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[www.icsasoftware.com/unclaimedassets](http://www.icsasoftware.com/unclaimedassets)

# Unclaimed Assets Seminar

4 May 2007  
London Stock Exchange



*software international*

# Anthony Hilton

Financial Editor, Evening Standard



# Anthony Hilton - Evening Standard

## ■ Unclaimed Assets Scheme: background

- **1999 - Unclaimed Assets Register** set up by Experian
- **2004 Budget** - Gordon Brown announced Government's support of banking sector in their efforts to reunite dormant bank accounts
- **2005 Labour Party Manifesto** - “..will work with financial services industry to reunite assets or channel them into the community..”
- **2005 Conservative Party Manifesto** “..will use unclaimed assets in bank and building society accounts to rebuild failed pension funds..”
- **Nov 2005 – Commission on Unclaimed Assets established** to propose ways unclaimed assets can be used to fund social schemes; initial focus on retail accounts

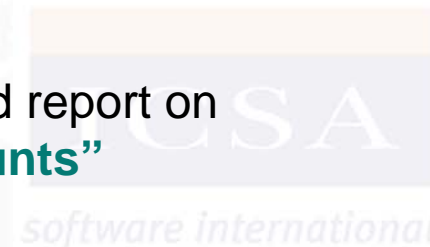
# Anthony Hilton - Evening Standard

## ■ Unclaimed Assets Scheme: background

- **2006 Budget** – **Government confirmed its support** to establish a Unclaimed Assets Scheme which would enable money in dormant accounts to be reinvested in society
- **2006 - banking industry established a steering group** to work through issues arising from the introduction of an Unclaimed Assets Scheme
- **Jul 2006** – Commission on Unclaimed Assets issued a consultation paper recommending the creation of a **“Social Investment Bank”** which would channel unclaimed assets to the social sector
- **Dec 2006 Pre Budget report** – Government announced that a consultation paper on a **UK Unclaimed Assets Scheme** would be released, a key principle of which would be that organisations should undertake a **comprehensive reunification exercise before any scheme is introduced**

# Anthony Hilton - Evening Standard

- **Unclaimed Assets Scheme: developments this year**
  - **Jan 2007** – Treasury Select Committee established a wide-ranging inquiry to **examine unclaimed assets in the financial system** and the scope for extending the scheme to other unclaimed assets
  - **Mar 2007 Budget** – Government released a consultation paper outlining proposals to allow **money in dormant bank & building society accounts** to be reinvested in the community & suggested a legislative framework
  - **Mar 2007** – Commission on Unclaimed Assets **published a detailed blueprint for employing unclaimed capital from dormant bank accounts to create a Social Investment Bank**, the creation of which being a key recommendation
  - **Apr 2007** – Commission on Unclaimed Assets published report on **“consumer protection & regulation of dormant accounts”**



# Anthony Hilton - Evening Standard

## ■ What the future holds

- Treasury Select Committee inquiry expected to report its initial findings, with details of how the scheme can be expanded, this July
- **Corporate social responsibility** to become a more prominent issue, especially for financial institutions in the public eye
- Banking sector to undertake a **major "re-awakening" exercise**
- Likely surge in public awareness



# Les Clarke

Managing Director  
Assets Reunited



# What / Where are the Unclaimed Assets?

Dormant accounts

**Orphan Pensions**

Shareholder assets

Royalties

**SAYE schemes**

Insurance policies



PEPS

**Unit Trusts**

Pools

**Prizes**

Government benefits

ISA'S

Court Office funds

**Lottery**

Premium Bonds



# What / Where are the Unclaimed Assets?

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**£20 BILLION**

PEPS

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# Les Clarke – Assets Reunited

**2.5 million** people **change address** each year;  
that's about **4%** of the population.

Each year **1%** of the population **dies**;  
that's about **600,000** people each year.

# Les Clarke – Assets Reunited

- **Why are assets unclaimed?**
  - Individuals **“lack of knowledge”**
  - Executors **“lack of knowledge”**
  - Companies **“lack of knowledge”**



# Mark Wearden FCIS FCCA

Independent Corporate Governance Consultant  
Director, MBS Limited



# Mark Wearden FCIS FCCA

## ▪ Returning unclaimed assets:

***“it’s simply good governance”***

- The assets do not belong to the company
- Why would a company wish to keep them?
- No defensible reason not to return them to their owners
- Rightful owners have an ethical claim to them



# Mark Wearden FCIS FCCA

## ▪ Why is this part of governance?

- Because the board **sets the values & standards of the company** (Combined Code)
- Because the **board needs to take account of the interests of stakeholders** (new Companies Act)
- **Good business practice & ethical standards** are key issues in governance & CSR
- Doesn't matter how you think governance & CSR fit together – the issues are the same



# Mark Wearden FCIS FCCA

## ■ There's increasing awareness of good governance & Corporate Social Responsibility

- Stakeholders are increasingly aware of these issues and will be asking companies what they are doing about unclaimed assets
- Media interest is high
- Most professional qualifications cover governance & ethics
- Companies HR policies address these issues
- Companies often have codes of conduct & ethics policies
- A global issue – interest is high in mainland EU  
eg. (EU CSR Alliance)





# Mark Wearden FCIS FCCA

## ▪ The stakeholder view

- Stakeholders are interested in corporate good citizenship
- Stakeholders believe companies should behave with integrity
- Stakeholders are more likely to want to work for companies with high ethical standards



# Mark Wearden FCIS FCCA

## ▪ Benefits to the Company

- Higher corporate reputation & standing
- Greater stakeholder commitment & loyalty
- Defensible good practice & ethical standards
- Avoidance of criticism, adverse publicity, stakeholder dissatisfaction
- Increase the accuracy and reduce the size of share registers
- Claimants have option to donate their entitlement to charity



# Mark Wearden FCIS FCCA

## ■ The ICSA view

- ICSA – a global voice on governance & CSR
- ICSA assisted in drafting 2003 Combined Code and has since been asked to produce market guidance on governance & best practice
- Have written a handbook on CSR
- The Combined Code says Company Secretaries should be responsible to the board on governance, through the Chairman
- ICSA believe returning unclaimed assets is a positive step in building good practice on stakeholder relations & corporate ethics



# Patrick Gonsalves FCIS

Deputy Company Secretary  
Head of Barclays Corporate Secretariat  
Barclays Plc



# Barclays Tackling Unclaimed Assets

“Our mission is to be acknowledged as a role model for reducing unclaimed shareholder assets. We have a responsibility to our shareholders, customers and employees.”

*Patrick Gonsalves, Head of Barclays Corporate Secretariat*

## **Barclays unclaimed shareholder assets arose from a number of corporate actions**

In October 2000 when Barclays acquired The Woolwich we also acquired 1.4m new shareholders. Many were less sophisticated investors and unfamiliar with the complexities of shares and why they had received these assets. Our major pots of shareholder unclaimed monies were held as follows:

- Woolwich demutualisation (1997) £80m
- Woolwich acquisition (2000) £16m
- Barclays 1985/1988 Rights Issues £350k
- “Gone away” and deceased shareholders £?

## **We are clear that it's our responsibility to return these funds to their owners**

It's the right thing to do

It's good corporate governance

It's a key part of Barclays private shareholder strategy

It plays some part in avoiding identity fraud – the cleaner the share register the more difficult it is for fraudsters to steal our shareholders entitlements

**We are proud of the success that our strategy to return unclaimed assets has achieved. Here are some of the highlights.**

In the last 5 years:

£75m+ proactively returned to Woolwich members and shareholders

80% found from the Woolwich acquisition

81% found from the Woolwich demutualisation

40k shareholders have been reunited with their entitlements



## **The benefits to us**

The number of “gone away” shareholders on the register has significantly decreased. It is obvious from the exercise just started that the known and, more importantly, unknown “gone aways” will be reduced.

We have been able to take back £4.5m to the P&L from the work Assets Reunited did to identify the non-qualifiers from the demutualisation as they died before the qualifying date.



## **We are pleased to be working in partnership with the ICSA, and the specialist asset recovery company, Assets Reunited. We have learnt the following lessons**

- It's important to establish confidence in those who handle the process, their systems and team
- Project plans, contracts, correspondence, and Helpline scripts were all approved by Barclays
- Letters and Claim Forms have been written in Plain English and are easy to understand.
- We sample audit Claim Forms on a weekly basis.
- There is total transparency for us and our shareholders.
- Shareholders can claim direct from the Registrars on a no fee basis. 3.5% of our claimants have claimed direct.
- £90k has been donated to charity.
- We do a Customer Satisfaction letter to shareholders who have claimed and the results are good.

## Testimonials

- “ I am 80 years old but in good health – to celebrate [receiving this money] I did a parachute jump for the Childrens Home (Acorns) and the Air Ambulance, both of which are Government aided.”
- “ I wish to say how much I appreciate the fact that Barclays PLC asked Assets Reunited to trace the shares that had been offered to me in 1997 and which I had failed to claim. I would never have known that such a sum of money would be available to me but for your generous action. It was wonderful to share this gift with my family and friends.”
- “ Thanks very much for being so honest people, I did not know that I have this kind of shares as nobody informed me about it.”

# Mike Evans

Managing Director  
ICSA Software International



# Mike Evans – ICSA Software

## ■ ICSA Software:

“helping companies return unclaimed assets”

- Returning unclaimed assets is a complex business
- Establishing an in-house solution is resource heavy and is very expensive
- Companies are often unaware to the extent of the issue
- Existing options may conflict with corporate views and may not address the issue sufficiently:
  - **other providers** do not operate a dynamic business model – flexible administration charging (company or claimant)
  - low success rates – reactive and not proactive



# Mike Evans – ICSA Software

## ■ ICSA Software:

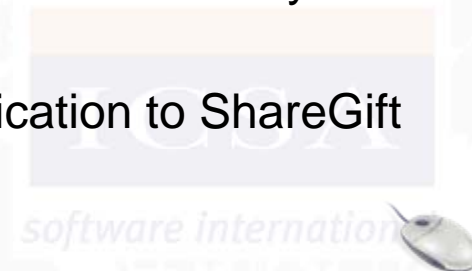
- We have launched a range of asset reunification services, provided jointly with Assets Reunited Limited, to help companies return their unclaimed assets
- We have chosen Assets Reunited due to their independence, knowledge, expertise and success to date
- We adopt a dynamic business model... we do not charge the company
- This approach compels companies to take action at no cost and without criticism from their stakeholders



# Mike Evans – ICSA Software

## ▪ Why choose ICSA Software

- **ICSA Software is providing the service** – you get the comfort of a name you know and trust
- **No conflict of interest** – we are independent of companies and Registrars
- **Openness** – our transparent processes means no surprises
- **Plain English** – simple, easy to understand, dual-branded communications, result in higher returns rate
- **No Charge to you** – an administration fee is deducted from the claimants entitlement
- **Claimants first** – claimants will always have the option to claim directly from you or donate their entitlement to charity
- **Charity** – we donate 1% of our income from asset reunification to ShareGift



# Mike Evans – ICSA Software

## ■ Our services

- We provide a range of asset reunification services:
  - Shareholder assets
  - Dormant accounts
  - SAYE savings (ShareSave)
  - Insurance policies
  - Orphan pensions
- As part of the ICSA, we understand your requirements and concerns and offer an end-to-end professional, confidential and secure service
- **More information is available on our website:**
  - [www.icsasoftware.com/unclaimedassets](http://www.icsasoftware.com/unclaimedassets)





# Mike Evans – ICSA Software

## ■ How we execute the service

- End-to-end project management
- Management of data
- Liaison with database provider - internal & external
- Tracing - a range of specialist internal and external tracing agents
- Provision of all communications/scripts
- Call Centre facility with proven track record in the financial services sector
- Processing of claims and claim verification
- Payment, management information/reporting and reconciliation



## For further information about unclaimed assets and how we can help you return them:

**Visit:** [www.icsasoftware.com/unclaimedassets](http://www.icsasoftware.com/unclaimedassets)

**Call:** +44 (0)20 7497 5511

**Email:** [unclaimed.assets@icsasoftware.com](mailto:unclaimed.assets@icsasoftware.com)

