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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations are made under section 421 and 422A of the Companies Act 2006 (c.46) (“the Act”) and substitute Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (S.I. 2008/410) (“the 2008 Regulations”).

Regulation 2 makes consequential amendments to regulation 11 of the 2008 Regulations.

Regulation 3 substitutes the Schedule to these Regulations for Schedule 8 of the 2008 Regulations.

Schedule 8 specifies the information to be included in the directors’ remuneration report which the directors of a quoted company are required to prepare under section 420 of the Act.

Part 2 of Schedule 8 provides that the report shall contain a summary statement by the chair of the remuneration committee.

Part 3 of Schedule 8 requires the report to contain information about the remuneration of the directors in the financial year being reported on (“the relevant financial year”), including a single total figure table of remuneration in respect of each person who was a director during the relevant financial year, payments made to directors for loss of office, a performance graph which sets out the total shareholder return of the company on the class of equity share capital, if any, which caused the company to fall within the definition of “quoted company” in section 385 of the Act, the percentage change in the remuneration of the chief executive officer, the relative importance of spend on pay, a statement of how the directors’ remuneration policy of the company will be implemented in the financial year following the relevant financial year, the consideration given by directors to the matter of remuneration and a statement of the result of the voting on any resolutions in respect of the directors’ remuneration report or policy at the last general meeting of the company.

Part 4 of Schedule 8 sets out the requirements relating to the company’s future directors’ remuneration policy and requires a future remuneration policy table, an illustration of the application of that policy to the directors, the company’s policy on payment for loss of office and a statement regarding consideration of the company’s overall pay policy and the views of shareholders in the formulation of the policy.

Part 6 of Schedule 8 sets out the requirements for a revised directors’ remuneration policy, and Part 5 defines the auditable part of the report.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Business Environment Directorate, Department for Business, Innovation and Skills, 1 Victoria Street, London SW1H 0ET or from [www.gov.uk/bis](http://www.gov.uk/bis) and is annexed to the Explanatory Memorandum which is available alongside the instrument at [www.legislation.gov.uk](http://www.legislation.gov.uk).