



ShareSoc

UK Individual Shareholders Society

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Press Release

Cable's Pay Review – A good first step

ShareSoc (the "UK Individual Shareholders Society") welcomes the publication by Vince Cable's B.I.S. Department of proposals for shareholders to have more say in the remuneration of public company directors.

We believe that the proposals for a forward looking binding vote on pay are essential and that the level of support for such a vote should be increased from the normal 50% to 75%, i.e. it should be made a special resolution to bring it into line with other important votes on corporate issues.

We point out though that these proposals need to be extended to AIM companies where outrageous pay policies are quite common – see our recent press releases on Intercede and Conygar for examples.

Mr Cable's proposals are otherwise very much in line with ShareSoc's submissions to his review of this area. But we suggest that there are other steps that also need to be taken if the upward "creep" of pay is to be tackled. For example, the need to reform who devises remuneration policy and sets the level of pay, and more specifically the composition of Remuneration Committees and the way remuneration consultants operate.

ShareSoc will be submitting more detailed comments in due course, particularly on the requirement for a higher level of support on remuneration resolutions to which there may be some opposition. Specifically the issue of companies where there is one shareholder with more than 25% of the votes such as the recent events at Easyjet come to mind, where the former founder was unhappy with certain aspects of the remuneration scheme. But we suggest that with time for consultation, and a vote in advance, such concerns (which we believe were rightly expressed) could have been resolved even if a 75% vote was required.

Notes

Our wider views on how remuneration in public companies should be reformed were given in our responses to the current BIS consultation – see www.sharesoc.org/consultations.html (items dated 3/11/2011).

Past press releases on Intercede and Conygar are present here: www.sharesoc.org/press_releases.html

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Note any members of the press who wish to receive a complimentary copy of our informative monthly newsletter should send a request to sharesoc@btconnect.com . Our newsletters cover not just the affairs of our organisation but contain general financial news and commentary. Examples of our past newsletters are available on our web site.

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets (and who own over 10% of the shares in UK public companies in aggregate). We are a mutual association controlled by our members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by the services it provides to members. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment (go to www.sharesoc.org/membership.html to register). More information on ShareSoc can be obtained from our web site at www.sharesoc.org (our objects are fully defined on this page: www.sharesoc.org/objects.html).