

## CHAPTER 6 Disclosure of directors' remuneration and transactions

### Disclosure of directors' remuneration

305. (1) The notes to the statutory financial statements of a company shall disclose both for the current and the preceding financial year the following amounts in relation to directors of the company (and that expression includes the one or more persons who, at any time during the financial year concerned, were directors of it)—

(a) the aggregate amount of emoluments paid to or receivable by directors in respect of qualifying services,

(b) the aggregate amount of the gains by the directors on the exercise of share options during the financial year,

(c) the aggregate amount of the money or value of other assets, including shares but excluding share options, paid to or receivable by the directors under long term incentive schemes in respect of qualifying services,

(d) the aggregate amount of any contributions paid, treated as paid, or payable during the financial year to a retirement benefit scheme in respect of qualifying services of directors, identifying separately the amounts relating to—

(i) defined contribution schemes, and

(ii) defined benefit schemes,

and in each case showing the number of directors, if any, to whom retirement benefits are accruing under such schemes in respect of qualifying services,

(e) the aggregate amount of any compensation paid or payable to directors in respect of loss of office or other termination payments in the financial year.

(2) The notes to the statutory financial statements of a company shall disclose both for the current and the preceding financial year the following amounts in relation to the one or more persons who are past directors of it or past directors of its holding undertaking—

(a) the aggregate amount paid or payable for such directors' retirement benefits,

(b) the aggregate amount of any compensation paid or payable to such directors in respect of loss of office or other termination benefits.

(3) In this section “qualifying services”, in relation to any person, means his or her services as a

director of the company and his or her services, while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings.

(4) For the purpose of subsection (1)(a), “emoluments”, in relation to a director, includes salaries, fees and percentages, bonuses, any sums paid by way of expenses allowance in so far as those sums are chargeable to income tax, and, subject to subsection (5), the estimated money value of any other benefits received by him or her otherwise than in cash.

(5) However, for the purpose of subsection (1)(a), “emoluments”, in relation to a director, does not include—

(a) the value of any share options granted to him or her or gains made by him or her on the exercise of share options,

(b) any contributions paid, treated as paid or payable in respect of him or her to a retirement benefit scheme or any benefits to which he or she is entitled from such a scheme,

(c) any money or other assets paid to or receivable by him or her under any long term incentive scheme.

(6) In subsections (1)(b) and (c) and (5)(a)—

“shares” means quoted shares ) or shares that are redeemable in cash or puttable in cash;

“share options” means options over quoted shares or shares that are redeemable in cash.

(7) In subsection (1)(c), “long term incentive scheme” means any agreement or arrangement under which money or other assets may become receivable by a director and which includes one or more qualifying conditions with respect to services or performance which cannot be fulfilled within a single financial year; and for this purpose the following shall be disregarded:

(a) bonuses the amount of which falls to be determined by reference to service or performance within a single year;

(b) compensation for loss of office and other termination payments; and

(c) retirement benefits.

(8) The amount to be shown for the purpose of subsection (2)(a) shall not include any retirement benefits paid or receivable under a retirement benefit scheme if the scheme is such that the contributions under it are substantially adequate for the maintenance of the scheme.

(9) However the amount to be so shown shall include any retirement benefits paid or receivable in respect of any qualifying services of a past-director of the company, whether to or by him or her, on his or her nomination or by virtue of dependence on or other connection with him or her, to or by any other person.

(10) The amount to be shown for the purpose of subsection (2)(a) shall distinguish between retirement benefits in respect of services as director, whether of the company or its subsidiary undertakings, and other retirement benefits.

(11) For the purposes of this section—

“contribution”, in relation to a retirement benefit scheme, means any payment (including an insurance premium) made for the purposes of the scheme by or in respect of persons rendering services in respect of which retirement benefits will or may become payable under the scheme, except that it does not include any payment in respect of 2 or more persons if the amount paid in respect of each of them is not ascertainable;

“retirement benefits” includes any pension, superannuation allowance, superannuation gratuity or similar payment;

“retirement benefit scheme” means a scheme for the provision of retirement benefits in respect of services as director or otherwise which is maintained in whole or in part by means of contributions.

(12) The amounts to be shown for the purpose of subsections (1)(e) and (2)(b)—

(a) shall include any sums paid to or receivable by a director or past director—

(i) by way of compensation for loss of office or other termination payment as director of the company,

(ii) while director of the company, or on or in connection with his or her ceasing to be a director of the company, by way of—

(I) compensation for loss of any other office in connection with the management of the company's affairs or other termination payment in respect of such office, or

(II) compensation for loss of office or other termination payment as director or otherwise in connection with the management of the affairs of any of its subsidiary undertakings,

and

(b) shall distinguish between compensation or termination payments in respect of the office of director, whether of the company or of its subsidiary undertakings, and compensation or termination payments in respect of other offices,

and, for the purposes of this section, references to termination payments include references to sums paid or payable as consideration for or in connection with a person's retirement from office.

(13) The amounts to be shown for the purpose of subsections (1) and (2)—

(a) shall include all relevant sums paid by or receivable from—

(i) the company,

(ii) the company's subsidiary undertakings,

(iii) any holding undertaking of the company, and

(iv) any other person,

except sums to be accounted for to the company or any of its subsidiary undertakings or, by virtue of section 253, to past or present members of the company or any of its subsidiary undertakings or any class of those members, and

(b) shall distinguish, in the case of the amount to be shown for the purpose of subsection (1)(e) or (2)(b), between the sums respectively paid by or receivable from the company, the company's subsidiary undertakings, any holding undertaking of the company and any other persons.