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it's our business

newspad of the Employee Share Ownership Centre

Computershare set to buy HBOS Employee Equity

Computershare has agreed in principle to pay up to £40m to acquire the entire business of Lloyds Banking Group subsidiary HBOS Employee Equity Solutions.

HBOS EES, which provides equity investment services for 400 companies in 100 countries, has 420 employees in England and Jersey and they will transfer to Computershare as soon as the sale process is complete, probably by the end of this year, Lloyds Banking Group (LBG) said. HBOS EES has 200 employees in Halifax, 180 in Purley and 40 in Jersey. They service around one million employee shareholders.

Although Lloyds would not comment on its motives for the sale, some analysts maintained that the banking group did not consider employee share scheme services to be a core part of its business. The bank has been quietly selling off relatively small 'non-core' assets in recent months. LBG is seeking a huge fund injection to prevent the government/ taxpayer, which currently owns 43 percent of the bank, from taking majority control.

The shock sale and subsequent takeover of HBOS EES will make Computershare easily the number one employee share plan administrator in UK, followed by Equiniti, Capita, Global Shares, Killik and Yorkshire Building Society.

The sale throws daylight on last July's announcement that the 18 corporate trustee staff of LloydsTSB Offshore Trust Co were being transferred by LBG into the Jersey based Offshore HBOS Employee Equity Services (which had absorbed Mourant a few years ago), rather than the other way round – Lloyds being the senior partner. These trustee staff are thus likely to find themselves working for a third different employer within six months.

Computershare refused to say whether it will rationalise any of the sites its is acquiring. It has its own share plan services teams in Bristol and London.

Richard Nelson, MD at HBOS EES said: "Lloyds Banking Group has agreed in principle to sell EES to Computershare. LBG believes that EES can be more effectively developed and grown outside the HBOS Group. It is a well-established business with significant opportunities for growth in its chosen markets. Computershare is a global market leader in share registration and employee equity plans. The company is the globe's leading share plan provider, with a presence in seven key locations; providing share plan services to 120 countries. In the UK, Computershare has a significant portfolio of share plan clients, and is very excited to be welcoming EES employees and clients to the company. With Computershare, we will continue to focus on strengthening our position as a leading specialist administrator of employee and executive share plans, working with clients to develop propositions that deliver our mutual strategic objectives and achieve our full potential.

"We understand that change can be unsettling. However, our management boards have been working hard together to ensure that the transition runs smoothly."

Stuart Crosby, Computershare's president and ceo said: "The opportunity to acquire this business and integrate it with our existing plans business is an exciting one. Our ability to successfully integrate businesses using our proprietary software systems has been proven in the past and we are confident that our new clients will experience enhanced service."

The integration of HBOS EES with Computershare's business will be managed by Martyn Drake, MD of the UK employee share plan business, who commented: "Having been closely involved with the share plans industry for over eight years, I am delighted to have the

From the Chairman

Some members of the Centre were involved in the share structure of the bank rescue. It led to the creation of the B shares in RBS and Lloyds-TSB through which with some luck the taxpayer may get some money back. I wonder whether any of you are following the B shares and what UKFI and the government are planning to do with them? It is an interesting matter of share technology and it would be good to see that the taxpayer interest is covered as well as that of HMG. Should we have a blog on the topic? Let me know.

Malcolm Hurlston

opportunity to deliver Computershare's world leading technology solutions to the clients of HBOS EES, building a combined business of unrivalled quality." Martyn will lead an integration team that will include senior staff from Computershare UK and HBOS EES, augmented by specialist Computershare staff drawn from around the world.

Computershare is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. It also specialises in corporate trust services, tax voucher solutions, bankruptcy administration and a range of other diversified financial and governance services. It has more than 10,000 employees worldwide.

EES offers a complete Eso service, including a full range of share plans; such as all-employee, international Sharesave plans, performance-based executive plans, UK tax- approved plans and structured offshore trust and administration services. Computershare will continue to service all existing clients.

Lloyds BG has consulted the unions (Accord, LTU and Unite) and they will continue to be consulted throughout the transfer process.

Serco Group wins the main Esop Award

The FTSE100 international service company **Serco Group plc** has won the 2009 Esop Award for the ‘Best International Employee Share Plan’ in the large companies category.

There was loud applause from more than 80 diners at the Centre’s annual black-tie reception and dinner, as Emma Penn from **Serco** stepped forward to receive the coveted award from guest of honour, shadow Treasury minister Mark Hoban.

He was introduced by Centre chairman Malcolm Hurlston, who said that whichever party won the next General Election, the refinement of broad-based employee share ownership deserved a place on the incoming government’s agenda, even if the granting of more tax relief to Eso plans would prove extremely difficult, if not impossible, given the huge public deficit. Mr Hurlston hoped, for example, that employees would be given an equity stake in the impending raft of state asset sales.

The Awards dinner took place at the Oriental Club in central London, for the second successive year. Though the judges had found it very difficult to separate the three finalists, Diageo, RSA Insurance Group and Serco, in the end they had plumped for Serco, announced the Centre’s international director, Fred Hackworth. Serco’s plan legal advisers are Linklaters and the administrators are Equiniti.

The judges said of **Serco’s** entry: “The communication materials were excellent: there was good use of technology and we liked the graphics and ‘coin man’ symbol used throughout. The communication style was informal and effective. We were impressed that Serco had overcome big challenges, with employees in more than 30 countries, including war zones such as Afghanistan and Iraq, and that the message was successfully delivered to everyone. The majority of employees are not office-based. Despite this the take up rate and average savings were very good.”

Highly commended were both Diageo, advised by Linklaters, whose senior employee share plans partner Janet Cooper received the certificate on Diageo’s behalf and RSA Insurance Group, advised by Equiniti. Jan Henry and Marsha Francis of RSA collected their certificate.

The judges, chaired by Mr Hurlston, said of **Diageo**’s entry: “We were impressed by the good take up rate and expansion of the plan to more countries. We liked the use of colour -the dramatic and clear presentation helped communicate the plan in a consistent manner. We liked the local champion idea to enthuse employees and we thought it was admirable that negative exchange rate fluctuations were absorbed as part of the plan.”

They said of **RSA**’s entry: “We thought that the overseas take up was good and cumulative take up was excellent. The submission itself was sophisticated and informative as well as carbon neutral. We liked the detachable calculator to allow employees to work out their savings total and tax-free bonus.”

The other award category, ‘Best Small Company International Employee Share Plan 2009’ - for companies with fewer than 1500 employees - was won by independent data centre provider **Telecity Group,** which is advised by Capita. The judges agreed that it was the clear winner in this category. They said: “We were impressed by the very good take up rates, particularly that take up rates in some countries had improved from one year to the next. The glossy brochure and clear communication style was excellent. We concluded that a lot of effort had gone into the design and communication of this plan, proved by its success.” Its award certificate was collected by Megan Cook of Capita, on behalf of Telecity.

The Esop Institute’s ‘Student of the Year Award 2009’ was presented by this year’s second distinguished guest, Chris Pond, director of financial capability at the Financial Services Authority. The winner was Charlie Germain from **Ogier.** Centre deputy director Anna Burgess announced that a prize was being awarded for outstanding individual performance in the Institute’s diploma in employee share ownership studies. Charlie’s certificate was accompanied by a Mont Blanc pen donated by Francesca Wilson of Centre member **Cyril Sweett.**

Borrowing a phrase from the late Louis Kelso, the man who inspired the foundation of the Esop Centre, Mr Hoban MP said that we would all have to “work smarter” in the straitened circumstances that would confront the next government. There was no question of a Tory government throwing money at employee share ownership, but there would be scope for sitting down with the Centre and discussing how share schemes could be refined so that reward could be shared better within companies, to contribute to a fairer society.

Later in the evening former **BT** corporate governance expert and Centre supporter Graeme Wheatley entertained diners with pulsating music from his six-piece Blues/Rock band from SE London's Denmark Hill called 'Little Devils.' Highly recommended.

To view photos from the event, go to the Esop gallery at http://www.caponphotography.co.uk/gallery/index.php and login using the following details:

Username: **esdinner**

Password: **esdinner211**

Merger news

Leading offshore legal, fiduciary and administration service provider **Appleby** and the largest law firm in the Isle of Man, **Dickinson Cruickshank,** have formally completed their merger, which was pre-announced in June 2009. The firm will now be known as **Appleby** in the Isle of Man. Centre member Appleby is the first global offshore law firm to have a presence in the Isle of Man and is now the largest offshore law group by number of partners. The group now has 74 partners and 200 lawyers, and more than 800 staff in 11 offices worldwide including Bermuda, the British Virgin Islands, the Cayman Islands, the Isle of Man, Jersey, Mauritius, Republic of Seychelles, Bahrain, Hong Kong, London, and Zurich. Peter Bubenzer, Appleby's Group managing partner commented: "The merger will position us as the leading provider of legal, fiduciary and administration services across the offshore world. Our global reach in the key offshore jurisdictions and main international financial centres is unparalleled and will have a significant impact on the breadth, range and choice of services we are able to offer to our international clients." To learn more, contact Simon Worsey, head of marketing, Jersey, on 01534 818 360 or email sworsey@applebyglobal.com

RBC Corporate Employee & Executive Services (cees), part of RBC Wealth Management, a division of the Royal Bank of Canada announced the expansion of its employee benefit plan administration business into the Middle East. RBC cees intends to capitalize on increased interest in employee retention and retirement planning to become a market leader in the provision of corporate trustee and administration services for employee benefit plans in the region. RBC cees has made two new appointments to its Dubai operation to support this effort. Simon Stirzaker and Rola Azab have joined RBC cees as senior manager and manager respectively, with a mandate to grow and develop RBC cees' expertise in corporate retirement, bonus deferral and employee retention solutions in the Middle East. Stirzaker and Azab, previously at HSBC, will report to Julian Gardner, Director - EMEA, in RBC's continental European hub in Geneva. RBC cees' Geneva office was established three years ago as part of its wider strategy to expand its products and solutions in the EMEA region. Commenting on the expansion, Julian Gardner, said: "RBC cees already has a strong track record of success in the Middle East, delivering retirement savings plans to corporate employees in the UAE, Kuwait, Lebanon and Egypt. We believe that our reputation for service, flexibility, attention to detail and geographic presence in Dubai, position us well to capitalize on a growing market and to become a leading provider of benefit plan administration across the region."

MM & K Ltd, the leading independent executive pay and reward consultancy, is acquiring Share Plan Solutions Ltd, which provides share plan advisory services to small and medium sized enterprises. As part of the deal, SPS director, Ian Murphie will join MM & K as share plans director. Mr Murphie, a barrister with an established reputation in employee equity participation, founded SPS after holding senior share plan advisory roles in RM2, BDO and Baker Tilley. Ian said: "MM & K's share plan offering is top quality and comprehensive -from design through to administration and plan management. I am delighted to be leading this expanding element of MM & K's business." Paul Norris, MM & K ceo said: "This deal sets MM & K apart in the field of share plan advice and continuing support. I am looking forward to working with Ian Murphie at this exciting time for employee equity participation."

On the move

Rashree Chhatrisha is now compensation and benefits manager at Canada Life. Rashree, a speaker at Centre conferences, was for five years at remuneration specialists MM & K. Her new contact details are: Rashree Chhatrisha, Canada Life Place, Potters Bar, Hertfordshire EN6 5BA and e-mail: rashree.chhatrisha@canadalife.co.uk

Justin Cooper has been promoted into his new role as chief operating officer at Capita Registrars. He takes responsibility for all of Capita's shareholder operations (registration, share plans, regulated business, share dealing and offshore registration) plus investor relations, tracing solutions and company secretarial services.

Libs Davies, a five year qualified share schemes specialist, has joined Abbiss Cadres LLP. Libs is a solicitor who worked in a share schemes team at a major international accounting firm and earlier in Pinsent Masons' highly regarded share schemes practice. Libs' appointment to the firm's expanding Comp & Ben team comes just after the announcement of the hire of Jim Yuill and Bina Gayadien as senior consultants. See link: http://www.abbisscadres.com/349.html. Guy Abbiss said: "We are delighted to have attracted Libs to Abbiss Cadres. She brings excellent experience gained at very good practices in a wide range of share-based plans for UK and international clients." Guy's direct line is: +44 (0) 203 051 5714

Richard Margrave is seeking a new berth, preferably in the share plans industry. He was previously head of employee share ownership at ProShare, leaving in 2004 to join Towers Perrin's benefits administration outsourcing business, which was subsequently taken over by EDS. He recently left this organisation and now seeks a new role, ideally as a leader/new business developer/ account manager in the share plan industry. He has a wealth of share plan experience and knowledge and a large network of contacts. His daughter can confirm that he is an expert wedding planner, having just project managed the organisation of her wedding this summer, on time and within budget (just!). Richard would be keen to hear from any member companies/organisations who might have an interesting role for an experienced share plan professional. He can be contacted either by e-mail on richardgmargrave@hotmail.com or by mobile on 07709 070360.

CONFERENCES

Share schemes for SMEs - November 24: Only three weeks remain in which to register your delegates for the Esop Centre's next London conference, on Tuesday November 24, in association with the *Genesis Initiative. This one-day event will help small & medium size businesses (SMEs) set up and operate employee share schemes. Centre member law firm Travers Smith is hosting this conference in its HQ at: 10 Snow Hill, London, EC1A 2AL The programme will commence with registration at 0845 hrs and will run until 1715. The speakers are:

- Mahesh Varia, Travers Smith;
- Guy Abbiss, Abbiss Cadres;
- Colin Kendon, Bird & Bird;
- David Craddock, D. Craddock Consultancy Services;
- Catherine Gannon, Gannons;
- Maoiliosa O'Culachain, Global Shares;
- David Pett of David Pett & Co.;
- Robert Postlethwaithe, Postlethwaite & Co;
- Sara Cohen, Lewis Silkin;
- Alan Judes, Strategic Remuneration;
- Ian Murphie, MM&K
- Malcolm Hurlston, chairman, Esop Centre.

The Centre members' delegate fee to attend this event is £350 (+VAT), which covers lunch, tea and coffee during networking breaks, admission to conference sessions, and a bound delegate handbook. ***As a special incentive for Centre members, any second delegate you send to this event will only pay £250 - instead of £350.*** To book, please contact esop@hurlstons.com. In your email please give the names and contact details for each delegate and an invoice will be issued. Alternatively you can phone 0207 239 4971. *The Genesis Initiative speaks for 800,000 small enterprises.

DAVOS Feb 4 & 5

Popular Centre conference speaker Mike Landon has joined the line-up for Davos. Mike, who now works for remuneration specialists MM & K, will deliver a presentation on free shares - the 'forgotten element in Share Incentive Plans.' He will discuss the implementation of such awards - in a case study - and will examine to what extent the free shares element can be exported. Credit Suisse will deliver a major presentation on corporate compensation strategy at the 11th Global Employee Equity Forum in the Steigenberger Belvedere Hotel, Davos Platz, on Thursday Feb 4 and Friday Feb 5. This will be a 'first time' for Credit Suisse, the leading global financial services company (private banking, investment banking and asset management), who hitherto have not spoken at these events. Credit Suisse operates in more than 50 countries and employs 46,000 people. Its lead speaker in Davos will be Philip Halliday, global head of equity compensation, who will be supported by fellow speakers Marcelo Victoria and by Claudia Campomori in the agenda slot entitled: 'Innovative Compensation Solutions for a Challenging Environment: Case Study: Credit Suisse.' This trio will cover, among other issues, *market environment within the banking sector *innovative senior management compensation plan designs and *plan administration solutions. The Centre's annual gathering in Davos takes place immediately after the meeting of the World Economic Forum. The Centre event - entitled 'Employee Equity Reward: Business As Usual?' offers delegates an accommodation and conference package deal in the five-star Belvedere Hotel. Other speakers include: Jean-Nicolas Caprasse of RiskMetrics Group; Grant Barbour of Bedell Group; Alan Judes of Strategic Remuneration; Sue Mellors, Head of Financial Services at Diageo; David Pett of David Pett & Co.; Paul Stoddart of HBOS Employee Equity Solutions; Mike Landon of MM&K; Malcolm Martin of Martin Remuneration Consulting (Australia); Kevin Lim of RBC Corporate Employee & Executive Services and Centre chairman Malcolm Hurlston.The conference brochure is being co-sponsored by: **Appleby Global; HBOS Employee Equity Solutions and by RBC Corporate Employee & Executive Services** (see website at: www.rbccees.com). Please visit the Centre website to review the Davos programme agenda details in full: www.hurlstons.com/esop and click onto 'events' and 'news.' Contact Fred Hackworth now by email: fhackworth@hurlstons.com if you wish to speak in Davos and/or you wish to co-sponsor part of the conference.

Eso encourages employees

Eso plan members work harder, stay with a company longer and take a greater interest in its finances, a **Computershare** share plan survey has revealed. Joining a plan is a conscious decision - only 12 percent of the 3000 survey participants said they had joined their company share plans automatically. Most had reviewed the options and then consciously decided whether to join. Of those who pitched in, 55 percent said they had joined because of the investment opportunity. By contrast, half of all employees in some companies tend to be negative about employee share plans they have been offered, the survey report added. Among the refuseniks, 31 percent said they couldn't afford to participate; seven percent said they didn't want the 'risk,' five percent said that it made better sense to invest outside the company; three percent said that the plan they had been offered contained features they didn't like and an alarming 12 percent claimed they had not really understood what the share plan was all about!

INTERNATIONAL

The **Australian** Government introduced its long awaited Bill on the taxation of Eso schemes. This followed many months of uncertainty following the original proposals, which apply to all rights and shares acquired from 1 July 2009, and the publication of an exposure draft in August for comment. The Government said that the new Bill and its explanatory materials would:

- ensure that a refund will not be denied when employee share scheme benefits are forfeited as a result of leaving employment;
- include additional guidance and examples of the real risk of forfeiture test, including forfeiture conditions relating to retirement;
- adjust the exposure draft provisions related to salary sacrifice arrangements;
- exempt employee share trusts from capital gains tax over shares acquired to satisfy the exercise of rights provided under an employee share scheme; and amend certain tests in the exposure draft package, such as the tests requiring schemes to be offered to a broad cross-section of employees, to make the rules easier to comply with.

Financial Services Minister Chris Bowen congratulated the Australian Employee Ownership Association (AEOA) for securing federal government funding for a pilot project, which will support 603 jobs in the SW Sydney area. The creation of the employee buyout centre will convert a dozen salvageable businesses with 600 jobs at stake into viable firms. The centre will empower and assist employees to buy out the companies they work for, as an alternative response to deal with company insolvencies, closures and break ups.

Equador: More than 200 Cemento Chimborazo employees are interested in the possibility of becoming company shareholders. The government intends to own 51 percent of the cement company and sell them - and the people who live where the firm is located - a 49 percent share in the firm. Something similar will happen to Cementos Guapan. The sale process could be completed by the end of next year. In Chimborazo's case, the government rejected a €uros 14m offer submitted by Portuguese cement producer Cimpor as it deemed it as too low. The government maintains that the firm's actual value is four times greater.

Recommendations made by the **Irish** Commission on Taxation about the taxation of equity awards, are explained by Bill Cohen, partner in global employer services at **Deloitte**. Any of these proposals adopted by the Irish Government will be announced in the Federal Budget in December and, subject to adoption by Parliament, will be effective from 1 January. It is likely that the changes will only apply to awards made after 1 January 2010, although no guidance has yet been issued regarding the treatment of outstanding awards. In summary, the proposals include: *All tax exemptions/reliefs available for approved plans, **except** Save As You Earn (SAYE) plans and Approved Profit Sharing plans, to be abolished *Employee Share Purchase Plans (ESPPs) to be eligible for the beneficial tax treatment currently available for SAYE plans (i.e. no income tax payable at acquisition) *Pay Related Social Insurance (PRSI) and health levy to be payable on **all** share awards, including approved plans. Employers would need to operate withholding for any employee contributions due and perhaps for any income tax due too. The effect of all this will be to blur the distinction between approved and unapproved plans.

Around 300 **Norwegian Air Shuttle** employees who in 2008 accepted the airline's offer to reduce their wages by between five and ten percent for a year, in exchange for share options, made a very good deal for themselves, though they couldn't have known it at the time. The airline was making losses and had not hedged against the oil price, which had risen to more than US$100, and so it needed to reduce costs significantly. Since then the share has soared and the share options will give the employees a profit of almost US$9m. The average profit per employee will be more than $30,000 pre-tax.

Bonus corner

The Governor of the Bank of England, Mervyn King, launched a stinging attack on the 'Too Big To Fail' risk culture of the major banks. Paraphrasing Britain's war leader Sir Winston Churchill, Mr King quipped: "Never in the field of financial endeavour has so much money been owed by so few to so many and, one might add, so far with little real reform." He described the £1trillion of support given to banks by UK taxpayers as: "breathtaking." That "unsustainable" level of taxpayer support, echoed worldwide had created "possibly the biggest moral hazard in history," he warned. Goldman Sachs added fuel to the fire by making a 3rd quarter payment of £3.3bn into its already massive 2009 bonus pool -a sum much bigger than its declared 3rd quarter profits. This from the bank that took a $10 bn capital injection from US taxpayers in October last year, as part of the US Treasury's efforts to prop up the US banking system.

Mr King is so annoyed that he now wants to break the big banks up -into normal high street deposit taking and lending institutions on the one hand and investment activities (including financial engineering eg derivatives) on the other. He spoke as the Centre for

Economics and Business Research (CEBR) claimed that UK banking bonuses would be up by 50 percent this year, compared to last year, when they totalled £4bn across the UK financial sector.Banking bonuses would go on rising from £6bn this year to £7.5 bn in 2012, forecast CEBR.

Further afield, although bonuses paid to the heads of the UK's top companies shrank by nearly a third last year, many directors clawed back the losses through hefty increases in their salaries. A survey by Incomes Data Services shows that bonuses for ceos at FTSE 100 companies fell by 29 percent last year, the sharpest drop for ten years. Yet despite the payouts typically remaining at more than £500,000, the pay research group found that many companies, seeking to avoid an exodus of talent, had tried to fill the bonus shortfall by raising salaries. The average salary rise for the head of a FTSE 100 company was more than seven percent €" several times the rate of inflation. For bosses of financial services companies, the average salary rise was almost six percent. The largest salary increases were in the construction sector, where they jumped by 13 percent. Three directors of Hargreaves Lansdown, the financial services provider, enjoyed a salary rise of between 100 and 147 percent last year. The survey triggered fresh anger that sectors of industry accused of fuelling the financial crisis have ignored the national mood. When falls in bonuses were offset against salary increases, average total cash remuneration for FTSE 100 directors dipped by only 1.5 percent. Overall, median bonus payments fell from £707,000 in 2007-08 to £502,000 in 2008-09. Steve Tatton, editor of Directors' Pay Report, warned: "Shareholder scrutiny is undoubtedly intensifying. Companies have a difficult communication challenge on their hands. They do not want to be accused of increasing salaries to make up for missed bonus targets." Salaries for ceos were rising twice as fast as salaries for shopfloor workers, he added.

Peter Montagnon, director of investment affairs at the Association of British Insurers, said: "Companies in every sector have to remember the paramount importance of taking care with remuneration during this sensitive time of recession. Now, more than ever, is the time to recognise that excessive reward will ultimately destroy faith in the integrity of the system and make it impossible to reward success in the future."

While bonuses are usually linked to performance, company pay committees have much greater flexibility over salaries. JPMorgan, the investment bank, said it that it would raise salaries for more than 12,000 staff worldwide. This would apply to those whose bonuses account for between 25 per cent and 50 per cent of pay. Wall Street executives said that they wanted bankers to understand it was no longer just about the bonuses.

However, some companies *have* clamped down on salaries. Directors at Bluebay, a fund management company, accepted a 40 percent drop in their salaries after the introduction of a £100,000 cap on base pay, IDS found. BT has fixed its executives' salaries below the average of that paid to top managers at its competitors.

UK subsidiaries and branches of leading overseas banks have agreed to support the implementation of reforms to bank pay agreed by the G20 in Pittsburgh, the Financial Services Secretary, Lord Myners, announced. Bank of America, Merrill Lynch, Citigroup, Credit Suisse, Goldman Sachs International, JP Morgan Securities Ltd, Morgan Stanley, Nomura and UBS have confirmed their commitment to the FSA Rule and supporting Code on remuneration practices, which was published in August and comes into force on January 1 next year and their full support for the G20 agreement, which sets global standards for the implementation of the Financial Stability Board's remuneration principles. EU banks with major London branches, BNP Paribas, Deutsche Bank and Société Générale confirmed that they will implement the G20 agreement in accordance with their home regulator and would seek to voluntarily comply with the FSA Rule on Remuneration for their UK based employees. In a joint statement, the banks said: "In a competitive and global business, banking remuneration must be consistent with effective risk management and there must be national and international consistency on this issue. We welcome the global nature of the G20 remuneration reforms and will work with the FSA and regulators in our home countries in adopting the reforms, recognising that all G20 nations have also committed to their implementation to ensure a level playing field."

The good work was threatened by news that the state supported bank RBS could pay out as much as £4bn in salary and bonuses this year. That would give RBS investment banking staff an average £240,000 per head this year. An angry City minister said he was ready to use the government's 70 percent stake in the bank to block any payouts that gave the bankers "unjustified rewards." Lord Myners added: "The financial services industry must take a responsible and long-term approach to remuneration if it is to retain its competitiveness and regain public trust. I am pleased that the most significant banking institutions operating in the UK have moved quickly and are supporting our implementation of the agreement reached on bank remuneration at the G20, and this reinforces the standard we have set for other financial institutions and countries to follow. I will be writing to the chairs of their parent companies' remuneration committees to share with them the outcome of this meeting."

The Employee Share Ownership Centre Ltd is a members' organisation which lobbies, informs and researches on behalf of employee share ownership.