



Over the last 27 years **Evolution** has grown from a small start-up to something **very significant...**

Now you are all part of our future too!



We are delighted to
announce that Evolution is
now an **employee-owned
business!**

This handbook explains what it means and how it works for us

We are a people-focused business and our success over the years is due to our employees. This, therefore, is the natural progression, ensuring the long-term future of the company remains firmly in the hands of the people who drive the business forward every day and share our values and vision.

This exciting new era provides a way to ensure our long-term legacy by maintaining the integrity, continuity and sustainability of the business.

Employee ownership means us working even closer together and moving forward in one direction. We believe that giving our employees an interest in the business will have a positive effect on our ability to continue our growth .

We also believe this will help to build on our already great culture, making us even more collaborative and inclusive. It provides clarity about the future of the company for everyone and puts us in the best possible position to achieve our future aspirations.

Fundamentally, **employee-ownership** is good because it means we can...

Retain our independence

Protect and enhance our culture and values

Cement a solid platform for growth and opportunities

Everything changes but nothing changes

What is **employee ownership**?

Everything changes (the structure)
but nothing changes (the day-to-day job)

Employee ownership describes when a business is fully or partly owned by its employees. It aims to give staff more of a sense of belonging, accountability and to be involved in its future plans and opportunities. It also allows all staff to potentially benefit financially from the future success of the company.

We have adopted the Employee Ownership Trust (EOT) structure. The EOT legislation was introduced by the Finance Act 2014 and enables all current and future employees to participate. Around 800 companies have taken advantage of this legislation as a route to employee ownership and there are many more considering it. All the major political parties fully endorse employee-owned business models, based on research that shows employee ownership drives better business performance, employee commitment, engagement, and drives innovation and efficiency.

Who is eligible?

An EOT is an independent legal entity that holds shares in a company on behalf of its eligible employees. In our case, all employees with 12 months' continuous service will be eligible.

All current staff with 12 months' continuous service have automatically become beneficiaries of the Evolution EOT, while those with less than 12 months' service will become eligible on their 12-month anniversary.

The **Employee Ownership Association**

The Employee Ownership Association is the membership organisation for employee-owned companies in the UK.

Evidence tells us that increasing the current level of employee ownership in the UK will deliver greater economic impact for individuals, businesses and regional economies.

The employee-owned business sector in the UK is growing because co-owned companies tend to be more successful, competitive, profitable and sustainable. Because they're co-owners, staff in employee-owned businesses tend to be more entrepreneurial and committed to the company and its success.

Because they have high employment standards, involve staff and give everyone a stake, employee-owned businesses are better at recruiting and retaining talent.

Because they're run in an open way, employee-owned businesses tend to have a strong commitment to corporate social responsibility and involvement with the communities they operate in.

Independent research suggests that a combination of shared ownership and employee participation delivers superior business performance. Employee-owned companies are more innovative because managers go out of their way to consult, share information about the company, and give staff responsibility.

**Chief Executive of the
Employee Ownership
Association**

How our **structure** has changed

Don't worry, with talk of shares and ownership there are no actual cost implications to employees by becoming an EOT

The shares our employees hold collectively are purchased from the profits of the company over a period of time, but have operated at 77% since day one.

An initial day one payment has been made to John, Richard, Neil and Derrel for selling their shares. Additionally, further payments will be made from company profits (likely over a five-year period) depending on company performance. The debt can be paid flexibly to ensure the company maintains its financial robustness, so not endangering the financial health of the company or preventing us from renumerating employees as we always have. Once it is paid, of course, this will leave more money that can be distributed via bonus schemes.

In future, it may be possible for the EOT to purchase these shares so Evolution becomes 100% employee-owned.

77%

77% of the shares in Evolution are owned by the Evolution Europe EOT for the benefit of all employees.

23%

To signify their ongoing commitment to the business, John & Richard will retain 23% of the shares.

Key benefits of employee ownership

The company is showing its commitment to you by:

Creating a sense of security through involvement

Encouraging employees to ask questions as partners (co-owners)

Incentivising/sharing the financial benefits of ownership

Giving everyone an environment where all views are listened to

Attracting people who believe in employee ownership

Employee **Ownership**

More personal benefits

Your day-to-day job isn't changing - the running of the business largely remains the same.

Over time there will be new opportunities across the whole company for everyone, including leadership succession planning.

If the company was ever sold (which would have to be deemed to be in your best interests and only after consultation and agreement), all partners would share in the value gained from the transaction.

Existing discretionary bonus scheme is still available to us if required.

In the longer term when the company has paid for 77% of the shares there will potentially be an even larger pot of money to distribute to partners.

Structural benefits

The new structure enables long-term benefits for all employees, providing sustainability & legacy for all.

We remain independent, allowing us to protect and enhance our culture and values.

A solid platform for growth – it has been proven that employee ownership drives even greater business performance.

Employee ownership helps to retain and attract new talent.

Afterword

Late in 1995 when we both decided the time was right to step out on our own, we could only dream that we would now, 27 years later, be heading a £35M turnover company with 200 staff and what we honestly believe to be the very best electronic fire and security company in the world! But with the faith of Jane and Emma, agreeing to the sale of our houses to finance the new business, and our youthful confidence (or naivety?) we started Evolution and have got to where we are now.

But time moves on and we are aware that we cannot run the company forever. We realise we have a new generation committed to Evolution and its future, a generation with energy and drive to succeed and take Evolution to another level.

We have all seen the takeovers of our competitors over the years and you will not be surprised that, as one of the most respected electronic security and fire companies, we are approached on a regular basis with offers of interest to buy. At our ages we have become even more of a target as corporate finance and acquisition houses expect us to be considering our personal futures. But selling to an external company never felt right to us. We have seen too many companies fail or suffer as ownership changes hands and we felt it just would not be fair on you. We would lose our independence and what makes us who we are, risking people's jobs and the whole future of Evolution. Protecting what we have built, our ethos and our qualities is important to us and any such sale in the future must therefore be one that would benefit all of you and not just the few. That's why creating an EOT resonated with us.

continued...

It means that everyone will be a partner in Evolution, everyone will be an owner. You will have no liabilities and although you will not see much change in the short-term, you can be sure that Evolution will be run in the interests of all of you and we will remain independent. To our knowledge, we are also the first and only major integrated electronic security and fire company to be employee-owned.

We will very much continue to steer the move to being fully employee-owned ensuring the change goes smoothly and that we continue to grow.

The employee ownership transition will be a journey over several years as the employee-owned culture becomes engrained in us all.

We believe that employee ownership can take Evolution to an even better place, will help with getting the right people on board and give everyone a sense of responsibility and value. We will all be responsible for our continued growth and success. We will be building a legacy where there is a clear direction and a clear sense of purpose, where we continue the important work of providing critical security and safety for our clients and a business where you continue to grow and develop. We are both excited and humbled. We are excited about what we can do in the future and hope that you are too, but we are humbled when we look back to the past, that we are able to share with you this legacy and continue to build this incredible business.

John & Richard


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