

June 2011 Newsletter

Introduction

In this edition, we focus on the issue of CEO pay and the many factors influencing it today. In a special interview, John Egan shares how he and his team are responding to the increasing legislative and regulatory control on providing remuneration advice. In this interview John discusses how Boards, in addressing and/or communicating with shareholders, are faced with a number of challenges, relying increasingly on considered and substantiated advice upon which to base their judgements on CEO pay. The other articles outline the latest information in relation to these legislative changes and examine the impact on Say-on-Pay legislation in the US on shareholder voting. Are there lessons for companies here in Australia and New Zealand? We trust you enjoy this edition of the Egan Associates Newsletter.

In This Issue

Interview with John Egan – Advising on CEO Reward in Today’s Environment

John Egan has provided advice to many companies of Australia and New Zealand’s largest companies over a number of years. This article reflects on how advice being sought today is offered in a very complex environment, under the watchful eye of regulators, shareholders, companies and CEOs alike. In the interview, John shares how he and his team provide advice on CEO reward in this ever changing, contemporary and competitive setting.

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Amendments to the Corporations Act passed in the Senate

The government is proceeding with legislation to provide a ‘two strikes’ rule in relation to voting on the Remuneration Report and also regulate the engagement of remuneration consultants. The legislation has completed its journey through the parliament and is likely to be in force by July 1, 2011. This article outlines that journey and also presents the government’s perspective on the need for this legislation

in particular as it relates to the control of remuneration consultants.

Andrew Leigh (Federal Member for Fraser) has set out aspects of the government’s approach.

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Implementing Legislative Change in a Corporate Environment

The proposed changes to the Corporations Act 2001 to regulate the appointment and provision of advice by remuneration consultants impact not only our corporate and board clients but Egan Associates as advisers. This brief article examines one aspect of these changes, who can provide advice?

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CAMAC Report on Directors and Executive Remuneration Disclosure

The Corporations and Market Advisory Committee (CAMAC) has provided a report on Australia’s director and executive remuneration disclosure requirements and included are a number of specific



suggestions to improve company reporting on this issue. This article outlines the latest from CAMAC.

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Regular Global Review – Say-on-Pay Legislation Starts to Impact Shareholder Voting

The response to the Say-on-Pay legislation in the US was viewed by many as a guide to what might happen in Australia as our government attempts to further control remuneration decisions made by large corporates. This article highlights some of the recent voting behaviour of shareholders in US companies.

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