



WRIGLEYS

— SOLICITORS —

Case Study - Unity Trust Bank plc



Background

Unity Trust Bank plc is one of the UK's leading specialist banks for social economy organisations. Established over 25 years ago, the Bank's mission has been to achieve growth by being socially focused and putting social change and social benefit at the heart of what they do.

To reinforce its social values and commitment to its employees and to aid employee engagement, the Bank established its own Employee Share Ownership Plan (ESOP) in January 2013. This led to an initial gift of up to 200 shares each to staff who now sit alongside the Bank's other shareholders as part-owners of the Bank.

Unity Trust believe that an ESOP will also help enhance the long term profitability of the Bank by motivating employees through supporting a level of employee share ownership and enabling them to share its future success.

The Process

An initial award of free shares was made to employees based on length of service. In subsequent years, depending on profits, the Bank has the option to make an offer of bonus shares pursuant to a Bonus Share Agreement. This recognised the employees' past contribution to the success of the Bank, as well as incentivising future commitment to the Bank.

Staff briefings were held explaining the ESOP and the initial gift of shares. A staff ballot was held to elect two employee representatives to act as trustee directors of the newly established a corporate trustee of the Employee Benefit Trust. Offer letters were issued to all staff members confirming the gift of shares based on the agreed criteria. Every qualifying member of staff accepted the offer of shares and joined the ESOP scheme.

The shares will be re-valued annually by the Bank's external auditors and a Dealing Day held once a year.

Financing

The Bank provided a £50,000 gift to the EBT to set up the scheme and acquire shares from the current shareholders. The scheme is fully supported by Bank's shareholders, which include The Co-operative Bank and the majority of the country's Trades Unions, and they have confirmed further shares will be sold to the EBT as required in the future.

Members of the scheme now have the option to receive any annual profit sharing award in the form of shares instead of cash. Several staff have already taken up the option. They also have the ability to purchase further shares from the EBT and again several have already done so.



After the conversion

Whilst the Bank's ESOP is still in its early stages, 100% of employees have signed up to the ESOP, and the Bank believes that this is a great indicator of employee loyalty and engagement and their commitment to the long term success of the business.

Richard Wilcox, Managing Director, said 'This is an important move in our commitment to Unity's staff and our recognition of their vital role in building the Bank's continued success. It gives staff a real stake in the organisation and as a socially responsible bank founded on strong social values this is a natural step for Unity.'

Staff were given their share certificates and celebrated the launch of the scheme on the EOA's first national Employee Ownership Day.



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