

LENS ON:

Proposed changes to Directors' Reporting Regulations

March 2025

On 5 March 2025, the Department for Business and Trade (DBT) published a statutory instrument which proposes removing and/or amending several of the UK remuneration reporting requirements which were added in 2019 to align with the EU Shareholder Rights Directive II.

Of particular note (if the proposals are adopted) is that there will no longer be a requirement to include:

- the disclosure of each Executive and Non-Executive Director's year-on-year change in salary/fee, benefits and bonus and the average for employees over the same period; and
- the total fixed pay and total variable pay columns for each Director in the table of the single total figure of remuneration.

The remainder of the proposals are minor and remove duplication with existing reporting requirements; as such, these will have little practical impact. For example, a requirement to provide information about the Remuneration Policy decision-making process has been removed but remains a provision of the UK Corporate Governance Code.

Two specific requirements introduced in 2019 are proposed to be preserved, with the explanatory document accompanying the statutory instrument noting that these served to close loopholes which had existed prior to 2019. These are:

- a company which has received less than 50% support for a proposed Remuneration Policy must revert to shareholders with an updated Policy within 12 months; and
- the remuneration of a CEO who is not a Director of the Company must continue to be reported.

Finally, companies seeking to make payments outside of their Remuneration Policy will no longer need to revert to shareholders to approve a new Policy. Instead, companies will be able to seek approval for just the specific payment that falls outside the Policy, which had been the case prior to 2019.

Ellason commentary

Any move to simplify remuneration reporting requirements is likely to be welcomed by FTSE companies, noting the current average length of these reports. Although the proposals will have only a minor impact overall, they helpfully remove the 'percentage change in Director remuneration' section. This has proved to be unduly time consuming to prepare, cumbersome to disclose and the requirements were interpreted inconsistently in the market.

The DBT gives no indication of when these proposals might take effect; we will provide an update as and when further details are released.

Please do not hesitate to contact any of the Ellason team should you wish to discuss this issue further.