

Restrictions on removal of statutory auditor

395. (1) The passing of a resolution to which this section applies shall not be effective with respect to the matter it provides for unless—

(a) in case the resolution provides for the auditor's removal from office, there are good and substantial grounds for the removal related to the conduct of the auditor with regard to the performance of his or her duties as auditor of the company or otherwise, or

(b) in the case of any other resolution to which this section applies, the passing of the resolution is, in the company's opinion, in the best interests of the company,

but—

(i) for the foregoing purposes, diverging opinions on accounting treatments or audit procedures cannot constitute the basis for the passing of any such resolution, and

(ii) in paragraph (b) “best interests of the company” does not include any illegal or improper motive with regard to avoiding disclosures or detection of any failure by the company to comply with this Act.

(2) This section applies to—

(a) a resolution removing a statutory auditor from office,

(b) a resolution at an annual general meeting appointing somebody other than the retiring statutory auditor as statutory auditor,

(c) a resolution providing expressly that the retiring statutory auditor shall not be re-appointed.