

# **Say on pay in foreign legal regulation and in Czech Capital Market Undertakings Act**

## **Abstract**

Say on pay is a legal instrument for shareholders to influence and control executive remuneration in companies. This is done primarily through voting at general meetings, where companies seek shareholder approval when establishing remuneration. The Say on pay system, which is based on aligning the interests of the company, the shareholders and the directors, thus provides a formal mechanism for shareholders to express their views and preferences on executive remuneration.

This thesis provides a comprehensive view of the EU Say on pay regulation for listed companies and begins with a historical overview of its development in Europe. It thoroughly describes the legal requirements imposed by the EU Directive and maps out in detail the obligations regarding transparency and shareholder engagement in executive remuneration matters. It then examines the process of implementing the EU Directive into national legal systems, focusing on the approaches of the Czech Republic and France. It examines in detail the legal frameworks of both countries and highlights the differences in their implementation of Say on pay regulation.

For a comprehensive overview of the regulation, it is necessary to explain the legal requirements for remuneration policies and remuneration reports, which is again done with a focus on the Czech Republic and France. Comparisons between the Czech and French systems can be achieved primarily by examining the specifics of each country's regulations and highlighting areas of convergence and divergence in their approaches to executive remuneration.

It is interesting to ask whether these regulations have effectively influenced executive compensation practices. Finding this answer is the goal of a study of remuneration reports that evaluates the impact of Say on pay laws on executive compensation in listed companies. General tone of the thesis is maintained here as well and the data set for comparison is selected from the Czech Republic and France.

**Keywords:** say on pay, executive remunerations, listed companies