

2016 CODE	NEW PROPOSED LOCATION
<p>Provision D.2.1 The board should establish a remuneration committee of at least three, or in the case of smaller companies' two, independent non-executive directors. In addition the company chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as chairman. The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.</p> <p>Where remuneration consultants are appointed, they should be identified in the annual report and a statement made as to whether they have any other connection with the company.</p>	<p>Incorporated into Provision 32</p> <p>Incorporated into Provision 35</p>
<p>Provision D.2.2 The remuneration committee should have delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management.</p> <p>The definition of 'senior management' for this purpose should be determined by the board but should normally include the first layer of management below board level.</p>	<p>Incorporated into Provision 33</p> <p>Footnoted in Code</p>
<p>Provision D.2.3 The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the non-executive directors within the limits set in the Articles of Association. Where permitted by the Articles, the board may however delegate this responsibility to a committee, which might include the chief executive.</p>	<p>Deleted</p>
<p>Provision D.2.4 Shareholders should be invited specifically to approve all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes, save in the circumstances permitted by the Listing Rules.</p>	<p>Deleted</p>
<p><i>Dialogue with Shareholders</i> Main Principle E.1 There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.</p>	<p>Incorporated into Principle C & Provision 5</p>

2016 CODE	NEW PROPOSED LOCATION
<p>Supporting Principles E.1 Whilst recognising that most shareholder contact is with the chief executive and finance director, the chairman should ensure that all directors are made aware of their major shareholders' issues and concerns.</p> <p>The board should keep in touch with shareholder opinion in whatever ways are most practical and efficient.</p>	<p>Guidance (paragraph 22)</p> <p>Incorporated into Provision 5</p>
<p>Provision E.1.1 The chairman should ensure that the views of shareholders are communicated to the board as a whole. The chairman should discuss governance and strategy with major shareholders. Non-executive directors should be offered the opportunity to attend scheduled meetings with major shareholders and should expect to attend meetings if requested by major shareholders. The senior independent director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.</p>	<p>Incorporated into Provisions 5 & 12</p>
<p>Provision E.1.2 The board should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of major shareholders about the company, for example through direct face-to-face contact, analysts' or brokers' briefings and surveys of shareholder opinion.</p>	<p>Incorporated into Principle C & Provision 5</p>
<p><i>Constructive Use of General Meetings</i> Main Principle E.2 The board should use general meetings to communicate with investors and to encourage their participation.</p>	<p>Incorporated into Provision 5</p>
<p>Provision E.2.1 At any general meeting, the company should propose a separate resolution on each substantially separate issue, and should in particular propose a resolution at the AGM relating to the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The proxy form and any announcement of the results of a vote should make it clear that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.</p>	<p>Deleted</p>



Financial Reporting Council

8th Floor
125 London Wall
London
EC2Y 5AS

+44 (0)20 7492 2300

www.frc.org.uk