

## SCHEDULE 5

Regulation 8

### INFORMATION ABOUT BENEFITS OF DIRECTORS

#### PART 1

#### PROVISIONS APPLYING TO QUOTED AND UNQUOTED COMPANIES

##### **Total amount of directors' remuneration etc.**

- 1.—(1) There must be shown—
  - (a) the aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services;
  - (b) the aggregate of the amount of gains made by directors on the exercise of share options;
  - (c) the aggregate of the amount of money paid to or receivable by directors, and the net value of assets (other than money and share options) received or receivable by directors, under long term incentive schemes in respect of qualifying services; and
  - (d) the aggregate value of any company contributions—
    - (i) paid, or treated as paid, to a pension scheme in respect of directors' qualifying services, and
    - (ii) by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated.
- (2) There must be shown the number of directors (if any) to whom retirement benefits are accruing in respect of qualifying services—
  - (a) under money purchase schemes, and
  - (b) under defined benefit schemes.
- (3) In the case of a company which is not a quoted company and whose equity share capital is not listed on the market known as AIM—
  - (a) sub-paragraph (1) has effect as if paragraph (b) were omitted and, in paragraph (c), “assets” did not include shares; and
  - (b) the number of each of the following (if any) must be shown, namely—
    - (i) the directors who exercised share options, and
    - (ii) the directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes.

#### PART 2

#### PROVISIONS APPLYING ONLY TO UNQUOTED COMPANIES

##### **Details of highest paid director's emoluments etc.**

- 2.—(1) Where the aggregates shown under paragraph 1(1)(a), (b) and (c) total £200,000 or more, there must be shown—
  - (a) so much of the total of those aggregates as is attributable to the highest paid director, and
  - (b) so much of the aggregate mentioned in paragraph 1(1)(d) as is so attributable.

(2) Where sub-paragraph (1) applies and the highest paid director has performed qualifying services during the financial year by reference to which the rate or amount of any defined benefits that may become payable will be calculated, there must also be shown—

- (a) the amount at the end of the year of his accrued pension, and
- (b) where applicable, the amount at the end of the year of his accrued lump sum.

(3) Subject to sub-paragraph (4), where sub-paragraph (1) applies in the case of a company which is not a listed company, there must also be shown—

- (a) whether the highest paid director exercised any share options, and
- (b) whether any shares were received or receivable by that director in respect of qualifying services under a long term incentive scheme.

(4) Where the highest paid director has not been involved in any of the transactions specified in sub-paragraph (3), that fact need not be stated.

### **Excess retirement benefits of directors and past directors**

**3.—**(1) Subject to sub-paragraph (2), there must be shown the aggregate amount of—

- (a) so much of retirement benefits paid to or receivable by directors under pension schemes, and
  - (b) so much of retirement benefits paid to or receivable by past directors under such schemes,
- as (in each case) is in excess of the retirement benefits to which they were respectively entitled on the date on which the benefits first became payable or 31st March 1997, whichever is the later.

(2) Amounts paid or receivable under a pension scheme need not be included in the aggregate amount if—

- (a) the funding of the scheme was such that the amounts were or, as the case may be, could have been paid without recourse to additional contributions, and
- (b) amounts were paid to or receivable by all pensioner members of the scheme on the same basis.

(3) In sub-paragraph (2), “pensioner member”, in relation to a pension scheme, means any person who is entitled to the present payment of retirement benefits under the scheme.

(4) In this paragraph—

- (a) references to retirement benefits include benefits otherwise than in cash, and
- (b) in relation to so much of retirement benefits as consists of a benefit otherwise than in cash, references to their amount are to the estimated money value of the benefit,

and the nature of any such benefit must also be disclosed.

### **Compensation to directors for loss of office**

**4.—**(1) There must be shown the aggregate amount of any compensation to directors or past directors in respect of loss of office.

(2) This includes compensation received or receivable by a director or past director—

- (a) for loss of office as director of the company, or
- (b) for loss, while director of the company or on or in connection with his ceasing to be a director of it, of—
  - (i) any other office in connection with the management of the company’s affairs, or
  - (ii) any office as director or otherwise in connection with the management of the affairs of any subsidiary undertaking of the company.

- (3) In this paragraph references to compensation for loss of office include—
- (a) compensation in consideration for, or in connection with, a person’s retirement from office, and
  - (b) where such a retirement is occasioned by a breach of the person’s contract with the company or with a subsidiary undertaking of the company—
    - (i) payments made by way of damages for the breach, or
    - (ii) payments made by way of settlement or compromise of any claim in respect of the breach.
- (4) In this paragraph—
- (a) references to compensation include benefits otherwise than in cash, and
  - (b) in relation to such compensation references to its amount are to the estimated money value of the benefit.

The nature of any such compensation must be disclosed.

#### **Sums paid to third parties in respect of directors’ services**

**5.—**(1) There must be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person—

- (a) as a director of the company, or
  - (b) while director of the company—
    - (i) as director of any of its subsidiary undertakings, or
    - (ii) otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings.
- (2) In sub-paragraph (1)—
- (a) the reference to consideration includes benefits otherwise than in cash, and
  - (b) in relation to such consideration the reference to its amount is to the estimated money value of the benefit.

The nature of any such consideration must be disclosed.

- (3) For the purposes of this paragraph a “third party” means a person other than—
- (a) the director himself or a person connected with him or a body corporate controlled by him, or
  - (b) the company or any of its subsidiary undertakings.

## **PART 3**

### **SUPPLEMENTARY PROVISIONS**

#### **General nature of obligations**

**6.—**(1) This Schedule requires information to be given only so far as it is contained in the company’s books and papers or the company has the right to obtain it from the persons concerned.

(2) For the purposes of this Schedule any information is treated as shown if it is capable of being readily ascertained from other information which is shown.

### **Provisions as to amounts to be shown**

7.—(1) The following provisions apply with respect to the amounts to be shown under this Schedule.

(2) The amount in each case includes all relevant sums, whether paid by or receivable from the company, any of the company's subsidiary undertakings or any other person.

(3) References to amounts paid to or receivable by a person include amounts paid to or receivable by a person connected with him or a body corporate controlled by him (but not so as to require an amount to be counted twice).

(4) Except as otherwise provided, the amounts to be shown for any financial year are—

(a) the sums receivable in respect of that year (whenever paid), or

(b) in the case of sums not receivable in respect of a period, the sums paid during that year.

(5) Sums paid by way of expenses allowance that are charged to United Kingdom income tax after the end of the relevant financial year must be shown in a note to the first accounts in which it is practicable to show them and must be distinguished from the amounts to be shown apart from this provision.

(6) Where it is necessary to do so for the purpose of making any distinction required in complying with this Schedule, the directors may apportion payments between the matters in respect of which they have been paid or are receivable in such manner as they think appropriate.

### **Exclusion of sums liable to be accounted for to company etc.**

8.—(1) The amounts to be shown under this Schedule do not include any sums that are to be accounted for—

(a) to the company or any of its subsidiary undertakings, or

(b) by virtue of sections 219 and 222(3) of the 2006 Act (payments in connection with share transfers: duty to account) to persons who sold their shares as a result of the offer made.

(2) Where—

(a) any such sums are not shown in a note to the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them, and

(b) the liability is afterwards wholly or partly released or is not enforced within a period of two years,

those sums, to the extent to which the liability is released or not enforced, must be shown in a note to the first accounts in which it is practicable to show them and must be distinguished from the amounts to be shown apart from this provision.

### **Meaning of “remuneration”**

9.—(1) In this Schedule “remuneration” of a director includes—

(a) salary, fees and bonuses, sums paid by way of expenses allowance (so far as they are chargeable to United Kingdom income tax), and

(b) subject to sub-paragraph (2), the estimated money value of any other benefits received by the director otherwise than in cash.

(2) The expression does not include—

(a) the value of any share options granted to the director or the amount of any gains made on the exercise of any such options,

(b) any company contributions paid, or treated as paid, under any pension scheme or any benefits to which the director is entitled under any such scheme, or

- (c) any money or other assets paid to or received or receivable by the director under any long term incentive scheme.

### **Meaning of “highest paid director”**

**10.** In this Schedule, “the highest paid director” means the director to whom is attributable the greatest part of the total of the aggregates shown under paragraph 1(1)(a), (b) and (c).

### **Meaning of “long term incentive scheme”**

**11.—(1)** In this Schedule “long term incentive scheme” means an agreement or arrangement—

- (a) under which money or other assets may become receivable by a director, and
- (b) which includes one or more qualifying conditions with respect to service or performance which cannot be fulfilled within a single financial year.

(2) For this purpose the following must be disregarded—

- (a) bonuses the amount of which falls to be determined by reference to service or performance within a single financial year;
- (b) compensation for loss of office, payments for breach of contract and other termination payments; and
- (c) retirement benefits.

### **Meaning of “shares” and “share option” and related expressions**

**12.** In this Schedule—

- (a) “shares” means shares (whether allotted or not) in the company, or any undertaking which is a group undertaking in relation to the company, and includes a share warrant as defined by section 779(1) of the 2006 Act; and
- (b) “share option” means a right to acquire shares.

### **Meaning of “pension scheme” and related expressions**

**13.—(1)** In this Schedule—

“pension scheme” means a retirement benefits scheme as defined by section 611 of the Income and Corporation Taxes Act 1988(1); and

“retirement benefits” has the meaning given by section 612(1) of that Act.

(2) In this Schedule “accrued pension” and “accrued lump sum”, in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if—

- (a) he had left the company’s service at the end of the financial year,
- (b) there was no increase in the general level of prices in the United Kingdom during the period beginning with the end of that year and ending with his attaining that age,
- (c) no question arose of any commutation of the pension or inverse commutation of the lump sum, and
- (d) any amounts attributable to voluntary contributions paid by the director to the scheme, and any money purchase benefits which would be payable under the scheme, were disregarded.

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(1) 1988 c.1.

(3) In this Schedule, “company contributions”, in relation to a pension scheme and a director, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director.

(4) In this Schedule, in relation to a director—

“defined benefits” means retirement benefits payable under a pension scheme that are not money purchase benefits;

“defined benefit scheme” means a pension scheme that is not a money purchase scheme;

“money purchase benefits” means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits; and

“money purchase scheme” means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits.

(5) In this Schedule, “normal pension age”, in relation to any pension scheme and any director, means the age at which the director will first become entitled to receive a full pension on retirement of an amount determined without reduction to take account of its payment before a later age (but disregarding any entitlement to pension upon retirement in the event of illness, incapacity or redundancy).

(6) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of—

(a) money purchase benefits as determined by or under the scheme; and

(b) defined benefits as so determined,

the company may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.

(7) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme are to be disregarded.

### **References to subsidiary undertakings**

**14.—**(1) Any reference in this Schedule to a subsidiary undertaking of the company, in relation to a person who is or was, while a director of the company, a director also, by virtue of the company’s nomination (direct or indirect) of any other undertaking, includes that undertaking, whether or not it is or was in fact a subsidiary undertaking of the company.

(2) Any reference to a subsidiary undertaking of the company—

(a) for the purposes of paragraph 1 (remuneration etc.) is to an undertaking which is a subsidiary undertaking at the time the services were rendered, and

(b) for the purposes of paragraph 4 (compensation for loss of office) is to a subsidiary undertaking immediately before the loss of office as director.

### **Other minor definitions**

**15.—**(1) In this Schedule—

“net value”, in relation to any assets received or receivable by a director, means value after deducting any money paid or other value given by the director in respect of those assets;

“qualifying services”, in relation to any person, means his services as a director of the company, and his services while director of the company—

- (a) as director of any of its subsidiary undertakings; or
- (b) otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings.

(2) References in this Schedule to a person being “connected” with a director, and to a director “controlling” a body corporate, are to be construed in accordance with sections 252 to 255 of the 2006 Act.

(3) For the purposes of this Schedule, remuneration paid or receivable or share options granted in respect of a person’s accepting office as a director are treated as emoluments paid or receivable or share options granted in respect of his services as a director.