

Company Remuneration Bill [HL]

CONTENTS

- 1 Decisions of remuneration committees
- 2 Annual reports
- 3 Interpretation
- 4 Extent, commencement and short title

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TO

Make provision about companies' remuneration policies.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Decisions of remuneration committees

- (1) Where a company has a remuneration committee, the decisions of that committee relating to the remuneration of the company's directors and five most highly paid employees must, before implementation, be ratified by an ordinary resolution at an annual general meeting. 5
- (2) Such decisions must also be voted on in a secret ballot of all of that company's employees which, for the avoidance of doubt, shall not be legally binding.

2 Annual reports

- (1) Where a ballot has been held under section 1(2), the results of that ballot must be published prominently in the company's next annual report. 10
- (2) A company's annual report must prominently feature details of the remuneration ratio between the highest remunerated director or employee and the average remuneration of the lowest remunerated 10% of employees.

3 Interpretation

In this Act— 15

“a company” means—

- (a) a public company within the meaning of section 4(2) of the Companies Act 2006 (private and public companies), or
- (b) any subsidiary of a public company within the meaning of section 1159 of the Companies Act 2006 (meaning of “subsidiary” and related expressions); 20

“an employee” means a person employed by the company and discharging duties for the company wholly or partly in the UK;

“remuneration” means all rewards and benefits including, in particular, share options, bonuses, beneficial rights and salary;

“a remuneration committee” means a committee or comparable body appointed by a company, in particular, to—

- (a) determine broad policy for the remuneration of directors, the chairman or the chief executive office of a company; 5
- (b) set individual remuneration levels for directors, the chairman or the chief executive office of a company;
- (c) monitor or review remuneration policies for senior and middle managers; or 10
- (d) propose changes to general remuneration policies.

4 Extent, commencement and short title

- (1) This Act applies to England and Wales only.
- (2) This Act shall come into force on the day on which it is passed.
- (3) This Act may be cited as the Company Remuneration Act 2012. 15

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Lord Gavron

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