



House of Commons

NOTICES OF AMENDMENTS

given on

Friday 13 July 2012

For other Amendment(s) see the following page(s):
Enterprise and Regulatory Reform Bill Committee 170-199

PUBLIC BILL COMMITTEE

ENTERPRISE AND REGULATORY REFORM BILL

Payments to directors: members' approval of directors' remuneration policy

Norman Lamb

NC5

To move the following Clause:—

(1) In section 421 of the Companies Act 2006 (contents of directors' remuneration report) after subsection (2) insert—

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“(2A) The regulations must provide that any information required to be included in the report as to the policy of the company with respect to the making of remuneration payments and payments for loss of office (within the meaning of Chapter 4A of Part 10) is to be set out in a separate part of the report.”

(2) After section 422 of that Act (approval and signing of directors' remuneration report) insert—

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“422A Revisions to directors' remuneration policy

(1) The directors' remuneration policy contained in a company's directors' remuneration report may be revised.

(2) Any such revision must be approved by the board of directors.

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(3) The policy as so revised must be set out in a document signed on behalf of the board by a director or the secretary of the company.

(4) Regulations under section 421(1) may make provision as to—

- (a) the information that must be contained in a document setting out a revised directors' remuneration policy, and
- (b) how information is to be set out in the document.

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- 20 (5) Sections 422(2) and (3), 454, 456 and 463 apply in relation to such a document as they apply in relation to a directors' remuneration report.
- (6) In this section, "directors' remuneration policy" means the policy of a company with respect to the matters mentioned in section 421(2A)."
- 25 (3) In section 439 of that Act (quoted companies: members' approval of directors' remuneration report), in subsection (1), at the end insert "other than the part containing the directors' remuneration policy (as to which see section 439A)."
- (4) After that section insert—
- "439A Quoted companies: members' approval of directors' remuneration policy**
- 30 (1) A quoted company must give notice of the intention to move, as an ordinary resolution, a resolution approving the relevant directors' remuneration policy—
- 35 (a) at the accounts meeting held in the first financial year which begins after the coming into force of section (*Payments to directors: members' approval of directors' remuneration policy*) of the Enterprise and Regulatory Reform Act 2012 or at an earlier general meeting, and
- 40 (b) at an accounts or other general meeting held no later than the end of the period of three financial years beginning with the first financial year after the last accounts or other general meeting in relation to which notice is given under this subsection.
- (2) A quoted company must give notice of the intention to move at an accounts meeting, as an ordinary resolution, a resolution approving the relevant directors' remuneration policy if—
- 45 (a) a resolution required to be put to the vote under section 439 was not passed at the last accounts meeting of the company, and
- (b) no notice under this section was given in relation to that meeting or any other general meeting held before the next accounts meeting.
- 50 (3) A notice given under subsection (2) is to be treated as given under subsection (1) for the purpose of determining the period within which the next notice under subsection (1) must be given.
- (4) Notice of the intention to move a resolution to which this section applies must be given, prior to the meeting in question, to the members of the company entitled to be sent notice of the meeting.
- 55 (5) Subsections (2) to (4) of section 439 apply for the purposes of a resolution to which this section applies as they apply for the purposes of a resolution to which section 439 applies, with the modification that, for the purposes of a resolution relating to a general meeting other than an accounts meeting, subsection (3) applies as if for "accounts meeting" there were substituted "general meeting".
- 60 (6) For the purposes of this section, the relevant directors' remuneration policy is—
- 65 (a) in a case where notice is given in relation to an accounts meeting, the remuneration policy contained in the directors' remuneration report in respect of which a resolution under section 439 is required to be put to the vote at that accounts meeting;

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- (b) in a case where notice is given in relation to a general meeting other than an accounts meeting—
- 70 (i) the remuneration policy contained in the directors' remuneration report in respect of which such a resolution was required to be put to the vote at the last accounts meeting to be held before that other general meeting, or
- 75 (ii) where that policy has been revised in accordance with section 422A, the policy as so revised.
- (7) In this section—
- (a) "accounts meeting" means a general meeting of the company before which the company's annual accounts for a financial year are to be laid;
- 80 (b) "directors' remuneration policy" means the policy of the company with respect to the matters mentioned in section 421(2A).'. .

As Amendments to Norman Lamb's proposed New Clause (*Payments to directors: members' approval of directors' remuneration policy*) (NC5):—

Mr Iain Wright
Ian Murray
Chi Onwurah

Line 83, at end add—

- (6) The Secretary of State shall, within three months of the passing of this Act, make provision by regulations under section 1277 of the Companies Act 2006 requiring the provision of information about the exercise of voting rights in respect of directors' remuneration policy.'.

Mr Iain Wright
Ian Murray
Chi Onwurah

Line 83, at end add—

- (7) After section 227 of the Companies Act 2006 (Directors' service contracts), insert the following new section—

"227A Appointment of remuneration consultants of public company

- (1) Remuneration consultants may be appointed for each financial year of the company.
- (2) For each financial year for which a remuneration consultant or consultants is or are to be appointed (other than the company's first financial year), the appointment must be made before the end of the accounts meeting of the company at which the company's annual accounts and reports for the previous financial year are laid.
- (3) The directors may appoint a remuneration consultant or consultants of the company—
- (a) at any time before the company's first accounts meeting;
- (b) to fill a casual vacancy in the office of remuneration consultant.

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- (4) The members may appoint a remuneration consultant or consultants by ordinary resolution—
 - (a) at an accounts meeting;
 - (b) if the company should have appointed a remuneration consultant or consultants at an accounts meeting but failed to do so;
 - (c) where the directors had power to appoint under subsection (3) but have failed to make an appointment.
 - (5) A remuneration consultant or consultants of a public company may only be appointed in accordance with this section.
 - (6) In this section a “remuneration consultant” means a person who is appointed to advise on the terms of directors’ service contracts.”.’.
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NOTICES WITHDRAWN

The following Notices were withdrawn on 13 July 2012

Amendments (f) and (h) to NC5
