

Insight

Computershare's client magazine





Welcome from Chris Morris



OUR FESTIVE BRISTOL RECEPTION

Welcome to this winter edition of Insight, Computershare's client magazine. This issue brings you the highlights from our November 'Building Business Without Borders' conference at the Cumberland Hotel in London. Attendees had the benefit of presentations from Standard Life and BHP Billiton on their global share plans; and were able to discuss with the Metropolitan Police their initiatives for combating fraud, which as we all know is an ongoing problem for financial services businesses.

You'll also find out about maximising your statement marketing and get the latest on the Company Law Reform Bill.

As many of you will know, I stepped down as CEO after our AGM in November, following 30 immensely enjoyable years in the role. Stuart Crosby, our Chief Operating Officer has stepped up as CEO, while I take on the role of

Executive Chairman of the Board as well as continuing as Managing Director for EMEA for the foreseeable future.

Finally, children at Fair Furlong Primary School in Bristol have been working hard coming up with designs for our electronic Christmas card - the competition has been won by 10-year-old Jessica, who came up with what I thought was the best interpretation of the theme 'Christmas Down Under'.

Please forward any feedback you have on this issue to information@computershare.co.uk

I would like to take this opportunity to wish you all a very happy festive season - see you in the New Year.

Chris Morris

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Computershare Industry Conference

On Thursday 2nd November, Computershare held its 2006 Industry Conference at London's contemporary Cumberland Hotel in the Park Lane district.

The aim of the event was to give clients the opportunity to meet face to face, to stay up to date with market developments and to create a forum in which they could air their views and debate them first-hand.

The day was arranged so that guests had ample time to network. Attendees included representatives from Orange, Prudential Plc, HSBC Holdings plc, Vodafone Group Plc and The Royal Bank of Scotland Group plc.

DURING THE CONFERENCE, GUEST SPEAKERS PRESENTED ON VARIOUS INDUSTRY TOPICS:

- > **Julie Mail, Compensation and Benefits Consultant, Standard Life**
A case study on [launching a global share plan package to employees at IPO](#).
- > **Geraldine Pamphlett, Remuneration Manager, BHP Billiton**
A case study on [developing and promoting electronic communications for shareholders](#).
- > **Chris Pearson, Company Secretary, Balfour Beatty**
A discussion about [boiler room frauds - how to recognise and prevent them](#).
- > **Detective Sergeant Paul Salt, The Metropolitan Police**
[Proactive prevention of fraud](#).

Interactive voting technology was provided by IML, a Computershare company, allowing guests to vote on hot industry topics using wireless handsets. The voting sessions illustrated how aware companies are of industry developments and what measures they are currently taking to achieve best practice in areas such as shareholder fraud. The voting was very well received; results could be instantly viewed on screen:

- > 86% of attendees voted that employee behaviour is positively influenced by their share ownership

- > 43% of attendees plan to include electronic communications as a default on their company articles
- > 36% of attendees were not aware of boiler room scams, an issue which the conference sought to rectify
- > 48% of attendees have experience of attempted or reported shareholder ID frauds within the last 12 months and 36% had experienced Director ID frauds ■

LOBBY OF CUMBERLAND HOTEL



WHAT DID THE GUESTS THINK?

- "The topics were very well presented; the case studies were particularly interesting"
- "The use of IML handsets was worthwhile and they are very easy to use"
- "Very relevant and topical issues presented"

Quality not just quantity

Delivering effective employee share plans

Geoff Price, Computershare Plans Director, delivered an informative presentation on the changing emphasis of employee share plans. He discussed a common question posed by the business community: "Are share plans still worthwhile for today's employees?"

THE RESEARCH

Professor Joseph Blasi of Rutgers University, New Jersey, USA, conducted a 'Shared Capitalism' study from 2002 to 2004 to assess the effect that share plans have on the performance of participating employees. Computershare assisted Blasi in his task by gathering detailed questionnaires on the relationship between employee ownership and job commitment.

Professor Blasi's research found greater "discretionary effort and willingness from employees" if their share plan investment opportunity exceeded 7% of annual remuneration. The message for the business community is that a successful share plan cannot simply be judged on the numbers of employees participating in the plan, but on the opportunity for each employee to have a meaningful holding. The larger an employee's stake in a company, the more likely they are to be highly motivated and committed.

When asked

"Do you think employee behaviour is more positively influenced by the extent of share ownership?"
the audience answered:

78% yes

15% no

7% don't know

SELF HELP

The research also highlighted the importance of a 'self-help' approach to promoting and managing the plan. Geoff explained that employees have to make a conscious financial decision to participate in the plan, much like any other financial product. Consequently, ongoing service and support should be consistent with other investment products. Employee participants need information at their fingertips, as well as the ability to track the performance of their investment.



GEOFF PRICE

Launching an employee share plan at IPO

A case study on Standard Life



Julie Mail, Compensation and Benefits Consultant for Standard Life and Sandra Wilcox, their Computershare Relationship Manager, spoke about the challenges faced when Standard Life made the decision to launch their Employee Share Incentive Plan (SIP) at the same time as their Initial Public Offering (IPO).

THE BACKGROUND

- > Standard Life was established in 1825 and became a mutual assurance company in 1925. They have more than 7 million customers and 10,900 employees all over the globe. 8,600 of their employees are based in the UK with offices in Canada, Ireland, Germany and Austria accommodating the rest
- > On 17th October 2005 the Board announced its intention to recommend to its members that the company should demutualise and list on the London Stock Exchange
- > Flotation occurred in July 2006 and to coincide with this a 'free share' offer was launched to their eligible employees.

THE OBJECTIVES

Standard Life decided to launch a share plan at IPO as they wanted all employees to possess a stake in the company. The offer of 'free shares' was open to all eligible employees (even though some may already have received demutualisation entitlement as a Standard Life member).

The overall objectives were:

- > to give employees the ability to become shareholders - encouraging an understanding of the interests of shareholders and aligning employees' interests with those of shareholders
- > to provide employees with an element of remuneration based on group performance
- > to communicate with all employees, whether member or non-member, in the same way to promote equality throughout the company.

Computershare was able to offer Standard Life a global share plans service, incorporating a multilingual website and documentation. The partnership with Computershare offered maximum potential for Standard Life to efficiently communicate information about share plans to all their employees.

CHALLENGES AND SOLUTIONS

It was imperative that the share plan reflected Standard Life's objective of equality across the global workforce. It was crucial to communicate professionally and efficiently with employees to achieve the highest level of 'free share' take-up. Initially an email blast notified eligible



employees of the plan, allowing them to accept online, making the process cost-effective for Standard Life and hassle-free for employees.

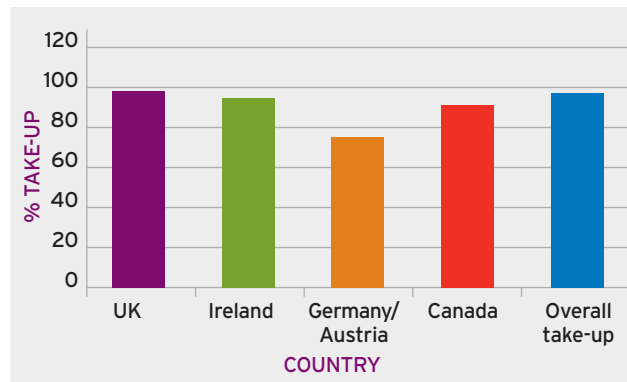
All documentation needed to be multilingual yet uniform in content and style; Julie explained the complications of translating documents while adhering to a standard structure, particularly in German where translations can double the length of a document. Computershare was able to assist Standard Life in creating consistent, easy-to-use communications by utilising their extensive global network and experience. We also developed a multilingual website for use in conjunction with the employee share plan system.

This is a global plan where Computershare has used its expertise and knowledge to provide administration services in Canada, Ireland and the UK.



THE RESULT: LESSONS LEARNED?

Employees were offered 'free shares' and the following graph shows percentage take-up for each region:



Julie expressed her delight that deadlines were met in this case and that there had been excellent take-up overall, especially in the UK. During the Q&A session she was questioned about the slightly lower take-up in Germany, which she explained could possibly be a result of the high taxation rates. In spite of the external factors she felt the take-up there was excellent.

She commented that she and her team learned many lessons as a result of the experience:

- > Always allow twice as much time for planning and implementation
- > Allot time for testing services
- > Clear, well-delivered documentation results in good take-up.

IF YOU READ NOTHING ELSE, READ THIS:

- > Standard Life successfully launched an employee share plan at IPO in July 2006 through which all eligible employees in the UK, Ireland, Germany, Austria and Canada were offered a 'free share' allocation
- > There was an extremely successful take-up on the 'free shares' as a result of well-thought-out communication services
- > For maximum success, always allow twice as long as you anticipate to plan, test and implement your share plan.

For more information about the Standard Life or any other global employee share plans, please contact Sandra Wilcox on 0870 889 3130 or sandra.wilcox@computershare.co.uk ■

Introducing a global web platform

A case study on BHP Billiton



Geraldine Pamphlett, Remuneration Manager at BHP Billiton, gave an engaging speech on how the company addressed lack of understanding and appreciation of share plan benefits within the company's executive workforce. She was joined by Computershare Plan Manager Mike Cheesley.

COMPANY HISTORY

BHP Billiton is the world's largest resource company, with 35,000 employees in over 20 countries ranging from South Africa to Surinam. Their expansion has been rapid and profitable; in 2002 their market capital was US\$30 billion which had risen to US\$123 billion in 2006. They are a dual-listed company on the London and Australian Stock Exchanges, with a secondary listing on the New York and Johannesburg exchanges.

THE CHALLENGES...

THREE COMPLEX PLANS

Plans offered by BHP Billiton include:

- > Group Incentive Scheme (GIS)
- > Long Term Incentive Plan (LTIP)
- > Legacy Plans.

Group Incentive Scheme

This is a deferred cash share award scheme, driven off participants' annual bonuses, which give half as an annual cash payment. The other half can be given either as nil cost deferred shares or market priced options.



T 133

ANGOSTURA, BHP BILLITON, TRINIDAD & TOBAGO

Long Term Incentive Plan

This is a performance-dependent plan which requires a 30% Total Shareholder Return (TSR) to out-perform against their comparator groups. Geraldine expressed the view that it is a highly lengthy and difficult plan.

Legacy Plans

These loan and option-based plans were implemented on BHP's side before the merger with Billiton in 2002. Geraldine and Mike both admitted that the complex nature of these plans meant they were out of the scope of this project.

MULTI-COUNTRY = MULTI-PROBLEMS!

In order to create awareness of the share plans and the value they offer to current holders, BHP Billiton needed to create functionality to give employees easy access to their personal shareholding details. BHP employees possessed shares that were administered in countries that use different systems (UK and Australia), which meant they were held in different currencies. The share plans also differed depending on whether the individual was originally employed by BHP Billiton Plc (LSE shares) or BHP Billiton Ltd (ASX shares). Therefore, the solution needed to work on two platforms and allow for varying levels of understanding as well as adhering to the specifics of an individual's share plan.

LACK OF COMMUNICATION RESOURCE

These plans are intricate and diverse and BHP Billiton had already spent extensive time and money developing and communicating them. Research had shown that the shares represent more than 7% of remuneration for some people so it was crucial to create proficient communication systems. Geraldine explained that previously there was only herself and one other managing the share plan administration which meant she was fielding all the queries regarding the share plans; resulting in a huge workload for her. She also highlighted the technology barrier by stating, "we're miners, not computer whizzes".

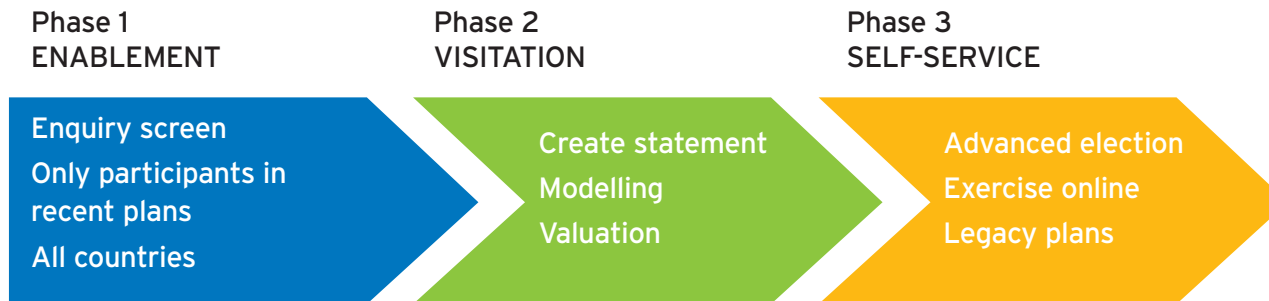
**THE SOLUTION**

In order to best incorporate the needs of their various shareholders and create a standard format to their communication, Computershare suggested a global web platform. Mike explained that this allows a collation of information throughout the UK and Australia systems. When an employee enters their Participant ID and PIN number the website searches each system and displays their complete portfolio on one page.

BHP could have opted for a 'big bang' implementation; all information going live on the Computershare website, allowing functionality to all users at once. However, this was considered too high risk for such a complex scheme so Mike and his team devised a phased approach.

Phase 1 focused on getting participants online and looking at their portfolio. Initially this was launched to participants in the GIS and LTIP. At the moment BHP Billiton is in Phase 2 and Phase 3 will allow participants to perform transactions and elections online. It will also incorporate access for participants of Legacy Plans. Once the phased approach is complete, all shareholders will have total control of their holdings via electronic means.





THE RESULTS... AND MOVING FORWARD

Geraldine marvelled that despite the “incredibly complex” structure of the plans, the improved communication levels and accessibility have increased employee knowledge and satisfaction of their holdings.

The ‘Shareholder Services’ website can now be accessed easily via the BHP Billiton internet or intranet sites and participants can now view their own portfolios and access relevant information about their share plan. The site has been produced in the Computershare brand to emphasise that we administer the plans and day-to-day queries should be directed to us. All notifications are sent by email, which refers employees to the website for further details.



BHP Billiton’s future projects include a global ‘all-employee’ share plan, which Geraldine and Mike are currently working on. The offering will be completely paperless and targeted at employees in 26 countries.

ANY LESSONS LEARNED?

- > The team should fully understand the share plans they are communicating to global shareholders
- > When dealing with complex schemes, it is more appropriate to implement a phased approach to communications
- > A large team to deal with queries and implementation avoids timely responses and pressure on individuals like Geraldine
- > Efficient communication and access to information creates informed and motivated shareholders.

IF YOU READ NOTHING ELSE, READ THIS:

- > BHP Billiton needed to devise functionality to communicate with its shareholders regarding a variety of share options, in several countries on platforms in Australia and the UK
- > Computershare helped them devise a global website which enabled participants in the plans to view and manage their holdings online
- > All communication is now done electronically, with the website holding all information a shareholder needs to effectively administer their shares.

For more information about BHP Billiton, or any other global employee share plans, please contact Mike Cheesley on 0870 702 0003 x 1832 or michael.cheesley@computershare.co.uk ■

Fraud

The industry threat

A large portion of the conference was dedicated to fraud and the threats posed to both the public and private sectors.

BOILER ROOMS

Chris Pearson, Company Secretary for Balfour Beatty, illustrated that the share industry is vulnerable to fraud such as that committed by boiler rooms, as a result of easy and legal access to share registers.

Boiler rooms are individuals or groups of individuals who usually operate from a base overseas: the FSA is aware of over 250 currently in operation. As it has no regulatory influence abroad the FSA cannot independently shut them down.

The dangers:

Boiler rooms legally obtain shareholder details from a register then promote and sell 'investments' that are either worthless or impossible to sell. They may begin by offering a market report on the company they are 'affiliated with'; if they think the target is interested they will move to selling mode.

Post-sale, shareholders may also be contacted by a recovery room, which convinces the shareholder it is an appropriate time to sell their shares. They require a fee to lift restrictions associated with the shares and once the fee is paid, the recovery room disappears; the shareholder has lost further money and still holds worthless shares.

Balfour Beatty's experience:

Balfour Beatty shareholders were targeted in 2005. When Chris was personally contacted he took the opportunity to press for information but the individual became nervous and ended the call. As a preventative measure Balfour Beatty included a warning letter, approved by the FSA, in their annual report in an effort to combat further attempts.

IDENTITY THEFT

Naz Sarkar, Director of Computershare Investor Services PLC, outlined the threat posed to both the public and private sectors by identity fraud.

ID THEFT CAN OCCUR BY MEANS OF A FRAUDULENT:

- > change of shareholder address (typically followed by a request for a duplicate certificate)
- > change to dividend mandate
- > transfer of shares using an off-market transfer
- > alteration or forgery of dividend or interest payments.





E-CRIME

Detective Sergeant Paul Salt from the Economic and Specialist Crime Unit of the Metropolitan Police gave details of the technological developments enabling fraudsters to carry out their scams.

The Internet has made fraud increasingly simple to commit, as individuals do not look for the obvious and are too quick to assume that internet content is trustworthy. With over one billion users, the Internet offers fraudsters the chance to reap huge financial rewards with a minimal risk of detection.

It is almost impossible to know the true scale of internet crime; as internet commerce takes place on a global scale, cross-border investigations are very difficult to conduct. This is further hindered by differences in laws, protocol and enforcement priorities and lack of intelligence-sharing between countries. In addition, there is reluctance among

governments to take responsibility for internet crime. These factors combine to make convicting fraudsters extremely problematic.

The most successful tool for fraud prevention, in DS Salt's opinion, would be a national reporting system. Currently it is impossible to judge the extent of internet fraud unless people notify the police directly; but in certain cases the only link to a fraudster may be a false address.

DS Salt expressed the need to look at the Proceeds of Crime Act and Money Laundering Act to establish what measures need to be taken. Reference to the new Fraud Act will also be important in moving forward.

PREVENTION

The message that prevailed was the need for communication, both within the industry and to our clients. The introduction of new laws through The Companies Act 2006 will allow tighter restrictions on the share register, helping to reduce the threat of identity fraud and targeting by boiler rooms. The letter produced by Balfour Beatty is available on the [ICSA website](#) and can be included in company mailings to increase shareholder awareness.

Naz explained that Computershare's 'Security Letters' allow shareholders to verify a request to change details (eg change of address). Currently 200 Computershare clients have moved to 'Security Letters' and as a result 21 potentially fraudulent acts have been

prevented. One of those shareholders targeted was a company director. The money lost if these frauds had succeeded could have been over £1.8m.

To date in 2006, Computershare has discovered and prevented attempted fraud to the value of £6 million. In our proactive efforts to create industry awareness we have shared the sources of these attempts with fellow registrars and related companies.

GOVERNMENT INITIATIVES

- > [National Identity Fraud Prevention Week](#)
- > [Fraud Alert](#) - collates details of scams in order to study the evolution of fraud
- > Recruitment and vetting - encouraging companies to include a proper vetting process
- > Money Transfer - increasing safety of transfer systems online
- > Scams Conference
- > Companies House registration process
- > Company prevention strategies.

LINKS TO RECENT ARTICLES ON FRAUD:

- [Queen's Speech heralds fraud shake-up](#)
- [ASIC puts \\$4m cold call scam on ice](#)
- [Norfolk police probe global shares scam](#)
- [Police warning over scam investments offer](#) ■

Shareholder rights

Shareholder rights are a significant aspect of the Companies Bill 2006, which received Royal Assent in November. The full Bill will be enacted by October 2008, but it has been announced that the clauses enabling electronic communications for shareholders will come into force in January 2007.



The changes to the rules on electronic communications contained within the Companies Bill will allow issuers, subject to shareholder approval, to offer the option of electronic or hard copy (paper) communications. Notice of meetings and the agenda will be made available on the issuers' website. Electronic voting will be facilitated and the result of the poll on each resolution will be available on the website, post meeting.

Shareholders who do not return an election, for electronic or paper communications, must still be advised when the company is holding a meeting, where they can obtain details of the date, time and place of the meeting and the business to be conducted. The advice may be in the form of a note or a formal notice of meeting. They must also be reminded on an annual basis of their option to make an election for electronic or paper communications.

Under Part 9 of the Bill, communication rights are extended to underlying beneficial owners, ie those holding shares via PEPs, ISAs or commercial/broker nominees.



The rules on access to shareholder details contained within share registers have also been strengthened in order to prevent the abuse of such data. A request for shareholder data must be for a proper purpose. Although 'proper purpose' is not defined in the Bill the Institute of Chartered Secretaries and Administrators (ICSA) is drafting a suggested list of such purposes, to assist issuers in deciding whether or not to release the data.

Any request for a copy of the names and holdings contained in the register will need to state the name and address of the person making the request and warrant the purpose for which it has been requested. If the details are to be passed to a third party, the request will need to state the name and address of the third party and the purpose for which the shareholder data is to be used. In the absence of such information, issuers will be able to refuse to provide shareholder details. The misuse of share register data will become an offence.

Shareholder rights are also the subject of a proposed EU Directive currently under discussion and expected to be finalised in 2007. The UK Government has stated that improving the effective exercise of shareholder rights across borders is important to enhancing governance, market confidence and the opportunity for cross-border investment.

The Directive is expected to introduce a UK-style record date for meetings and abolish 'share-blocking', a mainly European directive requiring

shareholders wishing to vote to transfer shares into a designated depository where no trading can take place prior to the company meeting. This will mean that sufficient advance notice of meetings will be required along with the removal of legal obstacles to electronic voting, again similar to the current position in the UK. A potential change for UK shareholders would be the introduction of the right to vote, by post or electronic means, without appointing a proxy or attending the meeting.

Computershare has been actively monitoring these developments and contributing to the debate. We will keep you informed as the Directive is developed and finalised.

To get all the latest industry updates, join us for our next Industry InFocus webinar (online seminar) on 18th January 2007.

[Click here to sign up.](#) ■

IF YOU READ NOTHING ELSE, READ THIS:

- > The Companies Bill 2006 received Royal Assent in November with clauses enabling electronic communications for shareholders coming into force in January 2007
- > The Bill will allow issuers, subject to shareholder approval, to offer the option of electronic or hard copy (paper) communications
- > A potential change for UK shareholders would be the introduction of the right to vote, by post or electronic means, without appointing a proxy or attending the meeting
- > Look out for the Computershare-sponsored supplement in the January edition of *Chartered Secretary* magazine.

The audience at the recent Computershare Industry Conference had the following views on the topics:

When asked

"Do you welcome dematerialisation?" the audience were firmly in favour of the process:

96% yes

2% no

2% don't know

When asked

"Do you plan to change your articles to include electronic communications as the default?" this was the response:

43% yes

19% no

38% don't know

Global news

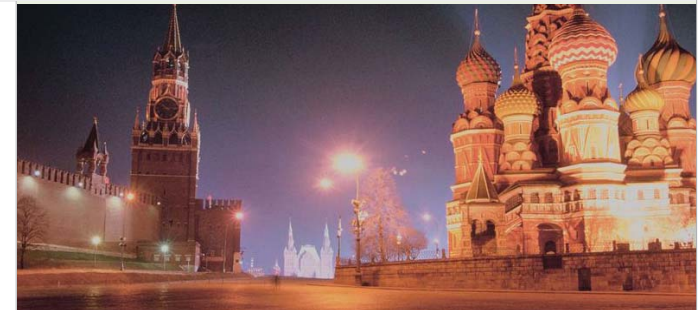
German AGM seminar is a huge success.

Computershare held its eagerly awaited annual industry AGM Management Seminar on the 26th and 27th October. The seminar was held in the stylish surroundings of Munich Airport's Kempinski Hotel, famous for the futuristic architecture of Helmut Jahn. Over 120 delegates attended from companies such as BASF, DaimlerChrysler and E.ON to discuss relevant topics surrounding AGMs.



Topics included how the German law affects the convening of general meetings, methods of handling 'critical shareholders' during the AGM, an insight into the 2007 AGM season and the importance of the AGM for the public and press. Georgeson's Oliver Linde took the podium and delivered a joint presentation with Thomson Financial on proxy solicitation and shareholder identification.

During the event, Computershare demonstrated the capabilities of IML's range of voting technologies with delegates getting hands-on experience using the wireless handset. We also got the opportunity to showcase our new brand look and feel, which was very well received. The day ended with a convivial dinner which allowed the delegates to network and exchange industry viewpoints.



COMPUTERSHARE ANNOUNCES RUSSIAN ACQUISITIONS

Computershare is pleased to announce two transactions with BANK URALSIB, continuing our long-term strategy to build a substantial market-leading registry service in Russia.

Firstly, we have acquired a controlling interest in The National Registry Company (NRC), Russia's largest independent registrar; and secondly, we have acquired a substantial stake in Registrar NIKoil, Russia's number three registrar and largest mutual fund transfer agent.

These acquisitions have strengthened our client base and created significant consolidation opportunities within the registry market. Chris Morris, Computershare's Executive Chairman, feels that this further expansion demonstrates Computershare's unwavering commitment to creating a global registry service for its clients: "We are the only company able to offer comprehensive, local registry services on all five continents in 17 countries and firmly believe that Russia will play a key part in our portfolio going forward." ■

Ireland on course to dematerialise ahead of UK

Following an industry-wide consultation process, the legislation to allow for full dematerialisation of Irish Equities was included as part of the Companies, Investment Fund, Takeovers and Consumer (Amendment) Bill 2006. The Bill had its first reading in the Oireachtas (Irish Parliament) on 5th July 2006, and its second reading on 14th November. It is expected that the Bill will become Law by Christmas 2006.

Once the law is in place, the Department of Employment, Trade and Enterprise (DETE) will amend the Uncertificated Securities Regulations (USRs) and CREST will issue an amended File Transfer Data Exchange (DEX) manual in early 2007. Together, these will largely define the model and allow the market participants, including registrars, to begin work on making the various system and operational changes necessary to implement dematerialisation.

The driving force on the road to dematerialisation has been The Dematerialisation Implementation Group (DIG). Under the guidance of the Irish Stock Exchange (ISE), DIG was formed to promote and to facilitate dematerialisation of listed companies. Key constituents are the ISE, stockbrokers, listed companies, registrars, custodians, the Financial Regulator, DETE, together with representation from the legal profession and CREST.



DUBLIN'S HA'PENNY BRIDGE -
photograph courtesy of Phillip O'Toole

At a recent DIG meeting, the question of whether Ireland should go ahead of the UK was raised. DIG Chairman, Brian Healy of ISE, stated that "the ISE supports the agreement of a firm indicative date for dematerialisation in Quarter 1 2008, which would give participants more than a year to prepare. The ISE felt that if dematerialisation is good for the Irish shareholder, as was concluded in the Morroghs report from a shareholder protection point of view, that the Irish market should forge ahead even if the UK lags behind rather than

disadvantaging the Irish shareholder by deciding to postpone implementing a better system as soon as possible".

There was unanimous agreement that operational, legislative and investor education should proceed with everyone's full commitment. DIG is now working on a draft timetable to implement dematerialisation by the end of Quarter 1 2008.

WATCH THIS SPACE! ■

Meeting the 'best-practice' benchmark in shareholder communication

In today's hectic and fast-paced society the volume of information sent to the average person via email, letters and faxes has never been greater; while the amount of free time that they have to read and respond to it is shorter than ever. This especially holds true for the private investor with a portfolio of several companies who may be receiving share statements, dividends, meeting requests and company announcements by the bucketful.

With this in mind, it is more important than ever for issuers to recognise the best practice benchmark for communication with their shareholders and to avoid common pitfalls.

Unless the shareholder is quickly able to read and digest the document, ascertain what they need to do and action it accordingly, they will make mistakes in completion, or just take the easy course and consign the document to the bin or filing cabinet.

Failing to persuade shareholders to take clear action undermines the effectiveness of the communication and calls into question the value of dispatching such documentation to holders. Badly formatted documents will generate enquiries from holders, with call centres becoming swamped by people asking why they have received their communication and what they should do with it.

ENTERTAINMENT RIGHTS INCREASE SHAREHOLDER RESPONSE BY 61%

Entertainment Rights Plc (ER) is one of the UK's leading specialist media groups focused on the ownership of high-quality children's and family programming, characters and brands, including Postman Pat, Basil Brush and Rupert Bear. For further information on ER visit www.entertainmentrights.com

They have had first-hand experience of how switching to a new best practice proxy form can dramatically improve shareholder response. Paul Ashworth, ER Finance Manager, explains. "Our earlier proxy mailings did not generate the response that we were hoping for. The issue identified was that the proxy forms were not shareholder friendly. They took time to complete, the voting was open and overall the cards did not look very professional.

"We worked with Computershare to incorporate their enCompass documentation in our 2006 AGM proxy mailing. We really liked the design and layout of the forms - they were simple to read and easy to respond to. This was borne out by a vastly improved shareholder response rate - an increase of over 61% from the previous year."

The image shows the 'ENTERTAINMENT RIGHTS PLC Form of Proxy' from 2006. It is a text-heavy document with a table for resolutions. The table has columns for 'Resolution', 'For', and 'Against'. The resolutions listed include: 1. To receive and adopt the 2005 Annual Report and Accounts; 2. To receive and approve the Directors Remuneration Report for the financial year ended 31 December 2005; 3. To re-appoint Mervyn King as a Director; 4. To re-appoint Greg Minniger as a Director; 5. To re-appoint KPMG Audit plc as Auditors and authorise the Directors to fix their Remuneration; 6. To re-appoint the Directors to hold restricted powers of the Company's ordinary shares; 7. To re-appoint the Directors to purchase its own shares.

The image shows the 'Form of Proxy' from 2006, which is more modern and user-friendly. It includes a barcode (G0100100973 B N K) and a clear list of resolutions with checkboxes for 'For', 'Against', and 'Abstain'. The resolutions are: 1. To receive and adopt the 2005 Annual Report and Accounts; 2. To receive and approve the Directors Remuneration Report for the year ended 31 December 2005; 3. To re-appoint Elizabeth Games as a Director; 4. To re-appoint Jane Smith as a Director; 5. To re-appoint Iain Fishman as a Director; 6. To re-appoint KPMG Audit plc as Auditors and authorise the Directors to fix their Remuneration; 7. To authorise the Company to purchase its own shares. The form also includes a signature line and a date field.

ENTERTAINMENT RIGHTS' OLD PROXY FORM

ENTERTAINMENT RIGHTS' NEW PROXY FORM



WHAT SHOULD YOUR SHAREHOLDER COMMUNICATIONS DO?

Maintain consistency for shareholders

The more similar in design and layout repeated mailings are, the more a shareholder can get used to reading, understanding and successfully filling them out. Even simple measures such as locating shareholder information in the same position each time can enable call centre agents to easily direct callers to the specific location, ensuring speedy call resolution.

Meet your shareholders' security expectations

A document can be compromised by inadequate security features should it fall into the wrong hands. State-of-the-art safeguards such as UV sensitive inks, micro print lines and chemically reactive paper will reduce the risk of fraudulent certificates remaining undetected when presented in support of bogus trading activity.

Simple design and process

For an issuer, the processes involved in developing a document can be extremely lengthy and offer very little scope for last-minute amendments. To tackle this, we feel it is important to create the document and manage the data within a single system-based architecture. This massively reduces the possibility for human error and mitigates risk.

WHAT IS COMPUTERSHARE DOING TO MEET 'BEST PRACTICE'?

As shareholders become more familiar with and accustomed to the layout and ease of completing 'best-practice' documentation, it will send a clear wake-up call to the industry to follow the growing trend.

We recognise the importance of clarity and consistency in shareholder mailings and to meet this need, Computershare Communication Services has developed a shareholder communication tool called enCompass, specially designed to deliver the best communications experience to your shareholder. All documents created via enCompass have a consistent look and feel with a clear message and call to action, in a format designed to enable key messages and information to be clearly displayed to recipients. The suite of documents available includes proxy cards, forms of instruction, dividend payments and tax advice, SCRIP/DRIP payments, shareholder cards and certificates. enCompass is currently being used by a number of global clients in many different industries.

For more information on how you can improve your shareholder documentation, please contact your usual Computershare contact or email information@computershare.co.uk ■

IF YOU READ NOTHING ELSE, READ THIS:

- > Shareholders have less time than ever to read and assimilate company mailings
- > Companies should recognise the importance of providing clear communications to their shareholders
- > A higher rate of response can be achieved using best-practice documentation.

Thinking differently about annual reports

Legislation update gives companies the opportunity to achieve better practice in OFRs.

Following Gordon Brown's well-publicised u-turn on the mandatory publication of Operational and Financial Reviews (OFRs) at the end of 2005, a large number of companies are now rethinking their whole approach towards the way in which they share their OFRs with shareholders.

To comply with the new legislation, companies must now meet the less-stringent EU Accounts Modernisation Directive requirements (now incorporated into the 1985 Companies Act) and provide a business review in their Directors' report. This includes key performance indicators (KPIs) and risks faced, but nothing on the strategic direction of the company and its future prospects. Although these issues are being addressed in the Companies Act 2006, implementation is likely to be some way off.

Despite OFR reporting no longer being mandatory, it is commonly held that sharing strategic thinking with shareholders is in a company's best interests and can be used to demonstrate best practice. Philip Moore, CEO of Friends Provident, agrees and believes that in future OFRs will form an invaluable part of its reporting to all shareholders. In a recently published article, Moore argues that producing

the report is not that difficult. "The OFR is basically information that we have internally anyway - it is the strategic thinking and context setting that informs every board meeting. Why shouldn't we share this with our stakeholders?"

Moore also believes that the OFR should be short enough to be read. Shareholders' time is more at a premium than ever these days, and people don't always have the time to wade through traditional annual reports. When you consider that some annual reports run into hundreds of pages and contain a huge quantity of charts, facts and figures, it's not surprising that the key messages the company is trying to get over to shareholders are sometimes lost. "What we need is for the Government to introduce primary legislation that will allow companies to file their accounts electronically and put the full report on their website," Moore says. "But the document we send to shareholders and stakeholders together with the OFR, should strive to be no more than 60 pages long. Not many people want a 200-page brick thudding through their letterbox."

IF YOU READ NOTHING ELSE, READ THIS:

- > Companies are rethinking the ways in which they communicate with shareholders following the relaxation of the law relating to the mandatory publication of OFRs
- > Sharing strategic thinking with shareholders is in their best interest and can be used to demonstrate best practice
- > Some companies are finding that producing a shorter, more succinct version of their annual report is providing greater transparency for shareholders
- > Companies are placing more emphasis on corporate social responsibility (CSR) reporting in their annual reports.



Flag, a creative design agency (a wholly owned subsidiary of Computershare), assisted Friends Provident with their annual report, which was rated highly by the market. Flag's Creative Director Piers Evelegh explained that the key to its success was in providing greater transparency to readers. "We aimed to ensure that the information and layout was presented in a way that made the content easily accessible to readers who were not necessarily expert users of financial reports."

Piers also highlights the fact that shareholders are becoming more aware of corporate social responsibility reporting, and are putting pressure on companies to adopt more environmentally friendly approaches to how they conduct their operations. "We are seeing a convergence of corporate social responsibility reporting as part of the standard annual reporting package," he said ■



FRIENDS PROVIDENT

ASK OUR EXPERTS

Today, we are seeing increasing pressure for transparency and a greater convergence of corporate social responsibility reporting as part of the standard annual reporting package. Flag provides corporate reporting design, production and consulting for companies around the world, including FTSE100 companies in the UK. To assist Computershare clients we have set up an email address that allows you to ask questions of our experts.

Barry Semark will be able to provide direction on annual reports, Piers Evelegh will answer any questions on report design while Rob Cameron will deal with your enquiries regarding reporting on corporate social responsibility. Alternatively, you can contact your usual Computershare contact who can arrange for a visit from Flag to discuss your annual report design and production requirements. You can contact the Corporate Reporting team on corporatereporting@flag.co.uk

A faster and simpler way for shareholders to receive payments

Computershare has teamed up with Citigroup, one of the world's leading foreign exchange providers, to launch a new 'Global Payments Service', aimed at providing shareholders living abroad with a fast, secure and cost-effective method of receiving their dividend or interest payments in their local currency. The money will be electronically transmitted direct to their bank account, speeding up receipt of the funds to up to nine days earlier and eliminating the cost and inconvenience of dealing with a sterling cheque.

This is a great value-added service to offer to shareholders living abroad, and one that is offered at no charge to the issuer.

Since its launch on 20th November, the Global Payments Service has supported electronic payments direct to shareholders' bank accounts in many of the most popular global currencies including Euros, US Dollars, Swedish Kroner, Swiss Francs and Hong Kong, Canadian, Singapore and Australian Dollars. By January 2007, 40 more currencies will be available to shareholders.

We can arrange for a targeted mailing to be sent to relevant shareholders at no charge. If you would like to take up this offer or require further information, please speak to your usual Computershare contact or email information@computershare.co.uk ■



Computershare exhibits at ICSA Conference



THE COMPUTERSHARE STAND

Computershare recently showcased its range of services at the Institute of Chartered Secretaries and Administrators (ICSA) Annual Conference and Exhibition at Lord's Cricket Ground on 5th October. The event was well-attended, attracting over 400 delegates, and provided us with an excellent opportunity to reveal our new-look exhibition stand and literature, reflecting our new brand values of Certainty, Ingenuity and Advantage. There

were also lively demonstrations of our interactive keypad voting technology. Visitors used the keypads to vote on hot industry topics, such as: 'Has corporate governance gone too far?'. Instant voting results were displayed live on the main screen, igniting energetic debate and discussions among audience members. The show was a great success, with lots of new and old faces present.

HAND-HELD VOTING TECHNOLOGY SHOWCASED AT MOCK AGM

Computershare's Mock AGM was held at Sainsbury's offices in Holborn London, on 3rd October. During the meeting the functionality and benefits of the IML Meeting Management and Electronic Voting System was demonstrated live, showcasing the latest developments in audience participation solutions for 2007. These included MultiSite, where votes can be cast by shareholders attending simultaneous meetings in different countries and Question Management, which affords companies greater control of shareholders' questions during the meeting. The session was attended by representatives from FTSE 100 and 250 companies such as HBOS plc and British Airways Plc.

In an attempt to make the event as realistic as possible, personalised CDS proxy forms were printed using the [enCompass product](#) and dispatched with the invitations. An internet voting site was available for attendees to register their votes online and experience the system first-hand.

It was an excellent opportunity for clients, not only to see the system in action, but to meet with other clients who currently use the handheld electronic voting technology and to share experiences ■

Webinars

The time-saving alternative to seminars.



TRY A WEBINAR!

The next Industry InFocus webinar is being held on 18th January 2007 when you will be updated on hot topics and developments within the industry. [Click here](#) to sign up ■

Computershare held its Industry Infocus event as a webinar on 28th September, which proved to be a great success. In total 17 delegates participated, including representatives from The Royal Bank of Scotland Group plc, J Sainsbury plc and Vodafone Group Plc.

Webinars are simply online seminars that can be attended by many people at one time from the comfort of their own desk - all you need is a computer and a telephone. By using this technology clients can get regular industry updates with ease - compared to the alternative of leaving the office and travelling to a face-to-face event.

Invitations are sent by email and once the delegate accepts, they are sent a link to click on to join the webinar at the appointed time. Delegates can watch and listen to the presentation on their PCs, and are given the option to comment during and after the presentation. The whole process usually takes around one hour.

Despite the success of webinars, Computershare remains committed to maintaining a physical presence at industry events, such as our recent Industry Conference ■

The scene

COMPUTERSHARE ON BBC TV'S WORKING LUNCH

Jeff Sainsbury, Executive Vice President, Global Capital Markets Group, appeared on BBC TV's *Working Lunch* on Tuesday 10th October to answer questions on whether or not it's a bad sign when a company comes to its shareholders in a bid to raise funds (known as a rights issue).

Jeff thinks not. "If existing shareholders choose not to take up their 'rights' then normally their entitlement would be sold and the proceeds of the 'nil-paid rights' paid to them. Each rights issue should be looked at separately - there is no blanket yes or no as to whether to subscribe to them."

Jeff suggests you seek advice from your stockbroker and/or read the financial press and make your own mind up. "After all, it's your money!" ■

CONSERVATIVE PARTY CONFERENCE ADOPTS IML VOTING TECHNOLOGY

The Conservative Party Conference on 2nd-4th October 2006 made use of electronic voting and text messaging technology for the first time in their history, successfully using 1,700 handsets provided by IML, a Computershare company.

On arrival, each attendee was given a handset that they could use to vote instantly on 'hot topics' such as "Should we ban marketing to children?" and "Should we raise the tax on airline fuel if it means that the cost of cheap flights will go up?"

The text messaging function on IML's interactive handsets ensured that every audience member was given an equal opportunity to submit their opinion. Voting results and text messages from the audience appeared instantly on a big screen at the front of the conference, allowing each member to view the full range of opinions ■



The Telegraph said:

"Electronic voting and interactive messaging ensured that the Tories appeared to be a transparent, progressive and modern party with controversial issues and comments tackled immediately by presenters."

The scene



SENIOR COMPLIANCE OFFICER RECEIVES TWO PRESTIGIOUS AWARDS

For most people, receiving a prestigious award would be a

fantastic achievement and a moment to savour. For Lorraine Tromans, receiving two such awards in the space of just one week was simply sensational.

Lorraine is Senior Compliance Officer and Money Laundering Reporting Officer (MLRO) at Computershare. On 17th November, Lorraine received her Compliance Institute Fellowship - of which there are only 10 in the country - and then on 23rd November was awarded the OStCaR (Outstanding Service to Compliance and Regulations) in a ceremony held at the Dorchester Hotel in London.

Lorraine was naturally delighted with her two awards. "Computershare takes compliance and all the related issues very seriously - receiving the OStCaR was a great endorsement of that fact. It also made me feel like a film star - and I got a kiss from Rory Bremner!" ■



IRISH CLIENT WINS TOP AWARD

From a competitive pool of 24 company finalists, Ann Heraty, founder and Chief Executive of CPL Resources Plc was named as the 2006

Ernst & Young Entrepreneur of the Year. She was announced as the winner of the international category before receiving the coveted overall title. Both were presented at a gala ceremony by Micheal Martin TD, Minister for Enterprise, Trade and Employment and the chairman of the judging panel, Denis O'Brien.

CPL Resources plc has been a client of Computershare Investor Services (Ireland) Limited since 1999 and we are delighted with their win. We would like to congratulate CPL and Ann on this achievement ■

NOT JUST A PRINT SHOP

Computershare Communication Services (CCS) recently announced a change of name from Computershare Document Services (CDS). CCS is a leading global provider of specialised one-to-one communication solutions that integrate print and mail with e-commerce and other e-delivery channels.

Andrew Heard, UK Director of CCS, explains, "The change was made to reflect the fact that the department is no longer simply a print and mail resource, it now includes electronic archiving and retrieval, online distribution via email, and enabling bill payment online. Essentially we offer complete communication solutions to our clients" ■

We hope you have enjoyed this winter edition of Insight. Please forward any comments, queries or suggestions for future articles to information@computershare.co.uk ■