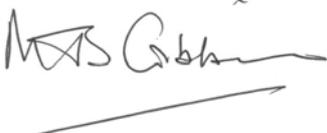


 <b>Regulatory Policy Committee</b>	<b>OPINION</b>	
<b>Impact Assessment (IA)</b>	Shareholder votes on directors' remuneration	
<b>Lead Department/Agency</b>	Department for Business, Innovation and Skills	
<b>Stage</b>	Final	
<b>Origin</b>	Domestic	
<b>Date submitted to RPC</b>	21/05/2012	
<b>RPC Opinion date and reference</b>	01/06/2012	RPC12-BIS-1270(2)
<b>Overall Assessment</b>	<b>AMBER</b>	
<p>The IA is fit for purpose. Although the costs and benefits of the proposal have not been monetised, there is sufficient qualitative discussion of the likely impacts. However, the IA would benefit from making more use of the international evidence that is available where a similar proposal has already been implemented.</p>		
<p><b>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</b></p> <p><i>Impact of empowering shareholders.</i> The proposal intends to empower shareholders by giving them a binding vote on future pay policy, whereas under the 'do-nothing' they only have an advisory vote. While the IA sets out the limitations with an advisory vote (pages 10-11), the IA would benefit from making more use of the international evidence that is available where a similar proposal has already been implemented (for example, Netherlands – paragraph 66). This would better show whether the proposal is likely to have the desired effect on the link between pay and performance. Furthermore such analysis would better demonstrate the validity of the statement that this proposal is unlikely to result in additional costs of engagement with shareholders (paragraph 73).</p>		
<p><b>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</b></p> <p>The IA says that the proposal is a regulatory measure that will not be net costly for business (a 'zero IN'). On the assumption that the proposal will not result in additional costs of engagement for business, as set out in the IA, this is consistent with the current One-in, One-out Methodology and provides a reasonable assessment of the likely impacts.</p>		
<b>Signed</b> 	<b>Michael Gibbons, Chairman</b>	