

Shares for Charities

"It's taken me years to come up with a good idea, and this is it!" declared with a good deal of enthusiasm and a touch of humour Eurovestech's CEO Richard Bernstein, as we met to discuss what his innovative and intriguing way of making donations was *really* about.

"The principle is extremely simple: instead of donating cash, we issue company shares in batches of 100'000 and give them to charities. The charities are then free to keep the shares or sell them," Bernstein explains. "From the company's point of view it costs very little, only a fraction of what it would cost to give the same amount in cash. The only real cost is what we call dilution in finance: since there are more shares in issue, the share price may decrease very slightly. However in reality the effect of dilution is negligible as 100'000 extra shares have little impact on our 344 million shares. It's comparable to a rounding error really. And we are just a small company. For large corporations or mutual funds the dilution is virtually insignificant."



Eurovestech is a London-based pan-European development capital fund focused on high-technology enterprises. Concretely, Bernstein describes his business as "turning 2 million pounds into 42 million pounds, by investing in talented individuals who have an innovative idea and a realistic plan to execute it."

Over the last 7 years, Eurovestech has donated a total of 8.2 million ordinary shares to a total of 73 different charities, amounting to a stock market value of £1.5 million. Last December, Eurovestech donated 100'000 shares to Friends of Humanity (www.friendsofhumanity.ch), a Geneva-based non-profit organisation dedicated to improving living conditions of humans all over the planet.

For now the shares remain an investment, as their value is expected to increase over the next few months. Once the shares are sold the money could be used to build a clinic in Tibet for rural populations in remote areas, providing them with a much needed access to basic healthcare.

A rounding error with massive potential

Richard Bernstein refuses to see the world in black and white, with businesses playing the evil role while humanitarian organisations struggle to make the world a better place. He believes companies need to connect with the real world again and realise they possess, intrinsically, a corporate responsibility to be a good citizen and do the right thing.

"If our company was the only one to give away shares, it would be a failure. £1.5 million is nothing when you dream of what could be done... If every company in the top one hundred companies index in the United Kingdom were to issue 0.1% of new shares_ barely a rounding error _ and donate them to charities, the colossal sum of £1.4 billion could be generated!"

Richard Bernstein feels compelled to become an ambassador of this novel way of making donations. In the UK he has managed to convince two other companies to copy his example. One recently agreed to give out £4 million pounds worth of shares for charities. He is also in the process of setting up an umbrella organisation, 'Share and share alike', which will centralize share donations and distribute them, and raise awareness among companies on this possibility.

In the long run, the plan is to convince companies all over Europe to start donating shares. Richard Bernstein is committed to making it happen. "I will go to see any CEO, in any company, anywhere in Europe to explain how it works and show how easily it can be done from the company's point of view."

Friends of Humanity is extremely grateful to Richard Bernstein's initiative. As a direct recipient we can vouch for the effectiveness of this cutting edge donation technique, and we sincerely hope his initiative for corporate responsibility will be echoed throughout Europe and the world.

Want to donate shares? Richard Bernstein explains how to do it...

"Any company listed on the stock market can start donating shares to charities today. From a legal standpoint it's extremely simple. The company's board has the authority to issue the shares. Concretely, at any board meeting the directors can vote to issue shares for charities. The decision must then be announced at the stock market and a form filed for the government. The shares can then be transferred to the chosen charity and *voilà*, donation made! Though it should not be necessary from a legal standpoint, some cautious companies may wish to get shareholder approval before issuing out shares to charities. This can be done at the annual shareholder meeting or at an extraordinary general meeting so that the directors have a mandate to do it. It's each company's choice really. In our case, we announced it at Eurovestech's creation so it was never an issue. We actually get positive feedback from our shareholders quite regularly: they think it's great to be making a difference and money at the same time!"

Here a partial list of non-profit organizations that have received shares in Eurovestech under the model described in the interview:

- Breast Cancer Charity
- British Agencies for Adoption and Fostering
- Children's Wish Foundation
- Dreams Come True
- Fondation Ensemble Switzerland
- Friends of Humanity
- Hearing Dogs for Deaf People
- Leukaemia Research Fund
- Kent Multiple Sclerosis Therapy Centre
- The Young Musicians Fund
- The Haven House Children's Hospice
- Trustees of the Drugs Prevention Education and Awareness Project

More information on Eurovestech can be found on their website: www.eurovestech.co.uk.

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