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## Employee Ownership at Steria





# Agenda

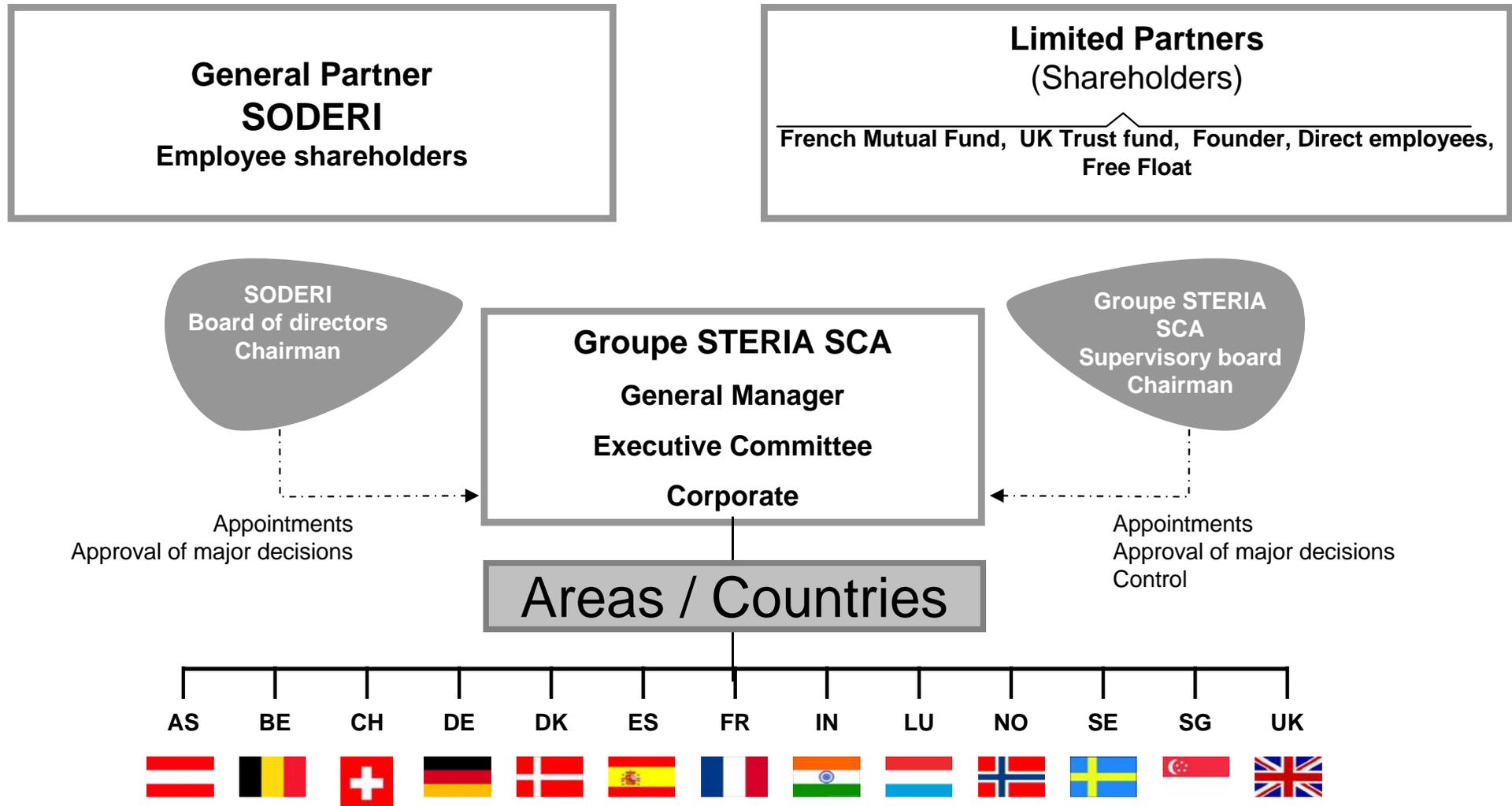
- Setting the Scene
- Steria's Governance Model
- Why Employee Ownership is Vital
- The Variety of 2010 Share Schemes
- Highlighting the Differences
- Conclusion & Summary

## → Setting the Scene

- >18,000 Employees across 13 countries
- 4,500 employees own Steria shares (25%)
- 14.4% of Group Steria SCA capital is owned by employees
- Employee Ownership is at the heart of our company culture, a key cornerstone of our independence and the way we operate
  - Engaging employees in corporate governance
  - Linking our employees to our company growth
  - Building ties between employees, directors and shareholders
  - Increasing employees' awareness of economic & financial issues
  - Boosting business understanding and entrepreneurial spirit
- Our governance model gives employee shareholders significant power



# Steria's Unique Governance Model



An international management team challenged by two bodies



# Employee Ownership is Vital

- Employees holding Steria shares are entitled to buy shares in Soderi
- The Soderi Board is elected by the employee shareholders, NOT by the company
- **Decisions like appointing or dismissing the General Manager and whether or not to acquire another company can only be made with the consent of the Soderi Board and the Supervisory Board (in case of disagreement, a Congress is convened)**
- This mechanism is unique amongst European listed companies; it is one of the elements of our Independence – one of our core values
- **BUT if Soderi partners hold less than 5% of Steria's capital, Soderi can lose its mandate**
- ... so we try to maintain this employee ownership culture through annual employee share schemes



# The Variety of 2010 Share Schemes

## Classic Scheme – Group Savings Plan

Austria, Germany, Belgium,  
Denmark, Spain, France,  
Luxembourg, Norway,  
Poland, Sweden, Switzerland

Annual Investment  
Discount on share price,  
Employer contribution

FCPE Board

## Classic Scheme – Share Incentive Plan

UK, India

Monthly Investment  
Matching shares

UK Tax-approved Trust

## Leverage Scheme

Germany, France,  
Switzerland, UK

Annual Investment  
Discount on the share price  
Bank participation in plan  
Guaranteed return of the  
investment

FCPE Board



# Highlighting the Differences

- FCPE offers tax advantages in France but is not recognized by other countries
- Subscriptions through FCPE are not possible in some countries (ex: Spain, Poland)
- Leverage formula cannot be offered in some countries (because of legal constraints – lack of attractiveness) or it requires advance approval from the local administration: ex: Belgium, Denmark, Spain, Poland,
- UK SIP offers income and capital gains tax benefits on strict conditions of approval, but cannot be offered across the Group countries
- Tax advantages differ from a country to another:
  - in some countries the employers contribution is considered as remuneration in kind and is taxed (Spain, Sweden)
  - The gain on the repurchase of the shares at the end lock-up period may be subject to personal income tax.
  - The dividends paid may be taxable
  - Sometimes the receiver is taxed on the day of the grant, sometimes on the day of vesting, sometimes on the day of exercise
- The early release events differ from one country to another



# Conclusion

- ... it's a minefield!!
- Attracting and retaining employee shareholders and offering schemes equitable to all employees are a big challenge
- We would like to offer attractive types of schemes in a fair and uniform way across all countries
  - UK SIP scheme
  - Stock option schemes
  - Performance-related share schemes
- ... but the cost, administration and communication are prohibitive
- Differing tax treatments also affect employee mobility across the Group



# Summary

- Our philosophy is that employee ownership is about:
  - Long term commitment
  - Stable corporate capital
  - Responsible governance
  - Mastering our destiny
- We believe that other companies should be encouraged to adopt participative governance models
- ... and that investors should be encouraged to invest in these companies
- But the model only works with vibrant employee shareholding
- Lack of pan-European harmonisation is a real obstacle



# Summary

- We strongly support the action of EFES to fight for a common legal & fiscal framework
- We think it should reflect the best of today's elements from each country
- And should encourage long term commitment and participative governance