

CONFIDENTIAL  
ON  
THE FINANCIAL ASPECTS  
OF CORPORATE GOVERNANCE

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FAX TRANSMISSION

To: *Sir Adrian Adbury* Date: *11 June 1993*  
From: *Erica Lee* Page: *1 of 2*

**DISCLOSURE OF DIRECTORS' EARNINGS**

Section 4 of the 1989 Companies Act requires the following information to be shown separately in the profit and loss account or in notes annexed to the profit and loss account:-

1. The aggregate amount of all directors including pension contributions, other benefits and sums paid for accepting office as a director, including 'golden hellos'. The total emoluments figure must include the emoluments of overseas-based directors;
2. Chairman's emoluments. The emoluments for each person acting as Chairman during the year must be shown separately, unless the duties were wholly or mainly discharged outside the UK;
3. The highest paid directors' emoluments, if more than the emoluments of the Chairman and unless the duties were wholly or mainly discharged outside the UK;
4. The number of directors who fall into each band of £5,000. As for the Chairman and the highest paid director, directors working wholly or mainly outside the UK are excluded.

Emoluments are defined as including:-

"fees and percentages, sums paid by way of expenses allowance, contributions paid in respect of him under any pension scheme, and the estimate money value of any other benefits received by him otherwise than in cash."

Pension contributions are excluded from the individual figures and the bands. None of the figures includes the proceeds of share option plans, since the exercise of an option has no impact on the profit and loss account.

In addition to the legal requirements, the Stock Exchange lists requirements in the Yellow Book covering information companies must disclose in listing particulars, and to fulfil continuing obligations. You will be aware that the ISC and PRO-NED have also issued guidelines on best practice on disclosure of board earnings.

I will not be in on Monday, but if you need any further info. on this, I am sure Sarah will be able to help.

Best wishes

