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How to Get the Most Out of Your Equity Plan Covering a Diverse Employee Population

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Agenda

- Introduction
- Motivation
- Experience sharing (informal) – Citi Hong Kong
- Case study – Shell
- Practical take away
- Conclusion



Motivation

- Practitioner perspective
 - Why should you consider employee characteristics?
 - Design
 - Communication
 - Administration
- Academic perspective
 - Which characteristics matter?
 - Implications for attraction, retention and motivation



Motivation

- Academic perspective
 - Which characteristics matter?
 - Implications for:
 - Attraction
 - Retention
 - Engagement



Citi – HK (informal) experience sharing

- Plan description and background
- Enrollment statistics
- Participation behavior observed
- Challenges
- Take away



Case Study - Shell

- Plan description and background
- Challenges
- Data/data collection
- Analytics
- Interpretation/application of analytics



Data Analytics

- **Global Employee Share Purchase Plan (GESPP)**
 - 70,000 eligible population (currently)
 - 36 countries
 - 60+ payrolls
 - 40,000 participants



Data Analytics

- Global Employee Share Purchase Plan (GESPP)
- Plan Characteristics
 - Looks a bit like a US s423 plan
 - Annual purchase
 - High plan limit
 - Evergreen i.e. people can join at any point in the plan year
 - Participants can adjust contributions at any time, as many as they like – all online
 - Auto-enrolment from one plan year to the next i.e. it is easy!
 - Price at which shares allocated is 15% discount on the lower of the start or end price.
 - RDSA (euro) shares for all except US where we use RDS.A ADS.



Business case for looking at employee diversity and plan outcomes

- Like most companies we have a very diverse population in the plan but standard communications
 - Countries (nationality and host)
 - Gender – but participation varies widely by country / culture
 - Age profile
 - Salary grades / disposable income levels vary hugely
 - Competing with other benefits e.g. pensions (used not to be the case of course in the world of DB plans!)



Business case for looking at employee diversity and plan outcomes

- Overall we have a high take up (over 50%) but massive variations between populations – why is that?
 - E.g. Philippines Service Centre told us our communications were “grey” – because they like song and dance and music and our communications definitely don’t push those buttons!
 - We all strive to increase participation and more importantly to enhance employee engagement but how do you square the circle with limited resources in a business world striving for simpler and leaner processes with the complexity of a diverse population who have differing needs / understanding and levels of engagement.
 - We have to find a way to meet the differing needs in a simple, cost effective way that is also easily executed! But first we actually need to better understand what we have.....



Data collection

- Review of all employees who are in the plan and those who could be in the plan
- We have a wealth of data – do we use it as wisely and as effectively as we could?
- Sources:
 - HR data – provides the broad demographics – but always remember Data Privacy! We cannot see data we don't actually need to run our plans e.g. salary information
 - Share plan system – provides relevant demographic data of those who are eligible and those who join
 - But we cannot capture the reasons for decisions people make – currently we only do an educated "guess"
 - Computershare (our plan administrator) also holds a wealth of data that we can easily access and report on participant behaviour once they are in the plan i.e. shareholder (hold v sell)



Analytics-who participates?

- Descriptive statistics
 - Contribution by gender, salary, and age
 - Contribution by country
- Regression analysis
 - Effect of employee characteristics (age, salary, gender)
 - Effect of country characteristics
 - Tax rate
 - Economy
 - Culture/risk aversion
 - Interactions among employees and country characteristics



Analytics-how much to contribute?

- Descriptive statistics
 - Participation by gender, salary, and age
 - Participation by country
- Regression analysis
 - Effect of employee characteristics (age, salary, gender)
 - Effect of country characteristics
 - Tax rate
 - Economy
 - Culture/risk aversion
 - Interactions among employees and country characteristics



Practical Takeaways



Thank You

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