, shareholders and subsidiaries.

To find out more about Transcentive please call Iain Wilson on 0870 703 6257 or email lWilson@transcentive.com
Ireland Update

Responding to a changing environment

Advances in technology, increasing administration and a tighter regulatory framework are just some of the changes to prompt an innovative response from Ireland, aimed at supporting those working as practitioners in employee ownership around the world.

It is good news for everyone committed to building the professionalism in our market. Here, George Tuthill, Computershare Investor Services (Ireland) and one of the founding directors of The Foundation for Education and Research in Profit Sharing explains further.

Background

National College of Ireland in association with the Irish ProShare Association has launched a new International Masters by Research in Employee Share Ownership through the Foundation for Education and Research in Profit Sharing and Employee Ownership. The Masters programme has been specifically designed and delivered in conjunction with highly experienced National College of Ireland and International academic staff and practitioners from around the world.

Programme Aims

The programme is designed for individuals with existing work commitments, already pursuing or planning a career as a practitioner in employee ownership in any of the following:

- Companies operating employee share ownership plans
- HR or compensation and benefits departments
- Professional firms advising and consulting in this area
- Governmental organisations regulating employee ownership
- Stockbrokers, banks, administration and other service providers
- Trade unions negotiating on behalf of or advising worker representative bodies

The programme aims to enhance participants' expertise in all forms of employee ownership. Prior to commencing the Masters by Research, students will be required to attend lectures on research methodology and reward strategies in National College of Ireland’s campus in the International Financial Services Centre, Dublin.
Ireland Update

Programme Content
A limited number of courses are delivered at National College of Ireland but regular contact is maintained with research advisors. There are many areas of research that can be covered, including:

- History and development of employee ownership
- Benefits of employee share ownership for shareholders, companies and employees
- Aligning management and company culture with employee ownership
- US, UK, French, German, Irish and global share plans
- Case studies – successful and unsuccessful employee owned enterprises
- Essential aspects of share ownership
- Essentials of trusts and trustees
- Essential legal issues
- Financing share schemes
- Administration of share schemes
- Taxation issues
- Accounting issues
- Implementation strategies
- Securities laws in various key countries

To find out more about the programme, which will commence in September 2004, please contact George Tuthill on:
00 353 (0)1 2163157 or email george.tuthill@computershare.ie

On a similar note, five leading firms in UK employee ownership, including Computershare have joined forces with the Employee Share Ownership Centre to produce an innovative distance learning course entitled the Certificate in Share Ownership Studies. The web-based course is aimed at those who are keen to build on their introduction into the industry and wish to broaden their knowledge. Structurally, the course will resemble the chartered directorship qualification offered by the Institute of Directors. All five companies are contributing to the modules, with Computershare writing the administration module.

For further information, please contact: ESOP Centre on 020 7436 9936 or email esop@hurlstons.com
In its quest for Black Economic Empowerment (BEE) and the alleviation of black poverty, the South African government has looked to business as a strategic partner in upliftment. Various empowerment models have been explored by business with differing degrees of success. The establishment of a separate black-owned business or sharing equity with BEE partners are two examples, but many efforts have simply been window dressing. At the end of 2003, the Mining Charter and the Financial Services Charter on BEE demonstrated a true commitment to empowerment, establishing meaningful targets for the sector. Minimum BEE percentage targets for ownership, human resources and procurement to be attained by 2008 have been set.

**Economic empowerment initiative**

**How change in South Africa brings new challenges**

The South African population is, to a very large extent, historically disadvantaged; a legacy of the past. The elections in 1994 set the country on a journey to equality but the road to that goal has been far from easy.

Financial markets across the globe were sent reeling in the aftermath of September 11 and South Africa was not exempt. Coupled with this, the HIV/AIDS pandemic has seriously affected the working population and already many poor South African homes are headed by children. The result has been that over the past decade, the top 20% of black Africans have attained a real increase in income and a strong black middle class has emerged. However, for the bottom 40%, there has been a sharp decline, with unemployment figures for black South Africans currently standing at 33% compared to 5% for the white population.

**Effectiveness of Financial Services Charter in question**

However, the effectiveness of the Financial Services Charter has been questioned on a number of counts, namely that the allocated budget is inadequate, the prescribed percentage of women is far too low and that the charter has no teeth because compliance is encouraged rather than enforced. While it is true that the charter is not directly enforceable, it has nevertheless lead to companies verifying the BEE credentials of suppliers and only using the services of compliant companies.
Computershare recognised the importance of establishing a BEE partnership three years ago and in spite of setbacks, has remained as committed as ever to finding the right BEE partner. The services of a consultant have been used in the selection process and in structuring a deal to ensure that both parties benefit equally. Computershare’s partner will need to add value throughout the business as BEE is not confined to shareholding alone but applies at every level, even as far as procurement processes.

The challenge facing the South Africa corporate world is good corporate citizenship, with sincere commitment to the development of a stable and sustainable future for all South Africans through the upgrading and upliftment of its people.
Welcome to new clients

The following companies have appointed Computershare to provide either a registry or share plan service. We would like to welcome all of our new clients to Computershare and are pleased to have extended our relationship and the services we provide with some of our existing clients.

2 Ergo Group    European Nickel    Polaron
Albidon         Gippsland         RAB Capital
Aztec Resources  Macro 4           Serco Group
Billam          Margate Capital   Shore Capital Group
Block Shield Corporation Omega International Group Titan Europe
Celljump        Oriel Resources   Visonic

Recent events in review

The Guardian's Business and Society Conference

On Tuesday 25th March, ComputersharePepper SRM joined a number of leading companies at this conference which focused on Corporate Social Responsibility (CSR) issues companies face today and strategies to overcome them. ComputersharePepper SRM exhibited our eShareholder Future Forest Programme – a tree planted for every shareholder who commits to e-communications. To find out more about the Programme and the marketing support we can provide to promote it to your shareholders, please contact mark.sheppard@computershare-pepper.com
Adapting to change
Issue 10

- Editorial
- Industry Update
- Case Study
- Communicating change on a global basis
- Capitalising on legislative changes in plans
- Improved features and new look for Investor Centre
- Harnessing change - proxy solicitation
- Case Study: Eurotunnel – Successfully managing the AGM process
- Contact Centre and new online services
- Regional Report
  - Ireland Update
  - South Africa Update
- AOB

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### Dates for your diary

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<th>June</th>
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<td>8th</td>
<td>Plans workshop – London</td>
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<td>8th – 10th</td>
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<td>Conference &amp; Exhibition</td>
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<td>17th-18th</td>
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<td>IR Mag UK Awards Dinner</td>
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<td>22nd</td>
<td>ProShare - Share Plans</td>
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<td>Solutions Conference</td>
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### GEO Conference in Montreal

The fifth annual Global Equity Organisation Conference took place in Montreal, Canada in April. It provided hundreds of equity compensation professionals from around the world with the opportunity to hear from experts on pending changes to accounting, reporting, and tax developments – including the latest on the IASB and FASB deliberations, handling recent UK legislative changes and all major global equity compensation developments. Rashree Chhatrisha, Senior Client Manager at Plan Managers, London joined speakers from over 17 countries, to present with Cynthia Albanese, Senior Compensation Consultant at Philips Electronics of North America on “Determining Your Administrative Needs - A Case Study on Philips Electronics and Finding the Best Operational Share Plan Solution”. The session focused on defining and understanding multinational administration needs, the most significant operational challenge facing global equity programs.