Amendment 27/rev
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on behalf of the S&D Group

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Long-term shareholder engagement and corporate governance statement
COM(2014)0213 – C7-0147/2014 – 2014/0121(COD)

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2007/36/EC
Article 9a

Text proposed by the Commission	*Amendment*
Article 9a	Article 9a
Right to vote on the remuneration policy	Right to vote on the remuneration policy
1. Member States shall ensure that ***shareholders have the right to vote on the remuneration policy as regards directors***. Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been ***approved by*** shareholders. The policy shall be submitted for approval by the ***shareholders*** at least every three years.	1. Member States shall ensure that ***companies establish a remuneration policy as regards directors and submit it to a binding vote of the general meeting of shareholders***. Companies shall only pay remuneration to their directors in accordance with a remuneration policy that has been ***voted on at the general meeting of*** shareholders. ***Any change to the policy shall be voted on at the general meeting of shareholders and*** the policy shall be submitted ***in any case*** for approval by the ***general meeting*** at least every three years.
Companies may, in case of recruitment of new board members, decide to pay remuneration to an individual director outside the approved policy, where the remuneration package of the individual director has received prior approval by shareholders on the basis of information on the matters referred to in paragraph 3. The remuneration may be awarded provisionally pending approval by the shareholders.	***However, Member States may provide that the votes by the general meeting on the remuneration policy are advisory.***
	In cases where no remuneration policy has been implemented previously and

shareholders reject the draft policy submitted to them, the company may, while reworking the draft and for a period of no longer than one year before the draft is adopted, pay remuneration to its directors in accordance with existing practices.

In cases where there is an existing remuneration policy and shareholders reject a draft policy submitted to them in line with the first subparagraph, the company may, while reworking the draft and for a period of no longer than one year until the draft is adopted, pay remuneration to its directors in accordance with the existing policy.

2. ***Member States shall ensure that*** the policy ***is*** clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***that it incorporates*** measures to avoid conflicts of interest.	2. The policy ***shall be*** clear, understandable, in line with the business strategy, objectives, values and long-term interests of the company and ***shall incorporate*** measures to avoid conflicts of interest.
3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all benefits in whatever form.	3. The policy shall explain how it contributes to the long-term interests and sustainability of the company. It shall set clear criteria for the award of fixed and variable remuneration, including all ***bonuses and all*** benefits in whatever form.
The policy shall indicate ***the maximum amounts of total remuneration that can be awarded, and the corresponding*** relative proportion of the different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration ***by explaining the ratio between the average remuneration of directors and the average remuneration of full time employees of the company other than directors and why this ratio is considered appropriate. The policy may exceptionally be without a ratio in case of exceptional circumstances. In that case, it shall explain why there is no ratio and which***	The policy shall indicate the ***appropriate*** relative proportion of the different components of fixed and variable remuneration. It shall explain how the pay and employment conditions of employees of the company were taken into account when setting the policy or directors' remuneration.

measures with the same effect have been taken.

For variable remuneration, the policy shall indicate the financial and non-financial performance criteria to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares after vesting, and information on the possibility of the company to reclaim variable remuneration.	For variable remuneration, the policy shall indicate the financial and non-financial performance criteria***, including, where appropriate, consideration for programmes and results relating to corporate social responsibility,*** to be used and explain how they contribute to the long-term interests and sustainability of the company, and the methods to be applied to determine to which extent the performance criteria have been fulfilled; it shall specify the deferral periods, vesting periods for share-based remuneration and retention of shares after vesting, and information on the possibility of the company to reclaim variable remuneration.
	Member States shall ensure that the value of shares does not play a dominant role in the financial performance criteria.
	Member States shall ensure that share-based remuneration does not represent the most significant part of directors' variable remuneration. Member States may provide for exceptions to the provisions of this subparagraph under the condition that the remuneration policy includes a clear and reasoned explanation as to how such an exception contributes to the long-term interests and sustainability of the company.
The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and payments linked to termination of contracts.	The policy shall indicate the main terms of the contracts of directors, including its duration and the applicable notice periods and ***terms of termination and*** payments linked to termination of contracts ***and the characteristics of supplementary pension or early retirement schemes***. ***Where national law allows companies to have arrangements with directors without a contract, the policy shall in that case indicate the main terms of the arrangements with directors, including their duration and the applicable notice periods and terms of termination and***

	payments linked to termination and the characteristics of supplementary pension or early retirement schemes.
	The policy shall specify the company's procedures for the determination of the remuneration of directors, including the role and functioning of the remuneration committee.
The policy shall explain the decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the views of shareholders on the policy and report in the previous years.	The policy shall explain the ***specific*** decision-making process leading to its determination. Where the policy is revised, it shall include an explanation of all significant changes and how it takes into account the ***votes and*** views of shareholders on the policy and report in ***at least*** the previous ***three consecutive*** years.
4. Member States shall ensure that after approval by the shareholders the policy is made public without delay and available on the company's website at least as long as it is applicable.	4. Member States shall ensure that after approval by the shareholders the policy is made public without delay and available***, free of charge,*** on the company's website at least as long as it is applicable.

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