



# ShareSoc

UK Individual Shareholders Society

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## Press Release

### Getting Tough on Pay

ShareSoc (the UK Individual Shareholders Society) welcomes Nick Clegg's statement that the Government is to clamp down on excessive pay in public companies in the New Year. ShareSoc has been arguing for some time that pay is now out of control. In both large and small companies, there are examples of outrageous levels of pay, ridiculously generous "performance" schemes and over-complicated pay structures that serve to obfuscate what is happening.

In our recent submission to the Executive Pay Discussion Paper (issued by Vince Cable's BIS Department), we argued that a much tougher line needs to be taken than we have seen to date.

Better reporting and more comparative analysis of pay awards across companies would certainly help. But the only real solution is to stop directors from determining their own pay. Shareholders should set the level of pay in our view, and Remuneration Committees (composed solely of directors) should be replaced by Shareholder Committees.

We also suggest that adding employees or other stakeholders to Remuneration Committees as some have proposed would not help significantly, but could certainly be useful on Shareholder Committees.

Our submission to the Executive Pay Discussion Paper (including our proposals on how to solve the problem of excessive pay) is present on our web site here: [www.sharesoc.org/consultations.html](http://www.sharesoc.org/consultations.html) (see the response dated 3/11/2011).

ShareSoc Chairman Roger Lawson had this to say: "*Pay awards to directors have become grossly excessive in comparison to that of other workers. This is not just a widely recognised moral issue. We are now at the point in many companies where the rewards rightly due to shareholders are being diverted to the small group of executives who are in control. Recent cases brought to our attention show that directors still have not got the message that pay needs to be tightly controlled in the current economic climate so they should not be surprised if the Government takes action*".

ShareSoc has also set up an E-petition to promote the use of Shareholder Committees – see here: <http://epetitions.direct.gov.uk/petitions/17553> . We invite everyone to sign it.

#### For further information, please contact:

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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](mailto: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 its commercial activities. 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](http://www.sharesoc.org/membership.html) to register). More information on ShareSoc can be obtained from our web site at [www.sharesoc.org](http://www.sharesoc.org) (our objects are fully defined on this page: [www.sharesoc.org/objects.html](http://www.sharesoc.org/objects.html) ).