

NOTES FOR COMPANIES

ShareGift, an entrepreneurial British charity, was launched in 1996 with the vision of providing a charitable solution to the longstanding business problem of unwanted small shareholdings. Nuisance shareholdings – those that would cost more to sell than they are worth – are a cause of frustration to shareholders, companies, investment managers and stockbrokers alike. The servicing of such holdings costs companies millions of pounds on an annual and ongoing basis, while the receipt of unwanted annual reports, other documentation and tiny dividend payments can be intensely irritating to the recipient. Before ShareGift, the situation was one of deadlock.

How ShareGift works

Donated shares are transferred into the name of The Orr Mackintosh Foundation, the registered charity which operates ShareGift. The Charity exists to realise as much value as possible from unwanted shares by aggregating them, selling them and using the proceeds to make donations to a wide range of other UK registered charities. The private client stockbrokers Killik & Co waive all ShareGift's commission charges for share dealing, which means that we can give even more money to more charities. We also help shareholders with larger, tax efficient donations of shares.

Why Companies choose to utilise ShareGift

ShareGift is a unique and easily-understood way for small shareholders to dispose of unwanted shares for charitable benefit, and can be incorporated into Company Annual Reports or other shareholder communications in a variety of ways. A growing number of companies now include ShareGift in their communications in order to tidy up their share registers without alienating their small shareholders. A key benefit resulting from this good corporate housekeeping is significant savings in the cost of shareholder communications. Not only do we provide an invaluable resource in disposing of the nuisance of a small shareholding and its attendant paperwork, but the outcome is a new multi-million pound funding stream for UK charities – more than £14m to 1,700 beneficiaries to date.

ShareGift has worked with the Treasury and HM Revenue & Customs on guidelines for share giving, and is now recognised by the corporate world as *the* solution to the problem of odd lots of shares. ShareGift has been deployed at some level by more than half of the FTSE 100, as well as very many smaller companies. Feedback from companies and their shareholders shows how much they value this convenient and charitable way of disposing of unwanted shares.

Following are some more detailed notes on how your company can work with ShareGift. Please do contact us if you would like to discuss this in more detail.

ShareGift: 17 Carlton House Terrace London SW1Y 5AH 020 7930 3737

The Orr Mackintosh Foundation, Registered charity number 1052686.
A company limited by guarantee. Registered in England 3150478.
Trustees: Matthew Orr, Stephen Scott, Baroness Goudie.

DETAILED INFORMATION FOR COMPANIES

Please find below more detailed information on how ShareGift can be deployed by your company. We would appreciate seeing in advance any text you propose to publish about ShareGift, so that we can ensure that you are giving your shareholders the most current and accurate information.

Company Annual or Interim Reports

Many companies now include ShareGift information in their Annual or Interim Reports. Sample wording for how you can incorporate ShareGift into your Company Annual Report is as follows:-

If you have only a small number of shares which would cost more for you to sell than they are worth, you may wish to consider donating them to the charity ShareGift (Registered Charity 1052686) which specialises in accepting such shares as donations. The relevant stock transfer form may be obtained from the Company Secretary / your Registrars / your Shareholder helpline. There are no implications for Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. Further information about ShareGift may be obtained on 020 7930 3737 or from www.ShareGift.org

Via the Registrars

ShareGift is already working with the main registrar groups, both generally and with individual relationship managers. We have prepared a template stock transfer form for your registrars, which permits the details of your own shares to be entered, and which incorporates the tax relief available on gifts of shares, information about ShareGift, and our donations to charities. The transfer form contains features such as a built-in indemnity up to a certain value of shares, and an option for previously uncashed dividends to be donated, for inclusion if you wish. Please contact us for a template transfer form, or you can download this from our website www.ShareGift.org

In addition to our information leaflet, ShareGift can provide a script for your registrars or shareholder helpline. This can incorporate the tax relief available on shares, information about ShareGift, and how we give to charities. We are always happy to work with you to deploy existing solutions or to create one which is tailored made for you. Please contact us for further details.

Share Sale/Purchase Schemes

In subsidised Share Sale/Purchase Schemes, donating small holdings to ShareGift, either as cash proceeds of a sale or as shares, is now frequently given as a third option alongside "Buy" and "Sell". Information about tax-efficient giving can be included as an additional incentive to shareholders; when this has been done feedback has been positive. Please contact us for examples.

Takeovers

ShareGift has also been included as a charitable option for shareholders when accepting the terms of a cash offer. This is particularly relevant where a large register of smaller shareholders may lead to a significant number of individuals on the dissenting list.

Dissenting Shareholders

When companies run specific programmes for dissenting shareholders from past acquisitions, ShareGift can be incorporated as a tax-efficient way of giving shares or cash proceeds. In any case, ShareGift's high public profile invariably leads to a considerable number of such shareholders 'reappearing' as ShareGift donors after seeing press articles or charity literature about us, or shareholder communications from other companies.

Special Mailings

A number of companies have sent specific ShareGift mailings to selected groups of shareholders from their register, in order to meet their own corporate objectives. In these cases, the details of the mechanism for including ShareGift can be tailored to suit the company and its registrars. Please ask us for examples.

Residual Cash Amounts and Fractional Entitlements

Some companies also now choose to donate to ShareGift residual cash amounts from Share Sale/Purchase Schemes, Dividend Reinvestment Plans, Share Save Schemes, Employee Share Schemes or unclaimed dividend monies. There are also ways in which other small cash sums such as fractional entitlements from share consolidations can be donated, and we are happy to discuss these options with you.

Our Share Sale Policy

Our policy is to sell donated and aggregated shares as soon as practicable, although larger holdings of shares are sold without delay. We do not carry out instructions on when to sell and we do not take an investment view on our holdings.

ShareGift and Corporate Social Responsibility

ShareGift can support any UK registered charity – national and local, small or large. We are cause-neutral and do not take a view on the merits of any charity when making a donation. Our donation policy includes surveying the charitable interests of the people who help us to create the pool of funds we have to distribute. This means we are able to reflect suggestions of charities from individual shareholders, the companies who help us reach their shareholders, and other organisations that help ShareGift to operate.

At the conclusion of share dealing programmes, ShareGift distributes aggregated proceeds from shareholders' donations to a range of charities, taking into account any suggestions of charities received from shareholders and the company. Some companies indicate that there are particular charities that they wish to benefit exclusively from their shareholders' donations; we are pleased to discuss with you the pros and cons of this route. We have considerable experience of how shareholders react to charity donation options and we are happy to offer our advice to your Community Affairs or Corporate Social Responsibility departments if that would be helpful.

Costs

ShareGift is an independent, philanthropic organisation and does not charge the company, its shareholders or any charity for its work. Depending on what a company chooses to do with ShareGift, some related costs may need to be agreed between a company and its registrars, for example if a special mailing is undertaken. ShareGift itself is always willing to discuss contributing to exceptional administrative costs incurred in specific cases

Like all charities, ShareGift has to meet its staff and other running costs from the income that we receive. We endeavour to keep our costs to a minimum so that we can pass on as much of our income as possible to charitable causes. We are extremely fortunate in that we already benefit from many donated facilities, including free broking, nominee services and other essential services thanks to the generous support of Killik & Co, TD Waterhouse Corporate Services and others. Companies which have benefited as a result of ShareGift's work may choose to make a donation to assist us with our ongoing costs or to help us in other ways – for example The Vodafone UK Foundation, which generously supported the costs of a staff member.