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UPDATE: NOVEMBER 16, 2018

A MATTER OF TRUST

Employee ownership and what it means
for everyone on the Pacific Building team

New appointments to Trustee Board

Douglas Brown and John Caulfield will join Martin Lamont and William McPhee on the board of the new trustee company, Pacific Building Trustees Ltd.

In addition, Andrew Harrison from Co-ownership Solutions will chair Pacific Building Trustees as an independent.

Douglas and John will represent the trading business (Pacific Building Ltd), while Martin and William will represent the employees.

All five of them will be directors of Pacific Building Trustees Ltd, which will hold the shares in Pacific Building Ltd on behalf of the staff.

The employee representatives will be elected every two and three years respectively, to ensure that there is always an overlap of representation from the staff.

The trading company (Pacific Building Ltd) will have three Directors, all of whom will be expected to provide updates to the trustee company – they will be Christopher McGuire, Mark Wanless and Brian Gallacher (Managing Director).

The parent Company (Pacific Holdings) will stay with the current two Directors of Christopher McGuire and Brian Gallacher.

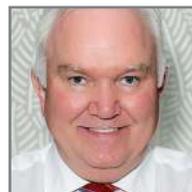
Under employee ownership, everyone on the team will have a new formal, vested interest in the business, and they will be able to share financially in Pacific's success through an annual bonus scheme based on profitability.



Andrew Harrison



Douglas Brown



John Caulfield



Martin Lamont



William McPhee





What does Pacific Building Trustees Ltd do?

Our Employee Ownership Trust (EOT) will play an important role in Pacific's life as an employee-owned firm. The EOT holds all of Pacific's shares on behalf of the company's employees (the beneficiaries). The EOT is managed by a Trustee, and this Trustee is called "Pacific Building Trustees Limited".

The directors of Pacific Building Trustees Limited collectively act as the only Trustee of the EOT. The Trustee can be described as the "steward" of the company, in that they ensure that the employees' value in the company is protected and optimised.

Essentially, the Trustee has the role that shareholders would hold in a conventionally structured business. They have scrutiny over the board to ensure their value is protected.

The difference between a conventionally structured business and an employee-owned firm, is that the value for employee owners is more than just about financial return.

Employees tend to want fulfilling employment, to work for an ethical, innovative, respected company and to know that the company they work for is sustainable and can hopefully continue to provide employment.

The Trustee does not run the company. That responsibility sits squarely and legally with the company's board of directors.

It is for the Trustee to assess whether the board is running the company in line with the Trust Deed and the employee-owners' aspirations.

If the board is not delivering to the satisfaction of the Trustee, then the Trustee would usually have the power to take remedial action.





What do the directors of Pacific Building do?

The directors of Pacific Building are responsible for running Pacific Building Limited.

They determine the short, medium and long-term strategies for the business and translate this into operational activities that are delivered by you, the employees.

They are ultimately responsible for everything that Pacific delivers and Pacific's overall operational and financial performance.

Legally, the directors are held accountable for ensuring that all statutory and regulatory requirements are adhered to (for example Health & Safety), that the business operates within its financial means and that the accounts that are produced and filed are accurate and reflect the true position of the business.

Because they are responsible for the overall performance of the business, they are able to enter Pacific into contracts, purchase materials, appoint sub-contractors, hire and fire employees and borrow money (if required).

How do the Trustee and Directors work together?

The key to all of this working smoothly is to have Trustees and Directors who understand and fulfil their roles.

They also need to make sure that the appropriate communication structures are in place that facilitate the necessary explanations and challenges that deliver transparency and accountability.



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