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Upcoming Events

› Webinar Series
  - All Things ESPP @ www.computershare.com/allthingsespp
  - All Things Equity Plans @ www.computershare.com/allthingsequityplans

› ESPP Day
  - November 2018 in Northern California
  - Sign up for alerts at www.computershare.com/esppday
Asking Questions

Enter your question into the Questions pane on the GoToWebinar control panel.
Housekeeping

› Presentation is being recorded
  - Email will be sent to all attendees with link to recording and presentation

› Please take our survey!
Today’s Presenters

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Discussion

› The Path to ESPP Payroll Management Efficiencies
› Stages of an ESPP / Timeline
› The Payroll Relationship
› Payroll Processes: Continuous Improvement or Re-engineer?
› Best Practice Recommendations
The Path to Payroll Management Efficiencies

› Issue
  - A common problematic gap exists between plan administration and global payroll compliance due to time constraints and lack of resources

› Implications
  - Inaccuracies in data
  - Incorrect financial reporting
  - Late or missed withholding and reporting

› Improvement objectives
  - Enhance the speed of company’s review processes, participant experience and increase overall corporate compliance
  - Monitor compliance and make adjustments real-time in all countries where plan is offered, not just largest/high risk areas
  - Help with availability and accuracy of global employee data
  - Ensure multiple global payrolls timely complete necessary reporting & withholding procedures
ESPP Timeline

- Determine Eligibility
- Communication
- Enrollment Period

- Everything I don’t have time for!

- Purchase Allocation
- Communication
- Purchase Reports
- Share Movement

UGH!
Got Stress?

The purchase is June 30. Can I take off on July 4?

Am I missing any files?

The purchase is December 31. Can I take off on New Year’s?

Why am I always the last to leave at night?

Did I review that file I received a month ago?

Why are you asking about how lay-offs affect the plan?

I wonder just how many emails I can leave in my inbox?

Are the right number of employees purchasing?

Did HR get back to me about eligibility?

Who will cover for me when I take vacation?

Is my data secure?

Are the payroll contact in that country?

Why are so many participants calling me?

We're rolling out what? To who? When???

How do I predict the next 5 years of purchases?

How do I handle 12 hours of calls in a 10 hour day?

Who is the payroll contact in that country?

Did I get to payroll about their question?

Are my processes documented?
Everything I Don’t **Must** Have Time For!

- Managing your Payroll Relationship
- Data Gathering, Tracking, and Consolidation
- Data Formatting
- Data Validation
- Data Reconciliation
- Cash Accounts
- Documentation
Managing the Payroll Relationship

› In General
  - Payroll team is instrumental to success and management of plan
  - An ESPP means additional time and work for payroll, but you need their cooperation. Be sure they feel supported and appreciated.

› Common Problematic Issues
  - Inconsistencies in employee status on different systems
  - Enrollments missing contributions, and Contributions missing enrollments
  - Employees exceeding the 25K limit
  - Carryover of withheld but unused amounts or refunds
  - Employees on leave
  - Terminated employees
  - Contribution methodology (eligible compensation—salary, bonus, commission, or overtime)
Managing the Payroll Relationship

› Educate Payroll on:
  - Role clarity / expectations / deadlines
  - Data challenges and approach
  - How to respond to participant questions about plan, i.e., basic provisions (definition of compensation), effects on paystubs
  - Communication Processes
    › Payrolls must know who they can contact for support.
    › Provide an emailbox for exclusive use between the Payrolls and the Plan Administrator.
    › As the number of payrolls grows, consider automating email templates and distribution.
Payroll Processes: Continuous Improvement or Re-engineer?

<table>
<thead>
<tr>
<th></th>
<th>Continuous Improvement</th>
<th>Re-Engineer</th>
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<tbody>
<tr>
<td>Generally, processes are</td>
<td>Inconvenient</td>
<td>Inadequate</td>
</tr>
<tr>
<td>Deadlines</td>
<td>Sometimes a challenge</td>
<td>Often missed</td>
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<td>Reconciling Payroll and</td>
<td>Difficult</td>
<td>A mess</td>
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<tr>
<td>Treasury</td>
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<tr>
<td>Resources</td>
<td>Tight</td>
<td>Always short</td>
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<tr>
<td>Errors</td>
<td>Minor and easy to</td>
<td>Constant</td>
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<td></td>
<td>resolve</td>
<td></td>
</tr>
<tr>
<td>Purchase Adjustments</td>
<td>Few</td>
<td>Regular Occurrence</td>
</tr>
<tr>
<td>Participant Data Consistent</td>
<td>Almost always</td>
<td>Data Discrepancies</td>
</tr>
<tr>
<td>on All Systems</td>
<td>consistent</td>
<td>Across Systems</td>
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Data Gathering, Tracking, and Consolidation

› Data needs to be transferred through a secure connection
  - Allow 3 months if connections need to be created or changed.

› Provide payrolls with a file layout or spreadsheet they should use.
  - Standardization is a challenge to enforce, but it saves time and effort.

› Build a database or spreadsheet to track data
  - Include the date on which data is received, so bottlenecks can be identified.
  - It’s often most important to know what is missing, not what you have.

› Once all data is received, it will likely have to be consolidated in one format.
  - Check how flexible your vendor is. They might be able to handle multiple formats.
  - Maintain control numbers on all files to be sure no records are added or lost.
Data Formatting

› Date formats need to be consistent for global issuers.
› If a vendor will accept negative amounts, be sure to test.
› Personal email address data will likely need clean-up.
› Check maximum length of issuer address data fields, and be sure vendor can accommodate.

Data Validation

› Is contribution consistent with enrollment and employment status.
› Has a contribution been received for an ineligible employee.
› Have currency conversions been correctly performed.
› Are contributions being received for someone missing a tax certification.
Cash – Follow the Money!

If cash is held in a segregated account:

- Are currency conversions being correctly performed, and reconciled
- Are totals in participant records reconciled to cash assets
- Are payments procedures in place for all participants (checks, wires, China SAFE, etc.)
- How is interest being handled
- Can participants view their accounts as cash balances build.
Document – I promise you it will pay!

› Understand payroll processes around the plan
› Document processes
› Document variations and exceptions
› Standardize templates
› Maintain calendars/schedules with deadlines
Questions?