

[^{F1}SCHEDULE 8

QUOTED COMPANIES [^{F1}AND TRADED COMPANIES]: DIRECTORS' REMUNERATION REPORT

Textual Amendments

- F1** Sch. 8 substituted (1.10.2013) by [The Large and Medium-sized Companies and Groups \(Accounts and Reports\) \(Amendment\) Regulations 2013 \(S.I. 2013/1981\)](#), regs. 1, 3, **Sch.** (with reg. 4)
- F1** Words in Sch. 8 heading inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **31(1)** (with reg. 2)

PART 4

DIRECTORS' REMUNERATION POLICY

Introductory

24.—(1) The information required to be included in the directors' remuneration report by the provisions of this Part must be set out in a separate part of the report and constitutes the directors' remuneration policy of the company.

[^{F2}(1A) The directors' remuneration policy must explain the decision-making process followed for its determination, review and implementation, including measures to avoid or manage conflicts of interest and, where applicable, the role of the remuneration committee or other committees concerned except that this explanation need not include information that is elsewhere in the directors' remuneration report.]

(2) Where a company intends to move a resolution at a meeting of the company to approve a directors' remuneration policy and it is intended that some or all of the provisions of the last approved directors' remuneration policy are to continue to apply after the resolution is approved, this fact must be stated in the policy which is the subject of the resolution and it must be made clear which provisions of the last approved policy are to continue to apply and for what period of time it is intended that they shall apply.

(3) Notwithstanding the requirements of this Part, the directors' remuneration policy part of the report must set out all those matters for which the company requires approval for the purposes of Chapter 4A of Part 10 of the 2006 Act.

(4) Where any provision of the directors' remuneration policy provides for the exercise by the directors of a discretion on any aspect of the policy, the policy must clearly set out the extent of that discretion in respect of any such variation, change or amendment.

(5) The directors' remuneration policy (or revised directors' remuneration policy) of a company in respect of which a company moves a resolution for approval in accordance with section 439A of the 2006 Act must, on the first occasion that such a resolution is moved after 1st October 2013 set out the date from which it is intended by the company that that policy is to take effect.

Textual Amendments

- F2** Sch. 8 para. 24(1A) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(1)** (with reg. 2)

Changes to legislation: There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, PART 4. (See end of Document for details)

Future policy table

25.—(1) The directors’ remuneration report must contain in tabular form a description of each of the components of the remuneration package for the directors of the company which are comprised in the directors’ remuneration policy of the company.

(2) Where the report complies with sub-paragraph (1) by reference to provisions which apply generally to all directors, the table must also include any particular arrangements which are specific to any director individually.

(3) References in this Part to “component parts of the remuneration package” include, but are not limited to, all those items which are relevant for the purposes of the single total figure table.

26. In respect of each of the components described in the table there must be set out the following information

- (a) how that component supports the short and long-term strategic objectives of the company (or, where the company is a parent company, the group);
- (b) an explanation of how that component of the remuneration package operates [^{F3}and information on any deferral periods];
- [^{F4}(ba) where the company awards share-based remuneration, information on any vesting periods and any holding periods;]
- (c) the maximum that may be paid in respect of that component (which may be expressed in monetary terms, or otherwise);
- (d) where applicable, a description of the framework used to assess performance including—
 - (i) a description of any performance measures which apply and, where more than one performance measure applies, an indication of the weighting of the performance measure or group of performance measures;
 - (ii) details of any performance period; and
 - (iii) the amount (which may be expressed in monetary terms or otherwise) that may be paid in respect of —
 - (aa) the minimum level of performance that results in any payment under the policy, and
 - (bb) any further levels of performance set in accordance with the policy;
- (e) an explanation as to whether there are any provisions for the recovery of sums paid or the withholding of the payment of any sum.

Textual Amendments

- F3** Words in Sch. 8 para. 26(b) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(2)(a)** (with reg. 2)
- F4** Sch. 8 para. 26(ba) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(2)(b)** (with reg. 2)

27. There must accompany the table notes which set out—

- (a) in respect of any component falling within paragraph 26(d)(i)–(iii), an explanation of why any performance measures were chosen and how any performance targets are set;
- (b) in respect of any component (other than salary, fees, benefits or pension) which is not subject to performance measures, an explanation of why there are no such measures;

- (c) if any component did not form part of the remuneration package in the last approved directors' remuneration policy, why that component is now contained in the remuneration package;
- (d) in respect of any component which did form a part of such a package, what changes have been made to it and why; and
- (e) an explanation of the differences (if any) in the company's policy on the remuneration of directors from the policy on the remuneration of employees generally (within the company, or where the company is a parent company, the group).

28. The information required by paragraph 25 may, in respect of directors not performing an executive function, be set out in a separate table and there must be set out in that table the approach of the company to the determination of—

- (a) the fee payable to such directors;
- (b) any additional fees payable for any other duties to the company;
- (c) such other items as are to be considered in the nature of remuneration.

Textual Amendments

- F3** Words in Sch. 8 para. 26(b) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(2)(a)** (with reg. 2)
- F4** Sch. 8 para. 26(ba) inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(2)(b)** (with reg. 2)

Approach to recruitment remuneration

29.—(1) The directors' remuneration policy must contain a statement of the principles which would be applied by the company when agreeing the components of a remuneration package for the appointment of directors.

(2) The statement must set out the various components which would be considered for inclusion in that package and the approach to be adopted by the company in respect of each component.

(3) The statement must, subject to sub-paragraph (4), set out the maximum level of variable remuneration which may be granted (which can be expressed in monetary terms or otherwise).

(4) Remuneration which constitutes compensation for the forfeit of any award under variable remuneration arrangements entered into with a previous employer is not included within sub-paragraph (3) of this paragraph, but is subject to the requirements of sub-paragraphs (1) and (2).

Service contracts

30. The directors' remuneration policy must contain a description of any obligation on the company which—

- (a) is contained in all directors' service contracts;
- (b) is contained in the service contracts of any one or more existing directors (not being covered by paragraph (a)); or
- (c) it is proposed would be contained in directors' service contracts to be entered into by the company

and which could give rise to, or impact on, remuneration payments or payments for loss of office but which is not disclosed elsewhere in this report.

Changes to legislation: There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, PART 4. (See end of Document for details)

[^{F5}**30A.** The directors' remuneration policy must contain an indication of the duration of directors' service contracts or arrangements with the directors.]

Textual Amendments

F5 Sch. 8 para. 30A inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(3)** (with reg. 2)

31. Where the directors' service contracts are not kept available for inspection at the company's registered office, the report must give details of where the contracts are kept, and if the contracts are available on a website, a link to that website.

32. The provisions of paragraphs 30 and 31 relating to directors' service contracts apply in like manner to the terms of letters of appointment of directors.

Textual Amendments

F5 Sch. 8 para. 30A inserted (10.6.2019) by [The Companies \(Directors Remuneration Policy and Directors Remuneration Report\) Regulations 2019 \(S.I. 2019/970\)](#), regs. 1, **32(3)** (with reg. 2)

Illustrations of application of remuneration policy

33. The directors' remuneration report must, in respect of each person who is a director (other than a director who is not performing an executive function), set out in the form of a bar chart an indication of the level of remuneration that would be received by the director in accordance with the directors' remuneration policy in the first year to which the policy applies.

34.—(1) The bar chart must contain separate bars representing—

- (a) minimum remuneration receivable, that is to say, including, but not limited to, salary, fees, benefits and pension;
- (b) the remuneration receivable if the director was, in respect of any performance measures or targets, performing in line with the company's expectation;
- (c) maximum remuneration receivable (not allowing for any share price appreciation).

(2) Each bar of the chart must contain separate parts which represent—

- (a) salary, fees, benefits, pension and any other item falling within sub-paragraph 34(1)(a);
- (b) remuneration where performance measures or targets relate to one financial year;
- (c) remuneration where performance measures or targets relate to more than one financial year.

(3) Each bar must show—

- (a) percentage of the total comprised by each of the parts; and
- (b) total value of remuneration expected for each bar.

35.—(1) A narrative description of the basis of calculation and assumptions used to compile the bar chart must be set out to enable an understanding of the charts presented.

(2) In complying with sub-paragraph (1) it is not necessary for any matter to be included in the narrative description which has been set out in the future policy table required by paragraph 25.

[^{F6}**35A.** The directors' remuneration report must, in respect of each person who is a director (other than a director who is not performing an executive function)—

- (a) set out for performance targets or measures relating to more than one financial year, an indication of the maximum remuneration receivable assuming company share price appreciation of 50% during the relevant performance period, and
- (b) provide a short description of the basis of the calculation reported under subparagraph (a).]

Textual Amendments

F6 Sch. 8 para. 35A inserted (with application in accordance with reg. 1(4) of the amending S.I.) by [The Companies \(Miscellaneous Reporting\) Regulations 2018 \(S.I. 2018/860\)](#), regs. 1(1), **18**

Textual Amendments

F6 Sch. 8 para. 35A inserted (with application in accordance with reg. 1(4) of the amending S.I.) by [The Companies \(Miscellaneous Reporting\) Regulations 2018 \(S.I. 2018/860\)](#), regs. 1(1), **18**

Policy on payment for loss of office

36. The directors' remuneration policy must set out the company's policy on the setting of notice periods under directors' service contracts.

37. The directors' remuneration policy must also set out the principles on which the determination of payments for loss of office will be approached including—

- (a) an indication of how each component of the payment will be calculated;
- (b) whether, and if so how, the circumstances of the director's loss of office and performance during the period of qualifying service are relevant to any exercise of discretion; and
- (c) any contractual provision agreed prior to 27th June 2012 that could impact on the quantum of the payment.

Statement of consideration of employment conditions elsewhere in company

38. The directors' remuneration policy must contain a statement of how pay and employment conditions of employees (other than directors) of the company and, where the company is a parent company, of the group of other undertakings within the same group as the company, were taken into account when setting the policy for directors' remuneration.

39. The statement must also set out—

- (a) whether, and if so, how, the company consulted with employees when drawing up the directors' remuneration policy set out in this part of the report;
- (b) whether any remuneration comparison measurements were used and if so, what they were, and how that information was taken into account.

Statement of consideration of shareholder views

40. The directors' remuneration policy must contain a statement of whether, and if so how, any views in respect of directors' remuneration expressed to the company by shareholders (whether at a general meeting or otherwise) have been taken into account in the formulation of the directors' remuneration policy.]

Changes to legislation:

There are currently no known outstanding effects for the The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, PART 4.