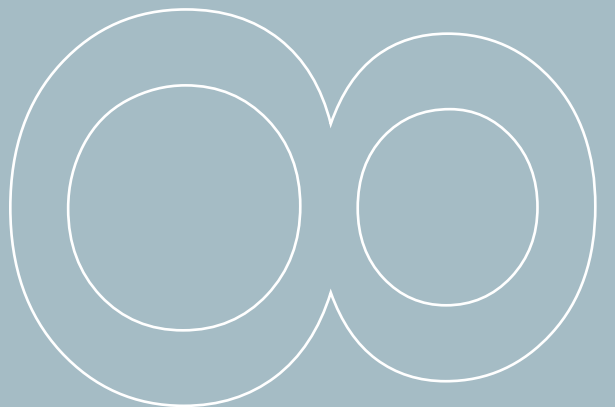
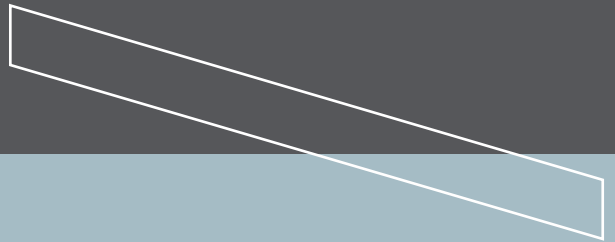
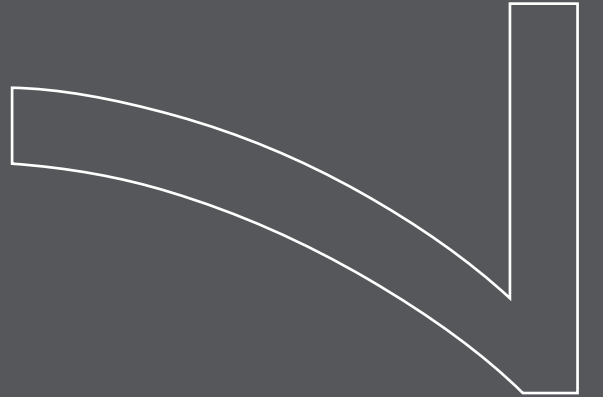


# COMPANY SECRETARY'S CHECKLIST

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The annual report of  
a listed company



# COMPANY SECRETARY'S CHECKLIST

## THE ANNUAL REPORT OF A LISTED COMPANY

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# INTRODUCTION

This document sets out the legal requirements relating to the preparation of the Annual Report of a listed company with a 31 December 2017 financial year end. It also draws attention to additional reports and guidance that, when allied to the mandatory reporting framework, will help enhance the quality of a listed company's narrative reporting.

In Part One, we outline the disclosure requirements applicable to the narrative reporting sections of a listed company's Annual Report. In Part Two, we outline the legal and other requirements applicable to the 2018 annual general meeting. In neither Part do we cover accounting or accounting-related matters.

For the purpose of this document, a "listed company" is a company incorporated in the United Kingdom with a premium listing of equity shares which have been admitted to trading on the Main Market of the London Stock Exchange.

This document is up-to-date as at 5 December 2017.

## What's new?

### Strategic Report

#### **New rules - Larger listed companies to include a Non-Financial Information Statement**

As a result of statutory changes required to implement EU Directive 2014/95/EU (on non-financial and diversity information), a listed company with more than 500 employees (or group employees in the case of a parent company) on average during the financial year must this year include in its Strategic Report a Non-Financial Information Statement. The statement (which need not be presented as a separate statement) must include certain prescribed non-financial information which is broadly similar to that mandated by existing statutory and regulatory disclosure requirements for the Strategic Report. Listed companies to which the new rules apply should look to enhance their existing disclosures to bring them up to the requirements of the new rules. Further details are set out on page 16 of this document.

#### **New FRC development - Consultation on "Draft amendments to Guidance on the Strategic Report" (August 2017)**

The Financial Reporting Council is proposing to amend its guidance on strategic reporting by incorporating additional content driven by the new requirement for larger listed companies to include a Non-Financial Information Statement. The FRC also proposes changes to ensure that the Strategic Report achieves its overall statutory purpose of providing sufficient information to allow shareholders to assess how the directors have performed their duty to promote the success of the company while having regard to "section 172" matters. The FRC does not anticipate publishing the final form revised guidance until the government has published its legislative changes in respect of reporting on section 172 in Spring 2018. Further details on the draft amendments, together with information on a series of FAQs issued by the FRC as an interim measure are set out on page 19 of this document.

#### **New guidance - FRC's "Annual Review of Corporate Reporting 2016/2017" (October 2017)**

The Financial Reporting Council has published a report of its most recent corporate reporting review activity. The report, which covers activity for the year ended 31 March 2017, includes the FRC's assessment of the current state of corporate reporting, identifies current and future reporting issues and highlights the areas where it challenged companies during the year. Details of the FRC's role in monitoring corporate reporting compliance, and the findings of the latest review, are set out on page 32 of this document.

#### **New FRC observations - Financial Reporting Lab's project report "Risk and viability reporting" (November 2017)**

The FRC Financial Reporting Laboratory has published a project report on effective reporting of risk and viability. Noting the critical importance of meaningful disclosures in this area to assist investors' understanding of the challenges a company faces and the board's response to those challenges, the report sets out the type of information that investors believe they need to evaluate risk and the sustainability of the company's business model. The report also provides illustrative examples of reporting favoured by the investment community. Further details are set out on page 26 of this document.

# PART ONE: ANNUAL REPORT

In Part One of this document, we summarise the disclosure requirements applicable to the 2017 Annual Report. We also refer to additional “best market practice” guidance and publications issued on the contents of the Annual Report which you may choose to consider alongside the mandatory requirements.

## Mandatory disclosures

The mandatory disclosure requirements are contained in:

- ▶ the Companies Act 2006 (as amended);
- ▶ the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended);
- ▶ the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 (as amended);
- ▶ the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014;
- ▶ the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- ▶ the FRC’s UK Corporate Governance Code (April 2016);
- ▶ the FCA’s Disclosure Guidance and Transparency Rules; and
- ▶ the FCA’s Listing Rules.

## Voluntary disclosures

This document also includes commentary on our view of the material aspects of “best practice” guidance relating to the contents of an Annual Report contained in, among others, the following publications:

- ▶ the European Securities and Markets Authority’s “ESMA Guidelines on Alternative Performance Measures” (October 2015);
- ▶ the FRC’s “Annual Review of Corporate Reporting 2016/2017” (October 2017);
- ▶ the FRC Financial Reporting Laboratory’s project report on “Risk and viability reporting” (November 2017);
- ▶ the FRC Financial Reporting Laboratory’s project report on “Business model reporting” (October 2016);
- ▶ the FRC’s “Guidance on Risk Management, Internal Control and Related Financial and Business Reporting” (September 2014);
- ▶ the FRC’s “Guidance on the Strategic Report” (June 2014);
- ▶ the FRC’s “Guidance on Audit Committees” (April 2016);
- ▶ the FRC’s “Guidance on Board Effectiveness” (March 2011);
- ▶ the GC100 and Investor Group’s “Directors’ Remuneration Reporting Guidance” (August 2016);
- ▶ the Investment Association’s “Long-Term Reporting Guidance” (May 2017);
- ▶ the Investment Association’s “Principles of Remuneration” (November 2017);
- ▶ the Investment Association’s “Guidelines on Viability Statements” (November 2016);
- ▶ the Investment Association / EY’s “Board effectiveness - continuing the journey” (April 2015);
- ▶ ICSA’s “Good practice for annual reports” (May 2015);

## Financial Reporting Council - Publications from the Financial Reporting Laboratory

The Financial Reporting Laboratory is a corporate reporting development forum designed to bring together companies and investors to identify ways to assist companies in communicating more effectively through their reporting. Through the Lab, the FRC facilitates debate on current reporting issues and challenges, and encourages innovative solutions to those challenges. An overview of the Lab's output is set out below.

### *Technology*

- ▶ **“Digital Future - A framework for future digital reporting” (May 2017)** - Taking forward the core findings from the Lab's “Digital Present” report (see below), this project seeks to identify what benefits new reporting mediums and technologies should offer, to consider which technologies might do this and to examine how companies can make the most of the digital opportunity. This first report presents a framework of characteristics for digital reporting, based on three stages of reporting: production, distribution and consumption.
- ▶ **“Digital present - Current use of digital media in corporate reporting” (May 2015)** - Assists companies in understanding how they can make best use of digital media in corporate reporting. The report considers how companies are using digital media to communicate with investors and considers investor preferences as well as the opportunities for, and barriers to, reporting in a digital world. The report also shares a number of practical suggestions on how companies can improve their digital corporate reporting across a range of communication channels, tools and PDF Annual Reports. During the year, the Lab (in conjunction with the Corporate Reporting Users' Forum) produced a helpful infographic with reporting tips, entitled “Digital media and reporting: Making it work for investors”.

### *Strategic Report*

- ▶ **“Risk and viability reporting” (November 2017)** - Assists listed companies in enhancing the reporting of their principal risks and the making of their viability statements. The report sets out the type of information that investors believe they need to understand risk and the sustainability of the company's business model over the long term. The report also provides illustrative examples of reporting. For a summary of this report, see page 26 of this document.
- ▶ **Implementation Study “Disclosure of dividends - policy and practice” (October 2017)** - Examines how companies have responded to suggestions for enhanced dividend disclosure that the Lab made in its original project report “Disclosure of dividend - policy and practice” (November 2015). For a summary of this study, see page 22 of this document.
- ▶ **“Business model reporting” (October 2016)** - Assists listed companies in understanding how members of the investment community are using business model disclosures in their decision-making processes, what information is considered of most value to investors and how the disclosures are best presented. For a summary of this report, see page 20 of this document.
- ▶ **“Towards Clear & Concise Reporting” (August 2014)** - Looks at examples of what companies have done to aid clarity and conciseness in their reporting, and highlights, in particular, better use of communication channels, more focused content on issues important to investors, application of materiality criteria, clearer layout of information and effective cross-referencing and less duplication. The report also provides illustrative examples as well as setting out practical steps that others might wish to take towards continuous improvement of their reporting.

### *Corporate governance statement*

- ▶ **Case Study Report “WM Morrison Supermarkets PLC - Supplier relationships and emergent issues reporting” (January 2017)** - Focusing on the reporting of commercial income in the UK supermarket industry and specifically the approach adopted by WM Morrison and on wider reporting of the nature of relationships between retailers and suppliers, and connections to the business model. For a summary of this study, see page 22 of this document.
- ▶ **Implementation Study “Reporting of Audit Committees” (May 2015)** - Examines how well companies have implemented some of the specific investor preferences highlighted in the Lab's 2013 report “Report of Audit Committees”. For a summary of this study, see page 74 of this document.

### *Remuneration Report*

- ▶ **“Reporting of pay and performance” (March 2013)** - Explores views on two aspects of the reporting regime: (i) the requirement in the Remuneration Policy for scenario charts demonstrating how directors' pay varies with performance; and (ii) the comparison in the Annual Report on Remuneration of CEO pay with total shareholder return.

- ▶ **“A single figure for remuneration” (June 2012)** - Examines the components of remuneration that investors believe should be contained within total remuneration as well as how these components should be measured and the related disclosure made.

#### *Financial statements*

- ▶ **Case Study Report “William Hill: Accounting policy” (February 2015)** - Examines William Hill's experimentation with a fresh approach to the disclosure of its accounting policies, offering insight on its investors' views of the company's revised approach.
- ▶ **“Accounting policies and integration of related financial information” (July 2014)** - Considers the views of investors and other parties in relation to the experimentation by a number of companies with the presentation, position and content of accounting policy disclosures and financial review information.
- ▶ **Case Study Report “HSBC: Presentation of market risk disclosures” (February 2013)** - Explores, in the context of HSBC, whether the separation of static policy information from measures of key risk figures and changes to assumptions has been effective in clarifying or improving the usefulness of the bank's risk disclosure.

The Lab has also published project reports exploring various voluntary practices and identifying those that investors found to be most useful in relation to:

- ▶ **“Net debt reconciliations” (September 2012);**
- ▶ **“Operating and investing cash flows” (November 2012);** and
- ▶ **“Debt terms and maturity tables” (November 2012).**

## ICSA Awards 2017

The ICSA Awards aim to encourage better corporate governance through improved disclosure in narrative reporting by FTSE 350 companies. The annual awards presentation seeks not only to reward 'best in class' disclosure, but also to increase the levels of trust and confidence in governance arrangements and encourage more effective shareholder engagement. In May 2015, ICSA published its guidance "Good practice for annual reports" which sets out ICSA's view of good governance and high-quality corporate reporting and which continues to be good guidance. The note provides a high-level overview of the types of disclosures that companies might consider to ensure that their Annual Reports generate the maximum possible value as communication tools. Set out below are extracts from the note covering matters that ICSA believes should be included in a good Annual Report. These extracts have been supplemented by additional matters that the ICSA Awards 2017 judging panel stated that it specifically looked for when judging the "Annual Report of the Year" category at this year's awards ceremony. The names of the FTSE 100 and 250 winners of that category for 2017 are also shown below for reference.

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### Best Annual Report

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The best Annual Reports demonstrate the following:

- an understanding of the links between governance, shareholder value creation, and the avoidance of value destruction
- responding to the opportunities created by reporting requirements rather than seeing them as obligations
- innovative and creative forms of disclosure (making use of photos, graphics and case studies), moving away from 'boilerplate' reporting and towards a report that is interesting, enjoyable to read and easy to understand
- explanations of the way that the board runs itself and its committees, how it takes decisions, how it manages risk, its approach to diversity and engagement with shareholders
- a governance report that demonstrates clear ownership by the chairman, setting the tone from the top and that also shows a real desire to use governance to enhance the business rather than as a 'box-ticking' exercise
- comprehensive explanations of departures from the provisions of the Code
- a full description, and explanation, of the business model and the strategy, with key performance indicators, performance against targets, and important information cross-referenced to elsewhere in the Annual Report, a "warts and all" appraisal of the year with no material omissions
- discussion of the principal risks to strategy, the company's risk appetite and culture, and how the risk profile is changing, and how risks are being managed
- joined-up thinking that clearly links strategy, key performance indicators, sustainability and remuneration
- evidence of directors having satisfied their statutory duties, including the duty to promote the success of the company over the longer term
- recognition and balancing of the needs and expectations of different shareholder and stakeholder priorities

Other features of award winning reports include an understanding of the drive towards integrated reporting, which requires a different way of thinking and behaving. Such reports also use online platforms to communicate the company's story and offer improved access, whilst also recognising that this has limitations; and have a deeper understanding and appreciation of wider stakeholder interests.

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### ICSA Awards 2017 winners and commendations

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"Annual Report of the Year" FTSE 100 winner - Land Securities Group PLC

Highly commended - Marks and Spencer Group plc

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"Annual Report of the Year" FTSE 250 winner - Spirax-Sarco plc

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## Pension disclosures

The FRC last year encouraged companies to consider the impact of low interest rates on the amounts reported in their financial statements. In particular, the FRC called for careful consideration of the value of long-term assets and liabilities, such as the effects of adjusted discount rates on pension scheme liabilities and lower returns on pension scheme assets. The 2017 Report notes that the FRC's thematic review into pension disclosures during the review period (and in respect of which selected companies were "pre-informed" of the review of their disclosures) resulted in enhanced reporting of pension schemes, risk management strategies and deficit funding arrangements. These disclosures were often supported by extended commentary in the Strategic Report. The 2017 Report notes, however, that there is scope for companies to articulate better their scheme's strategies for matching assets and liabilities, in particular how they use liability driven investments. The FRC notes that it will continue to challenge companies who do not provide clear disclosures about the nature and valuation basis of all material asset classes.

## Business combinations

The 2017 Report notes that business combinations can pose unusual and complex accounting questions for companies. In particular, the impact of contingent and deferred consideration arrangements can be problematic as they rely on a high level of estimation and numerous assumptions. The FRC notes that the disclosures around assumptions and sensitivities that it would normally expect to see are not always evident. The report confirms that the FRC will also continue to challenge companies where it is unclear why few or no intangible assets (other than goodwill) are recognised in accounting for an acquisition, particularly where disclosures elsewhere in the Annual Report suggest that other intangible assets (such as leases, for example) have been acquired on favourable terms. The 2017 Report includes a case study on business combination disclosure.

## Cash Flow Statements

The 2017 Report notes that investors consider reported operating cash flows to be an important indicator of a company's current, and potential future, performance. The FRC, therefore, emphasises the importance of accurate classification of cash flows as either 'operating', 'investing' or 'financing', noting that it identified during the review period a number of incidences where cash flows relating to operating income had been classified as 'investing' rather than 'operating'.

The FRC also draws attention to the amendments to IAS 7 Statement of Cash Flows (effective for financial years beginning on or after 1 January 2017) requiring an explanation of changes in a company's financing obligations over the period. It notes that providing a net debt reconciliation (as many listed companies currently do) would be consistent with these requirements. The FRC notes that some investors have expressed concerns about disclosures relating to the use of financing facilities, such as invoice discounting, and encourages companies to view the new requirements as an opportunity to improve the clarity of these disclosures more generally.

## ICSA Awards 2017 - "Strategic Report of the Year" Award

The ICSA Awards 2017 included an award category for the "Strategic Report of the Year". ICSA's view of best practice in this area is set out on page 60 of this document.

## Contents

The remainder of this section contains:

► <b>Statutory requirements</b> - a checklist of the disclosure requirements for a Strategic Report	37
► <b>FRC Strategic Report Guidance on the contents of the Strategic Report</b> - extracts from the FRC's non-mandatory guidance on points to be covered in the Strategic Report and including extracts from the FRC Business Model Reporting Project	46
► <b>FRC Strategic Report Guidance on effective communication of the Strategic Report</b> - extracts from the FRC's non-mandatory guidance on effective communication methods	54
► <b>Investment Association's Long-Term Reporting Guidance Disclosure Table</b> - recommended disclosures extracted from the Investment Association's non-mandatory guidance on long-term reporting	56
► <b>Guidance on the Strategic Report</b> - The ICSA Awards 2017 best practice for the "Strategic Report of the Year" award	60



## Strategic Report - disclosure requirements

	<b>reference</b> (e.g. page [ ] / ✓, x, n/a or ?)
<b>Duty to prepare Strategic Report</b>	
s.414A	Have the directors prepared a Strategic Report for the financial year? <b>(Notes 1 and 2)</b>
s.414C(1)	Does the Strategic Report fulfil its statutory purpose “to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company)”? <b>(Note 3)</b>
	Does the Strategic Report: <b>(Note 4)</b>
<b>Fair review</b>	
s.414C(2)(a) and DTR 4.1.8 R(1)	- contain a fair review of the company’s business? <b>(Note 5)</b>
<b>Principal risks and uncertainties</b>	
s.414C(2)(b) and DTR 4.1.8 R(2)	- contain a description of the principal risks and uncertainties facing the company? <b>(Note 6)</b>
<b>Balanced and comprehensive analysis</b>	
s.414C(3) and DTR 4.1.9 R(1)	- constitute “a balanced and comprehensive analysis ... consistent with the size and complexity of the business” of: <b>(Notes 5 and 7)</b>
	(a) “the development and performance of the company’s business during the financial year”?
	(b) “the position of the company’s business at the end of that year”?
<b>Key Performance Indicators</b>	
s.414C(4) and DTR 4.1.9 R(2)	- include analysis (“to the extent necessary for an understanding of the development, performance or position of the company’s business”) using: <b>(Note 8)</b>
	(a) financial key performance indicators? <b>(Note 9)</b>
	(b) other key performance indicators, where appropriate, including information relating to environmental matters and employee matters? <b>(Notes 9 and 29)</b>
<b>Trends, factors and non-financial information</b>	
s.414C(7)	- include (“to the extent necessary for an understanding of the development, performance or position of the company’s business”): <b>(Note 8)</b>
	(a) “the main trends and factors likely to affect the future development, performance or position of the company’s business”? <b>(Notes 10 and 11)</b>

## FRC Strategic Report Guidance - contents of the Strategic Report

The table below summarises, in bold text, the FRC’s interpretation of the key content elements of the Strategic Report. Each content element summarised is broadly consistent with the corresponding requirement of the 2006 Act (shown in bold text in the left hand column). Beneath each content element are extracts from paragraphs of the FRC’s “Guidance on the Strategic Report” (June 2014) pertinent to the contents of that part of the report. For commentary on the FRC’s consultation “Draft amendments to Guidance on the Strategic Report” (August 2017), see page 19 of this document.

### Integrated reporting

Extracts from the FRC Strategic Report Guidance are presented below in checklist form. This is done for ease of reference only. Those responsible for preparing the Strategic Report should be mindful that the Strategic Report is primarily intended to be a means of communication and it should not, therefore, be approached merely as an exercise in compliance. The disclosures of strategic management issues (i.e. business model, strategy and objectives), business environment issues (i.e. trends, risks and material environmental, social and community matters) and business performance issues (performance, KPIs and gender diversity) are, according to the FRC, inter-related concepts that should be communicated cohesively and not in isolation or by a tick-box approach. The FRC Strategic Report Guidance contains a number of examples which illustrate ways in which preparers can link together elements of the Strategic Report and the wider Annual Report to ensure a more coherent and insightful final document.

### FRC Financial Reporting Laboratory’s “Business model reporting” (October 2016)

In October 2016, the FRC Financial Reporting Laboratory published its project report on effective reporting of the business model (see page 20 of this document). The report summarises key information that investors told the FRC they were specifically looking for companies to provide in their business model disclosures. Key line items deriving from the Lab’s project report have been included below beneath the relevant extracts of the FRC’s formal guidance.

		<b>reference</b> (e.g. page [ ] / ✓, x, n/a or ?)
<b>s.414C(8)(a)</b>	<b>Strategy and objectives</b>	
SRG - 7.6	Does the Strategic Report include a number of formal objectives that the company intends to achieve in pursuit of its ultimate aim or mission?	
	Does the disclosure of the company’s objectives:	
SRG - 7.7	- place the company’s strategy in context and allow shareholders to make an assessment of its appropriateness?	
SRG - 7.8	- concentrate on the high-level priorities related to the company’s development, performance, position and future prospects?	
SRG - 7.9	Are the company’s objectives either financial or non-financial in nature and expressed in either quantitative or qualitative terms?	
SRG - 7.6	Does the Strategic Report include a strategy that describes the means by which the company intends to achieve its objectives?	
	Does the description of the strategy for achieving the company’s objectives provide:	
SRG - 7.7	- insight into the company’s development, performance, position and future prospects?	
SRG - 7.8	- concentrate on the high-level priorities related to the company’s development, performance, position and future prospects?	

## Investment Association’s Long-Term Reporting Guidance Disclosure Table

The Investment Association’s “Long-Term Reporting Guidance” (May 2017) encourages companies to adopt a more meaningful, long-term approach to reporting. The guidance sets out a number of detailed recommendations to help listed companies report more transparently and effectively on the long-term drivers of productivity, capital management, human capital and culture. While the Investment Association encourages many of the disclosures to be made in the Strategic Report, reporting teams should note that the guidance also recommends a number of disclosures for other sections of the Annual Report (including the Remuneration Report). The recommended disclosures are noted below (together with the corresponding paragraph number of the guidance from which the disclosures are extracted). They are non-mandatory, but the Investment Association has confirmed that IVIS will monitor implementation of the guidance through its analysis of the Annual Reports of companies with financial years ending on or after 30 September 2017 and will feed back to its members accordingly.

		<b>reference</b> (e.g. page [ ] / ✓, x, n/a or ?)
<b>Drivers of Productivity</b>		
Does the Strategic Report:		
Para 13.1	- set out the process by which productivity is regularly assessed within the business, explain the criteria used to conduct this assessment, and outline the outcome of those assessments over the last year;	
Para 13.2	- describe the main drivers of productivity within the business, the extent to which these influence operations within the company, and the planned investments to improve productivity over the next year; and	
Para 13.3	- outline the significant opportunities and challenges facing the company in terms of improving productivity over the next year, and the strategy adopted by the Board to respond to these issues?	
<b>Capital Management</b>		
Does the Strategic Report:		
Para 23.1	- set out the objectives and investment priorities of the company’s capital management strategy, including an explanation of the key criteria and underlying assumptions used to assess capital allocation opportunities;	
Para 23.2	- disclose the policies governing what the company regards as capital, including an explanation of the company’s approach to distinguishing between maintenance capital, and capital that is used for growth;	
Para 23.3	- describe the process by which capital allocation decisions are made by the company, how often policies regarding capital management are reviewed, and how performance of these decisions are assessed over the long term; and	
Para 23.4	- set out the role of the Board in setting the capital management strategy, with discussion regarding its responsibility in providing oversight over final capital allocation decisions and reviewing past performance?	

# REMUNERATION REPORT

## Introduction

In this section we set out the information required to be included in the Remuneration Report by:

- ▶ the 2006 Act;
- ▶ the Accounts Regulations; and
- ▶ the Listing Rules.

The Remuneration Report comprises three parts:

- ▶ **An Annual Statement** - A statement by the chairman of the remuneration committee summarising major decisions taken on, and any substantial changes to, remuneration during the year including the context for such decisions and changes. The requirements for the Annual Statement are set out on page 133 of this section.
- ▶ **An Annual Report on Remuneration** - A report on the implementation of the listed company's policy on remuneration for the financial year under review. The disclosure requirements for the Annual Report on Remuneration are set out from page 134 of this section.
- ▶ **A Remuneration Policy** - A report setting out the listed company's forward-looking policy on remuneration and potential payments. The level of disclosure required in respect of the Remuneration Policy will, however, depend on whether the company intends to put the policy to a binding shareholder vote at general meeting. The disclosure requirements for the Remuneration Policy, whether or not shareholder approval is being sought, are set out from page 153 of this section.

In terms of structuring the Remuneration Report, although the Accounts Regulations set out the requirements in respect of the Annual Report on Remuneration first, the vast majority of listed companies follow a more logical order and set out their Remuneration Policy (or a summary of their policy where shareholder approval is not being sought) first, before moving on to the Annual Report on Remuneration.

ICSA's view of best practice remuneration reporting is set out on page 131 of this document, together with reference, by way of example, to the winner of the award category "Remuneration Report of the Year" at the ICSA Awards 2017.

## Changes since last year - Remuneration Policy

### **New Remuneration Policy for approval at the 2018 AGM?**

The 2006 Act requires a listed company to put its Remuneration Policy back to shareholders for approval every three years (unless the company wishes to change the approved policy or otherwise fails to obtain shareholder approval of any subsequent Annual Report on Remuneration). Most listed companies with a 31 December financial year end put a new Remuneration Policy to shareholders for approval at their AGM in 2017 (having obtained shareholder approval for their first Remuneration Policy at their AGM in 2014 in accordance with requirements under the remuneration reporting regime that came into force on 1 October 2013).

However, a number of listed companies changed their Remuneration Policy at the end of the first year after the new reporting regime came into force, seeking approval for the new revised Remuneration Policy at their AGM in 2015. Those companies will be required to put their Remuneration Policy back to shareholders at their AGM in 2018.

### **Additional disclosures where a new Remuneration Policy will be put to the vote**

Where a listed company with an approved Remuneration Policy in place wishes to put a new Remuneration Policy to shareholders for approval, the new Remuneration Policy must include a number of additional disclosures, including:

- ▶ **Continuation of provisions from previous Remuneration Policy** - Where it is intended that any provisions from a previously approved Remuneration Policy are to continue to apply after the new Remuneration Policy has been approved by shareholders, the new policy must make clear which provisions are to continue and for what period (see page 156 of this document).

	reference (e.g. page [ ] / ✓, x, n/a or ?)
<b>Elements of remuneration and single total figure</b>	
Accounts Regulations Sch 8 paras 4-12 and Sch 5 para 1(1)(a) and (d)	<p>Is there a table in the prescribed form setting out the prescribed information on the various elements of pay for each director in respect of his performance of, or agreement to perform, qualifying services for the financial year and the previous financial year? <b>(Note 1)</b></p> <p>Does the table include in its final column a single total pay figure being the sum of the other figures set out in the table?</p>
GC100 Guidance	<i>Information for non-executive directors can be set out in a separate table and it may be clearer for investors if two tables are produced.</i>
LR 9.8.4 R(5)	Does the Remuneration Report give details of any arrangements under which a director has waived or agreed to waive any emoluments from a group undertaking? <b>(Note 2)</b>
LR 9.8.4 R(6)	If a director has agreed to waive future emoluments, does the Remuneration Report give details of the waiver and the emoluments waived during the financial year? <b>(Note 2)</b>
<b>Total pension entitlements</b>	
Accounts Regulations Sch 8 para 13(1)	<p>Is the prospective pension entitlement (whether to defined benefits or cash balance benefits or to benefits under a hybrid arrangement which includes such benefits) disclosed for each director during the financial year as follows:</p> <p>(a) details of pension rights as at the end of the financial year, including normal retirement date;</p> <p>(b) a description of any additional benefit receivable on early retirement;</p> <p>(c) if the director has an entitlement under more than one type of pension benefit, are details disclosed separately for each type of benefit? <b>(Note 3)</b></p>
Accounts Regulations Sch 5 para 1(1)(d)	In respect of directors, is the aggregate value disclosed of any company contributions to a pension scheme by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated? <b>(Note 4)</b>
Accounts Regulations Sch 5 para 1(2)	Is the number of directors disclosed to whom retirement benefits are accruing under money purchase schemes and defined benefit schemes? <b>(Note 4)</b>

remuneration and other resolutions, along with a record of what such companies say they are doing to address concerns. The threshold for inclusion on the register (and as proposed in the FRC's revised Code) now appears to formalise an acceptance of 20 per cent. vote against as "significant" notwithstanding the more general calls for use of judgment noted above, particularly in relation to non-remuneration related resolutions. For further information on the public register, see page 199 of this document.

## Notice of meeting and Other considerations

	<b>reference</b> (e.g. page [ ] / ✓, x, n/a or ?)
<b>Notice of meeting - front end</b>	
s.337(1)	Does the notice specify the meeting as being the AGM?
s.311(1) and DTR 6.1.12 R(1)	Does the notice state the time, date and place of the meeting?
s.336(1)	Is the AGM being held within six months of the financial year end?
Code E.2.1	Does the notice contain separate resolutions on each substantially separate issue?
	For details of standard AGM business proposed as ordinary resolutions, see page 211.
s.283(6)	Does the notice specify the intention to propose each special resolution as such and is the text of each such proposed special resolution included?
	For details of standard AGM business proposed as special resolutions, see page 217.
	Have the articles of association been checked to ensure any requirements relevant to the notice of meeting have been satisfied (such as the distinction between ordinary and special business)?
	Does the notice have a statement that it is issued "By order of the Board" and is it signed by the secretary and dated? <b>(Note 1)</b>
	Does the notice state the company's registered office?
<b>Notice of meeting - notes</b>	
s.311(3)(b) and Uncertificated Securities Regulations 2001 reg 41	Does the notice state that the right of a member to vote at the meeting will be determined by reference to the register of members and does it set a cut-off time (not more than 48 hours before the time for the holding of the meeting) for recognising changes in the register of members for the purpose of determining rights to attend and vote at the AGM? <b>(Note 2)</b>
s.325(1) and DTR 6.1.12 R(3)	Is there a reasonably prominent statement of the rights of shareholders to appoint proxies?
s.149(2)	Is there a statement that any person nominated under s.146 (nomination of persons to enjoy information rights):
	(a) may have a right under an agreement between him and the appointing member to be appointed, or to have someone else appointed, as a proxy for the meeting; and

## Ordinary resolutions and Explanatory notes

	<b>reference</b> (e.g. page [ ] / ✓, x, n/a or ?)
<b>Accounts and Reports</b>	
s.437(1) and Code E.2.1	Is there a resolution to receive the annual accounts and reports for the financial year under review? <b>(Notes 1 and 2)</b>
<b>Remuneration Report</b>	
ss.437(1) and 439(1)	Is there a resolution to approve the Remuneration Report [ (other than the part containing the Remuneration Policy) ] for the financial year under review? <b>(Notes 3, 5 and 6)</b>
ss.437(1) and 439A(1)	Where appropriate, is there a resolution to approve the Remuneration Policy (contained in the Remuneration Report for the financial year under review)? <b>(Notes 4, 5 and 6)</b>
<b>Dividend</b>	
	Is there a resolution to declare a final dividend (if relevant)? <b>(Note 7)</b>
<b>Election and re-election of directors (Note 8)</b>	
Code B.7.1, s.160(1) and LR 9.2.2E R(1)	For FTSE 350 companies, are there separate resolutions to elect each of the current directors? <b>(Notes 9 and 10)</b>
Code B.7.1, s.160(1) and LR 9.2.2E R(1)	For all other listed companies, are there separate resolutions to:
	- elect any directors appointed since the last AGM?
	- re-elect any directors who have not stood for re-election at the last two AGMs?
	- re-elect any non-executive director who has served for longer than nine years? <b>(Note 10)</b>
	Do the resolutions to elect and re-elect directors satisfy the requirements of the articles of association?
Code B.7.1	Are the names of directors submitted for election or re-election accompanied by sufficient biographical details and other relevant information to enable shareholders to take an informed decision on their election? <b>(Note 11)</b>
Code B.7.2	Where non-executive directors are proposed to be elected, has the basis for the board's belief why those individuals should be elected been set out? <b>(Note 11)</b>
Code B.7.2	Where directors are proposed to be re-elected, has the chairman confirmed that, following performance evaluation, the individual's performance in each case continues to be effective and to demonstrate commitment to the role? <b>(Note 11)</b>