JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL
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Pension benefits of executive directors

A comparative study of general retailers between 2006-2010

Civilekonom Thesis in Business Administration

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Abstract

Several recent corporate governance scandals relate to non-disclosure or high amounts of pension benefits given to executive directors. The lack of disclosure and transparency has gained pensions benefits greater attention as a significant part of the total remuneration received by executive directors. Due to the associated problems there is a greater need for better disclosure and in turn heightened transparency towards shareholders.

This qualitative case study focuses on general retailers in Sweden and the United Kingdom. Due to the lack of research five general retailers from respective country were chosen to be examined and compared during 2006-2010. The aim is to examine the disclosure of individual pension benefits of executive directors and the development in levels of pension benefits in the following general retailers Bilia, Clas Ohlson, Debenhams, Dunelm Mill, Fenix Outdoor, Halfords, JD Sports Fashion, Kappahl, Mekonomen and N Brown Group.

The findings show that the majority of general retailers have complied with their respective corporate governance code during 2006-2010. The level of disclosure has differentiated, where UK general retailers have a higher level of individual disclosure. The development in levels of pension benefits has shown that there are higher amounts of pension benefits in Swedish general retailers. A negative trend in the development of

the Chief Executive Officers amounts of pension benefits has mainly been present in 2007-2009. Reversal of the negative trend came in the last year of the case study. No distinctive trends were found in the development of pension benefits for all other executive directors.

Abbreviations

Bilia	Bilia AB Publ.
N Brown Group	Brown (N) Group PLC
CEO	Chief Executive Officer
Clas Ohlson	Clas Ohlson AB Publ.
Debenhams	Debenhams PLC
Dunelm Mill	Dunelm Group PLC
EU	European Union
EUR	Euro
Fenix Outdoor	Fenix Outdoor AB Publ.
Halfords	Halfords Group PLC
JD Sports	JD Sports Fashion PLC
Kappahl	Kappahl Holding AB Publ.
LSE	London Stock Exchange
Mekonomen	Mekonomen AB Publ.
OMX Stockholm	Stockholm Stock Exchange
SEK	Swedish kronor
Swedish Code	Swedish Code of Corporate Governance
UK	the United Kingdom
UK Code	the UK Corporate Governance Code

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1 Introduction

1.1 Background

The question of pension benefits and other remuneration components has been highlighted by academics, regulators, practitioners and the media due to several corporate governance scandals such as Enron, WorldCom, Adelphia, Arthur Andersen, General Electric and the New York Stock Exchange (Baker & Powell, 2009; Mishra & Bhattacharya, 2011). General Electric encountered a scandal in 2002 when the Chief Executive Officer (CEO) Jack Welch received lavishing pension benefits that were not disclosed to the board of General Electric or to the shareholders. The forced resignation of New York Stock Exchange CEO Richard Grasso in 2003 was an additional corporate governance scandal, relating to revelations of total accrued pension and saving benefits amounting to nearly 190 million dollars (ECGI, 2004). Exploitation of company resources via self-dealing, excessive amounts, inadequate and non-transparent disclosures of pension benefits raised important issues about the disclosure, level of pension benefits and their role in executives' total remuneration (TUC, 2011; Enriques &Volpin, 2007).

According to Connolly (2005) pension benefits are difficult to value and comprehend, making them the missing link in the analysis of total remuneration. Most commonly pension benefits are not considered as a part of the total remuneration and therefore there has been a tendency of non-transparency in the disclosures. By reckoning in pension benefits in the calculation of total remuneration, this raises awareness on pension benefits and provides a realistic picture of the total remuneration (Connolly, 2005). Lacking disclosure and non-transparency does facilitate information asymmetry, among other things, and causes agency problems which often are found in public listed companies (Patel, Balic & Bwakira, 2002). Due to extensive amounts of corporate governance scandals, remuneration of executive directors became an important part of the governance frameworks of companies and launched changes in the European Union (EU) (ECGF, 2009). Compensation received by European directors had a tendency of not being publicly known information (Enriques & Volpin, 2007). The action plan to modernize company law and improve corporate governance was adopted in 2003 and introduced changes to the EU. The action plan aimed at modernizing the board of directors and strengthens shareholders rights, with the intention of reaching appropriate corporate governance in the member states. Proposals for reaching the aim of the action plan are in recommendation 2004/913/EC of fostering an appropriate regime for the remuneration of directors of listed companies. The main objective with the recommendation was to ensure transparency of the remuneration of individual directors through the use of disclosures. Remuneration of directors should be disclosed in detail in the annual and remuneration report. The remuneration statement should at least disclose and be transparent in five specific areas, where the disclosure of pension benefits was one of the discussed topics. Transparency and accountability towards shareholders was one of the cornerstones in the action plan (European Commission, 2004).

The issue of transparency and disclosure was further discussed with the publication of another EU recommendation in 2009. A lack in the information regarding the structure of remuneration given to directors was a reason for the publication. Recommendation 2009/385/EC states that there ought to be transparency in the individual remuneration of directors in order for shareholders to have an appropriate amount of control. Supported arguments in the recommendation were the use of the line by line disclosure of remuneration. The line by line disclosure advocates specific details of such disclosure, where pension benefits are one of those. Better disclosure of pension benefits among other remuneration components, does strengthen the accountability towards shareholders (European Commission, 2009).

1.2 Problem

The disclosure of executive retirement plans are seen as insufficient and non-transparent (Murphy, 1998). There is a need for transparent disclosure of pension benefits since it generates higher accountability towards shareholders and provides them with an opportunity of implementing efficient monitoring (ECGI, 2003; EIRIS, 2005). According to Bebchuk and Jackson (2005) pension benefits are an important feature of the executive compensation and by transparent disclosures it generates a more accurate picture of the magnitude of executives' total compensation. This also implies enhancement of investors' abilities of accurately comparing executive compensations in-between companies and the understanding of the importance of such components.

According to Sundaram and Yermack (2007) there are not many studies conducted on the role of pension benefits and its part of the total compensation of directors. Limited academic research has been conducted on an EU level leaving opportunities for research on European member states and within segments such as general retailers (EBF, 2010; TECG, 2009). The lack of research in general retailers should be given more attention since general retailers are important actors due to operations in a competitive environment and to their stand as the eight biggest sector of the world economy in terms of total market value (Hristov & Reynolds, 2007). General retailers in member states such as Sweden and the United Kingdom (UK), are interesting to examine since both countries have a high ranking and reputation within the field of corporate governance (FRC, 2006; Schwab, 2010). UK also has the widest range of regulations on directors' remuneration and is the fourth largest national economy in EU (GE, 2011; Cadbury, 1992; Franzoni, 2010).

The importance of pension benefits on shareholder wealth has lead to the study on disclosure and amounts of pension benefits in five Swedish and five UK listed general retailers.

1.3 Purpose

This thesis examines and compares five UK and five Swedish listed general retailer's disclosure of executive directors´ pension benefits in 2006-2010. The purpose is to introduce the issues with pension benefits of executive directors, in relation to disclosure and transparency. Focus is placed on compliance with respective Code, the transparency of the disclosures and the amount of pension benefits. The thesis aims at answering two specific research questions, stated as:

How do the ten chosen general retailers disclose individual pension benefits of executive directors, and is it in compliance with the specific countries corporate governance codes?

What has been the development in level of pension benefits for executive directors?

1.4 Outline of the thesis

The theoretical framework constitutes the second chapter of this thesis. Pension benefits in relation to corporate governance and remuneration are discussed. Country specific corporate governance codes and relevant theory are other parts of the framework.

The third chapter of this thesis motivates the choice of a qualitative research method. A description of the chosen method is given together with an explanation for the choice of the sample size of ten companies. Further a discussion on the accuracy of the measurements and an explanation of the implemented grading system is provided.

The fourth chapter of this thesis presents the results of the study. The results aim at answering the research questions and are country wise categorized covering a period of 2006-2010.

The fifth chapter contains a comparative analysis of the results. Sweden and UK are analyzed with the specific research questions in mind and the results are connected to relevant theory.

The sixth chapter of this thesis will, based on the findings, draw conclusions to the purpose and research questions.

The seventh chapter, which also is the last chapter in this thesis, discusses the negative and positive parts of this study. The possibility of further research within this area is an additional part of the discussion brought forth in this chapter.

2 Frame of Reference

2.1 Definitions

2.1.1 Corporate governance

The definition of corporate governance is wide and has different approaches toward defining the application of the notion. Starting from the individual country there is one defined in UK, which is highly applicable not only domestically but even globally. The one that is common and highly used is *“the system by which companies are directed and controlled”* (Cadbury, 1992). On the other hand Nelson (2005, p. 200) defines corporate governance as *“the set of constraints on managers and shareholders as their bargain for the distribution of firm value”.*

The development of the corporate governance that can be seen as relevant in respect to the 21th century’s definitions is traced back to 1700th century. First ideas about separating the control and ownership in corporations became familiar with the publication by Smith in 1776. Later on it was followed by the publication of Berle and Means in 1932 which further delineated this subject (Wells, 2010; He & Summer, 2010). More recent development and application of the notion began in the 1970s when the development of the agency relationship became widely used. Jensen and Meckling (1976) brought up the importance of the agency cost and the overall agency relationship which highly correspond to the principal-agency theory. Their findings of the agency relationship were associated with the “separation of ownership and control” which goes in line with the overall field of corporate governance (Jensen & Meckling, 1976).

Today’s corporate governance and the issue as such are widely associated with the definition of the Cadbury Report in 1992. The development of the commission in UK was a first step towards modern and extensive guidelines which in turn got an international importance within corporate governance. The fundamental development that highlighted the importance of the UK Corporate Governance Code (UK Code) was the “Code of Best Practices” comprising qualitative principles for corporate behavior (Cadbury, 1992).

UK development of corporate governance influenced by the Cadbury Report, which was viewed as the first qualitative document on corporate governance, influenced a world-wide development within such regulations (Erturk, Froud, Johal & Williams, 2004). Organizations such as, the Organization of Economic Cooperation and Development (OECD) were highly influenced and incorporated many of the recommendations of the Cadbury Code into their Principles of Corporate Governance (OECD, 1999). The Cadbury Report was followed by several important reports such as the Greenbury Report in 1995 and the Hampel Report in 1998. The Greenbury Report was published as a response to the public's and shareholders concern about directors' remuneration. Accountability, full disclosure and alignment of director and shareholder interest were emphasized (Greenbury, 1995).

One of the main principles within corporate governance is disclosure and transparency. This part of corporate governance advocates that remuneration for key executives, among other parts, should be disclosed at an individual basis (OECD, 2004). Remuneration is given to executive directors in order to attract, retain and motivate directors to successfully operate the company. The level of remuneration should not be higher than needed for directors to efficiently run the operations (European Commission, 2004; FRC, 2010). The remuneration is consisting of three parts; fixed pay, variable pay and other remuneration components (IFC, 2008; European Commission, 2004; RMG, 2009; European Commission 1, 2009).

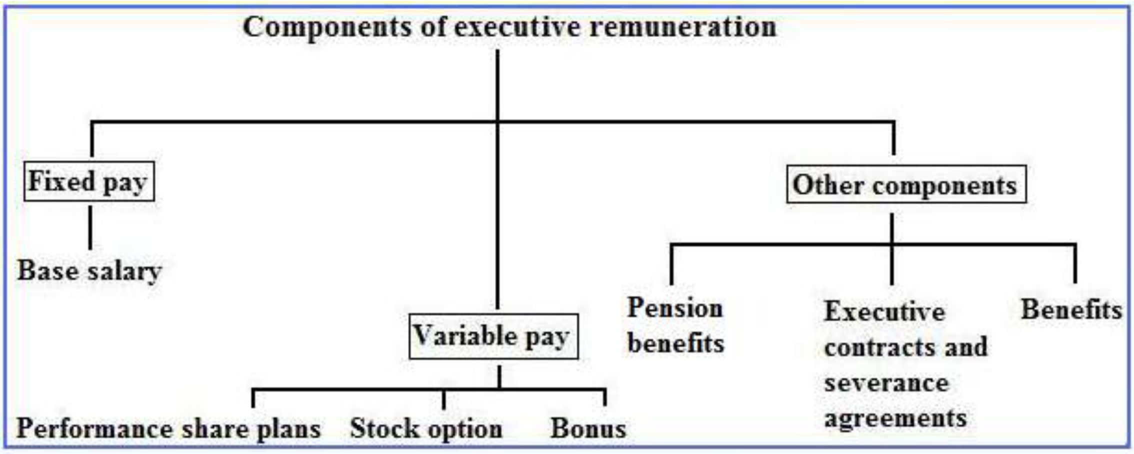

Figure 1 Components of executive remuneration

The variable remuneration is an award to the directors based on fulfilled measurable performance criteria's. The fixed pay is not based on performance criteria's since the remuneration does not vary with results or performance of directors (Madhani, 2011).

Other remuneration components are neither performance criteria based or fixed to their nature categorizing them as a third component of executive remuneration. The remuneration components should in accordance to EU be determined in a way that aligns the interest of the company and their directors (European Commission, 2004; FRC, 2010).

2.1.2 Pension benefit

Pension benefit is a steady income that is given by the employer to an individual after retirement (Pension Finder, 2010). The pension benefit given to executive directors in a corporate governance context, is a part of the remuneration received by executive directors. The pension benefits given to executive directors is a part of several recommendations published by the European Commission on the issue of remuneration of directors of listed companies. Recommendations on remuneration are seen as soft-law instruments which is an alternative to legislation. The principles laid down in these recommendations are not legally binding but they are seen as strong incentives for a practical application (Senden, 2005). The mention of pension benefits in a specific relation to directors is found in EU recommendations from 2004 and 2009, classifying the disclosure of pension benefits as a soft law issue. The first recommendation in 2004 contains that the remuneration statements should include the description and disclosure of pension benefits given to executive directors. Pension benefits in turn consist of either a defined-benefit or defined-contribution scheme (European Commission, 2004; Elston, Matthews & Tatton, 2010; Bryngelson, Hansen, Olsson, Redelius & Persson, 2006).

A) Defined benefit, also called final salary, is a scheme for the retirement payment. This scheme is based on an arranged amount that will be paid to the employee at his retirement. The underlying method for calculating the value is based on a formula that takes into account several important factors. Factors that are incorporated are the life expectancy, years of service and the age of the employee. The annual contribution is based on the estimated ending amount of the pension fund and the accrued value is an indicator of the employee's annual pension that he is legitimated to upon retirement (Elston et al, 2010).

B) Defined contribution on the other hand, also called money purchase pension, is a scheme that determines the final value of the pension by an employer's monthly contributions. The employer usually contributes a fixed proportion of the monthly salary into the individual account of each employee (Elston et al, 2010). The monthly salary or otherwise called base salary is determined in accordance to a directors contract. Base salary is an outcome of the size of the company, the industry sector, work life experience and the salaries of directors in similar companies (Mallin, 2010). In the defined contribution scheme as opposed to the defined benefit scheme, the final aggregated monthly pay to the employee in retirement is not pre-determined (Elston et al, 2010).

2.2 Agency theory

The principal-agent relationship is seen as a fundamental part of corporate governance and executive compensation, which amongst other addresses the issue with pension benefits (Hart, 1995). Differentiating interest between shareholder and managers is a significant part of the issues that arises when dealing with compensation (Berle & Means, 1932). The agency theory is based on the assumption that there is a relationship between the managers and the owners, who according to the theory are stated to be agents respective principals (Hills & Jones, 1992). The formal definition given by Jensen & Meckling (1976, p 308) is *"a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent."*

In the last decades, agency theory has been one of the most influential theories in the economical literature for comprehending executive compensation (Ross, 1973; Matsumura & Shin, 2005). Most literature defines the compensation as an agency issue (Werner & Ward, 2004). Executive compensation relates to the two main problems that the agency theory encounters. According to Eisenhardt (1989) there is a problem of: (i) aligning the interest and goals of the principals and agents and the; (ii) difficulties and costs for the principals to verify or monitor that the agents' actions are appropriate and in the interest of the principal. The incentive problem that arises with the agency theory, called moral hazard, is an outcome of the delegation of decision making authority from the agents to the principals (Jensen, 1986).

Such problems of moral hazard are based on asymmetric information amongst the shareholders, since the individual agent’s actions cannot be observed (Holmstrom, 1979; Trontin & Béjean, 2004). Shareholders tend only to have access to reported information without deeper knowledge of the agent’s decision making and actions. The access granted to shareholders is not perfect and therefore they are not fully able to comprehend if the manager’s actions are optimal from their point of view (Matsumura & Shin, 2005). According to Murphy (1996), managers adopt disclosure methodologies that reduce the compensation or make it to be perceived lower, which often results in asymmetric information, moral hazard issues and non transparent disclosures. Lowered asymmetric information is obtained through better and more transparent disclosure (Diamond & Verricchia, 1991; Patel, Balic & Bwakira, 2002). The disclosure of remuneration components has an impact on shareholders due to the agency cost that arise. Lacking disclosure of components such as pension benefits does contribute to increased costs for shareholders, i.e. monitoring and limiting the agent’s actions (Jensen & Meckling, 1976). The alignment of the interest´s in-between shareholders and managers is possible through transparent and understandable disclosures (European Commission 2, 2009).

2.3 Corporate Governance Codes

2.3.1 The Swedish Corporate Governance Code

The corporate governance in Sweden consists of legal requirements in the form of the Company Act and the Annual Accounts Act, and self-regulation consists of the Swedish Code of Corporate Governance (Swedish Code) and Stock Exchange rules (Unger, 2006; Lekvall, 2009). The Swedish Company Act was updated in 2006 to incorporate EU directives and several corporate governance recommendations. The Company Act contains rules regarding the organization such as composition of the board, the distinction between positions of the Chief Executive Officer (CEO) and chairman and other organizational issues. The Swedish Code is not incorporated in the Company Act, making it self-regulated and a complement to legal requirements by having higher demands of compliance in specific areas (Lekvall, 2009; SCGB 1, 2011). The Swedish Code follows the principle of comply or explain which means that companies do not always have to follow the Code. Deviating from compliance has to be stated in annual reports while the preferred solution must be explained (SCGB 2, 2010). The principle of comply or explain is implemented in the majority of EU member states providing a similarity between the members (Lekvall, 2009).

The latest second revised edition of the Swedish Code was published in February 2010 and contains modifications on management remuneration, board independence, audit committees and information requirements. This edition was influenced by the released EU recommendations (SCGB 2, 2012). The listing agreements of the stock exchanges in Sweden contain the Swedish Code, obligating the Swedish listed companies to compliance. The release of statements and advices on accepted market practices on corporate governance is issued by the Swedish Securities Council which is, just as Swedish Corporate Governance Board, part of the Association for Generally Accepted Principles in the Securities Market (Swedish Securities Council, 2012).

The Swedish Code is consisting of several numbered rules and contains the principle of comply or explain. The Swedish code is to be seen as a complement to existing legal requirements and a way of improving the corporate governance in Swedish listed companies. The 2010 second revised edition of the Swedish Code has been adjusting several areas, where the remuneration was one of those, based upon management recommendations released by EU. The Swedish Code comprises the board, the executive management and the auditors when dealing with remuneration (SCGB, 2010).

Remuneration of the board and the executive management is stated in the Swedish Code as dealing with task and composition of remuneration committees, external consultants and their conflict of interest, variable remuneration paid in cash, the approval of share-price related incentive schemes and the fixed salary limit. According to the Swedish Code (2010) there should be formal and openly stated processes when deciding the remuneration of board and the executive management. The Swedish Code also states that pay, or in other words, compensation is to be seen as a combination of a fixed salary, variable remuneration, pension schemes and other financial benefits. Transparency of the remuneration components is of importance even though there are no direct recommendations on the disclosure of remuneration. The tenth numbered rule in the Swedish Code puts out recommendations on the information of corporate governance, mentioning amongst other, the explanation of non compliance and the need for transparent information regarding the executives' remuneration (SCGB, 2010).

2.3.2 The UK Corporate Governance Code

The partial developer and regulator of the corporate governance code within UK is the Financial Reporting Council (FRC). The FRC is an independent body whose aim is to provide qualitative corporate governance and reporting by incorporating high standards through UK Code (FRC, 2012). UK Code with its associated guidance was published in May 2010. It was the latest edition updated by the FRC and its application is valid from 29th of June 2010 (FRC, 2010). According to the listing rules in the Financial Services Authority (FSA, 2011) all companies listed in UK are obliged to follow the Code.

The UK corporate governance takes an approach called "comply-or-explain" and it has been applied since the beginning of UK Code in 1992. The approach is widely accepted both domestically and internationally since its main application comprises the flexibility of the code. UK Code as such is not a set of rules, instead comprising main and supporting principles. Companies are allowed to take different approaches towards implementing the UK Code meaning that they do not have to fully comply, instead explain why they deviate. The Code is structured by first dealing with the main principles followed by the supporting ones and completed with code provisions. The whole structure is constructed of five main sub-sectors dealing with; leadership, effectiveness, accountability, remuneration and relations with shareholders. Each of them contributes in different ways but due to the research field of the thesis the main focus of the study will be on the remuneration sector, leaving the other parts outside of the description (FRC, 2010).

The section of remuneration is based on the principle; the level of the remuneration compensation shall meet the interest of the employee and the employer. There should be a sufficient part that weight up the requirements of motivating and attracting directors to running a company in a good way. The importance is to find a steady balance for the level of the remuneration and the link between compensation and individual performance. The company shall have clear procedures in developing their remuneration policies of individual directors and not allow any participation of a director in his own remuneration. The supportive principle highlights the importance of a company's long-term success. Implication is that every remuneration contract shall have a promoting effect on the long-term. The first two parts of the remuneration section are followed by the code provisions. One of the provisions highlights the importance of proper delegation to a body that will set the pension. The remuneration committee shall have the setting authority of pension rights to individual directors and the only pensionable part should be the fundamental salary (FRC, 2010).

3 Method

This thesis takes the form of a case study which is an in-depth, multifaceted investigation through the use of qualitative research method (Feagin, Orum & Sjoberg, 1991). It is often stated that a case study is used when there is a need to study a number of organizations with regard to a set of variables (Ghauri & Grønhaug, 2010). This case study will encounter an amount of variables, in the form of disclosure, compliance, changes in the amounts of pension benefits and other soft variables. Such parameters will be of use through the examination of the compliance, disclosure and development of pension benefits of executive directors in chosen general retailers. There is also a definition of that in a case study, the researcher does not have control over the event and the focus is on current real-life phenomena (Yin, 1994). The purpose of this case study relates to a nowadays recognized issue of pension benefits in the field of corporate governance and therefore corresponds to the use of a case study. The main advantage of a case study such like this, is that first-hand information can be collected and that there is a more in-depth understanding of the situation. Although a case study is favorable in this thesis, there are limitations and disadvantages with such a study. The possible disadvantages with a case study are that observations are made by individuals, and there could be a difficulty of transferring the observed happenings into useful information (Ghauri & Grønhaug, 2010).

The collection of data in this case study is done through a qualitative research method. There are two sorts of research methods: a qualitative and a quantitative. The understanding of the qualitative and quantitative research methods is of importance to enable the author to meaningfully analyze the data. Due to this, many authors choose to draw a distinction between the methods (Bryman, 1989; Easterby-Smith, Thorpe, Jackson & Lowe, 2008).

The qualitative method comprises all data that is non-numerical or data that has not been quantified while the quantitative data is numerical and often result in standardized information (Saunders, Lewis & Thornhill, 2009). According to Robson (2002) qualitative data has the characteristics of exploring a subject more in-depth and in as real terms as possible. The nature of the purpose of this case study and the relevant available information is best suitable for a qualitative research method. The aim of this case study is to have an in-depth look at companies' disclosure of pension benefits, and by the use of a qualitative research method adequate data will be collected for answering the research purpose.

Qualitative research methods have a tendency of being inductive or deductive. Deductive approach to theory draws logical conclusions based on theories which are extracted from existing relevant literature (Ghauri & Grønhaug, 2010). This case study attempts to describe the disclosure of pension benefits and as a consequence, its impact on shareholders. The relationship between shareholders and the management is described and explained by the agency theory, which therefore is applicable in this case study.

The base for this case study is the use of literature and relevant information in the form of secondary data. The information has the possibility of being either secondary or primary data. Secondary data is information that is collected from a third party and is raw data with little processing, or data that has been summarized and is not intentionally produced for the specific research issue (Saunders et al. 2009). The primary data on the other hand is collected specifically with the focus on the research issues. Primary data is not taken from a third party and is therefore viewed as new data; free from others interpretations and analysis (Bell, 1995). Annual reports, country specific corporate governance codes and documents related to the issue of pension's benefits are secondary data which are of use in this case study. The gathered data provides the case study with valuable information on the companies and on the disclosure of pension benefits. Data from annual reports is presented in a common currency of euro (EUR) (Appendix 2). The currency is based on a flexible exchange rate and conversions are made on the last day in each year of this study. Conversions are made to have a possibility of making a comparison between the countries for the studied period.

In addition to the mentioned data above, other secondary data is also of importance to obtain the theoretical background of this case study. Therefore sources such as scientific journal articles, textbooks and search engines have been used. Some of the search engines from which information was obtained are JSTOR, Business Source Premier and Science Direct.

When writing a thesis it is important to consider the term of reliability and validity. Reliability is a measurement of the accuracy of the measuring procedure. The accuracy of the procedure is based on doubling or repeating the collection techniques and data. The level of reliability is concerned with yielding similar results by using same procedures. In practice, the same results of a case study should be obtained if another researcher uses the same procedures. Threats to reliability of the data are present when there is an assessment of the results. Different individuals' judgment of such results can have the effect of being subjective. Further the assessment of the results, in a long term period, may affect the reliability of the data and the consistency of the results (Arbnor & Bjerke, 1997). The research questions in this case study are answered through collection of data from general retailers' annual reports. The information found in annual reports is to a certain point consisting of numbers, indicating a low level of subjectivity. To minimize the level of subjectivity, the data on the disclosures is gathered from annual reports and in accordance to specific corporate governance codes. A level of subjectivity may be present since the interpretation and evaluation of data are done by individuals and through a grading system. Annual reports as data are seen as reliable since they are revised and audited before publication. The reliability of the corporate governance codes is high due to their function as official documents in the field of corporate governance. Even though there is a possibility of a small level of subjectivity, we consider that the data in this case study is reliable. Besides the reliability, the data should directly tie to the purpose of the study. Validity measures the usefulness and value of data in relation to the purpose. There should be a linkage between the data and the specific purpose of the thesis (Arbnor & Bjerke, 1997). In our case study, the data has been collected in line with the research questions and purpose and therefore corresponds to a high level of validity.

Information on the level of pension benefits found in the annual reports of the ten chosen general retailers has been subject to a grading system. The aim of the system is to simplify the presentation of the findings and to categorize the level of disclosure, based on specific parameters. The grading system is used in the disclosure of both Swedish and UK executive directors' level of pension benefits.

The grading system is divided into three numbers corresponding to a scale of one to three. Grade one (1) is when there is complete disclosure, where all executive directors' pension benefits are individually disclosed, meaning both the CEO and all other executive directors.

Grade two (2) corresponds to disclosing individual pension benefits of the CEO in an understandable way while having disclosure of other executive pension benefits at a non-individual basis.

Grade three (3) requires disclosure in compliance with the Swedish Code but entails complex and non comprehensible manners of CEO pension benefits disclosures. In addition, grade three discloses other executive directors' pension benefits but not at an individual basis.

This case study focuses on a sample consisting of five listed general retailers in Sweden and UK, which have been extracted from the respective stock exchange. Five of the companies are listed at the London Stock Exchange (LSE) while the remaining five are listed at Stockholm Stock Exchange (OMX Stockholm)[1]. OMX Stockholm categorizes such companies under consumer discretionary, where several of the companies are seen as general retailers. Out of the 18 listed companies there were only five suitable, where those were listed before 2006 or in the same year and had the available public information that was needed. One of the chosen retailers was thought as being listed in 2006. When further examining the data it was obvious that preparations were made for listing in 2006 but official listing occurred in 2007. This general retailer was chosen despite the non-listing, due to the limitation in the amount of retailers and to the desired sample size.

LSE has 55 companies under the sector general retailer, where only five of them were suitable for the conducted study. These five companies have been listed for a longer period of time, giving that there was available public information and the time frame matched those companies originating from OMX Stockholm. The time frame of this case study was additionally limited by the publication of the Swedish Code in

[1] Appendix 1 The history of selected companies

December 2004. The respective corporate governance codes contain recommendations on the remuneration component pension benefits and are therefore of importance for this case study.

The chosen Swedish listed companies are; Kappahl Holding AB Publ. (Kappahl), Bilia AB Publ. (Bilia), Clas Ohlson AB Publ. (Clas Ohlson), Mekonomen AB Publ. (Mekonomen) and Fenix Outdoor AB Publ. (Fenix Outdoor). The chosen UK listed companies are; Debenhams PLC (Debenhams), Dunelm Group PLC (Dunelm Mill), Halfords Group PLC (Halfords), JD Sports Fashion PLC (JD Sports) and Brown (N) Group PLC (N Brown Group)[2].

[2] Appendix 1 The history of selected companies

4 Empirical Findings

The findings display the compliance with respective country corporate governance code, the disclosure of pension benefits of individual directors and the development in levels of pension benefits. The compliance and disclosure of pension benefits is presented in tables while the level of pension benefits is presented in company specific graphs[3]. The graphs display the developments on a yearly basis. The CEO pension benefits are put in relation to the pension benefits of other executive directors. The amount of pension benefits of other executives is a yearly average based on the relation between the amount of pension benefits and the number of directors.

4.1 Sweden

4.1.1 Compliance with the Code

Annual reports from the respective companies were reviewed as to gather information on the compliance with the Code. The compliance of chosen Swedish general retailers is displayed in the findings of Table 1.

Compliance with the Corporate Governance Code	2006	2007	2008	2009	2010
Bilia	C	C	C	C	C
Clas Ohlson	C	C	C	C	C
Fenix Outdoor		C	C	C	C
Kappahl	C	C	C	C	C
Mekonomen	C	C	C	C	C

Table 1 Compliance with the Swedish Code, 2006-2010

Note:
C: Compliance with the Code

Bilia, Clas Ohlson, Kappahl and Mekonomen complied with the Swedish Code during the period. Fenix Outdoor was the only company to deviate from compliance with the

[3] Appendix 3-12

Swedish Code in 2006. The non-compliance is due to that Fenix Outdoor was not publicly listed at OMX Stockholm until 2007.

4.1.2 Disclosure of pension benefits

The information on the disclosure of pension benefits was collected from official documents from respective company. The findings have been subject to a grading system and are displayed according to granted grades.

Disclosure of CEO and executive directors pension benefits	2006	2007	2008	2009	2010
Bilia	2	2	2	2	2
Clas Ohlson	2	2	2	2	2
Fenix Outdoor		3	3	3	2
Kappahl	2	2	2	2	2
Mekonomen	2	2	2	2	2

Table 2 Disclosure of executive directors' pension benefits in Swedish general retailers, 2006-2010

Note: Grading system
1: Complete disclosure of individual directors' pension benefits (CEO and executive management)
2: Disclosure of pension for CEO and other executive directors, however no full individual disclosure for other executive director.
3: Disclosure of CEO pensions in complex and non comprehensible manner, however disclosure of other executive directors pensions at a non-individual basis.

Bilia

Bilia complied with the Swedish Code during 2006-2010. The company also disclosed pension benefits of the executive directors in accordance with the Swedish Code. The disclosure has been consistent and equally graded for the period. Table 2 displays that Bilia has been rewarded with a grade of two (2) which is consistent with having disclosure of pension benefits to the CEO but not individually to all executive directors. The number of other executive directors has changed in between the years but there is no information on these directors regarding their names, ages or other valuable information. The disclosed information on the CEOs pension benefits is given in an easy comprehendible way creating a relative transparent disclosure and an easy access to information (Bilia, Annual Reports 2006-2010).

Clas Ohlson

Between 2006-2010, Clas Ohlson complied and disclosed pension benefits in accordance to the Code. The disclosure is granted a score of two (2), representing individual disclosure of CEO pension benefits while no individual disclosure of other executive directors. The presented information has relevant transparency in the disclosure of CEO pension benefits while lower transparency in disclosure of other executive directors. The low transparency is due to the lack of disclosure of what each individual other executive director received in pension benefits. The disclosure of pension benefits for other executive directors is given in a lump sum with a referencing to a number of executive directors without any name or other relevant information (Clas Ohlson, Annual Reports 2006-2010).

Fenix Outdoor

Fenix Outdoor complied with the Swedish Code, with the exception of 2006. The score granted for disclosure of pension benefits is a three (3) from 2006-2009 and a two (2) in 2010. Overall Fenix Outdoor has a complex and non-comprehensive disclosure on pension benefits for both CEO and other executive directors. The transparency is low; giving that to obtain information is not a simple task. Much more effort was required in order to obtain any sorts of information regarding the pension benefits of all executive directors. The disclosure is not structured in a simple way and therefore there are difficulties of comprehending the disclosed information. In 2010 this improved with more easily understandable disclosures of CEO pension benefits. However, there is still a lack in the individual disclosure of other executive directors' pension benefits (Fenix Outdoor, Annual Reports 2006-2010).

Kappahl

During the studied period Kappahl has complied with the Code and is granted an average of two (2). The disclosure on pension benefits for the CEO of Kappahl is done in a transparent way, while the disclosure of other executive directors is not done at an individual basis. The pension benefits granted to other executive directors is disclosed as a lump sum, implying the same sort of pension benefits disclosure as Bilia, Clas Ohlson and Fenix Outdoor in 2010 (Kappahl, Annual Reports 2006-2010).

Mekonomen

Mekonomen has the grading of two (2), as the majority of the companies and has also complied with the Swedish Code. The disclosure contains pension benefits for the CEO but no individual disclosure for other executive directors. The disclosure of pension benefits to other executive directors is given in a lump sum. No names are mentioned and the sum of referred directors has a tendency of not corresponding to the number of other executive directors found in the annual reports, creating non-transparent and inconsistent disclosures for other executive directors (Mekonomen, Annual Reports 2006-2010).

4.1.3 The level of pension benefits

Presented findings below relate to the development in the levels of pension benefits and such information is extracted from annual reports.

Bilia

The CEO of Bilia was Jan Pettersson, with a beginning age of 57 in 2006. Pension benefits were throughout 2006-2010 calculated as defined contributions. Other executive directors' pension benefits were ranging from 28 % to 45 % of the base salary. One of the executives had on the other hand a calculation of 10 % of the base salary. The defined contribution schemes calculation for CEO pension benefits is somewhat more complicated and contains several different components. These defined contributions are deferred to a third party, often a legal entity, leaving no further obligations for company contribution after the executive's retirement. The retirement age of executives in Bilia is 60 with a possible prolongation to the age of 65.

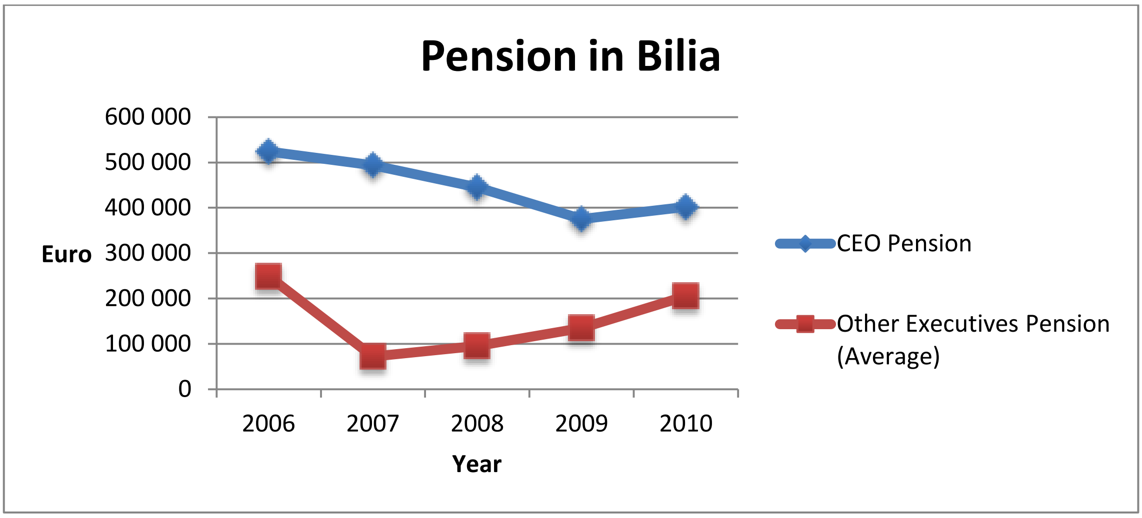

Figure 2 The development of pension benefits for CEO and executive directors in Bilia, 2006-2010[4]

Note: Year (Number of other executive directors)
2006 (2), 2007/2008 (5), 2009 (2), 2010 (1)

The CEO pension benefits have in general declined as seen in figure 2. Pension benefits of other executive directors in Bilia started with a decline but successively increased in to a positive trend. Higher deviations in other executive directors' amounts of pension benefits in-between the studied years were present, than in comparison to the yearly changes of CEO amounts. The highest pension benefits received by the CEO was in the first year of the study with an amount of 524 202 EUR. The following year of 2007 showed a decline in CEO pension benefit amounting to 493 777 EUR. The declining trend continued in the following years reaching a peak in 2009 with 375 634 EUR. The study´s last year, 2010 showed a reversal in the declining trend with a positive upswing in CEO pension benefits equivalent to 401 932 EUR.

Further, figure 2 displays that the average of other executives' pension benefits has somewhat higher deviations in between 2006-2010. The highest amount of other executive directors pension benefits was in 2006 amounting to 148 994 EUR. The following year, 2007, had the largest decrease in the period. In between 2008-2010 this reversed into a positive trend.

The amounts of CEO pension benefits in relation to total CEO remuneration are found in Appendix 3 where the decline in percent was 55,11 % to 36,88 % in the years 2006-

[4] Appendix 3 Pension benefits in Bilia

2010. For the years 2006 to 2008 there was a decline of merely 0,67 % and in-between the years of 2008 to 2009 there was a significant decline by 17,55%. This decline is also reflected in the amounts of CEO pension benefits in-between the same years, with the highest percental decline in-between two studied years. The average amount of pension benefits of other executive directors were in 2006, 49,41 % of the total average compensation. This was followed by an overall percental decline in the upcoming years with only a minor increase in 2008. In the time frame of the study the lowest percental average pension benefit in relation to total average compensation was in 2010, 19,50 %.

Clas Ohlson

The CEO of Clas Ohlson in 2006 was Gert Karnberger at the age of 63. In the same year Gert Karnberger resigned and a new CEO was appointed. From 2006-2010 Klas Balkow served as the CEO of Clas Ohlson at a staring age of 42. Pension benefits in Clas Ohlson have been calculated according to a defined contribution scheme in 2006-2010. Both CEO and other executive directors' pension benefits are calculated in the same way, with a smaller deviation in 2006 where a part of other executive directors' pension was calculated according to a defined benefit scheme. Often a defined contribution scheme is calculated with a percentage of the base salary, but this information was not found in the annual reports of Clas Ohlson. As such, pension benefits in the form of a calculated defined contribution scheme indicate that the company has no further obligations for the executive pension benefits upon retirement, due to deferred payments to a third party. Retirement of the CEO is at an age of 65 while the other executive directors' retirement age is ranging from 65-67.

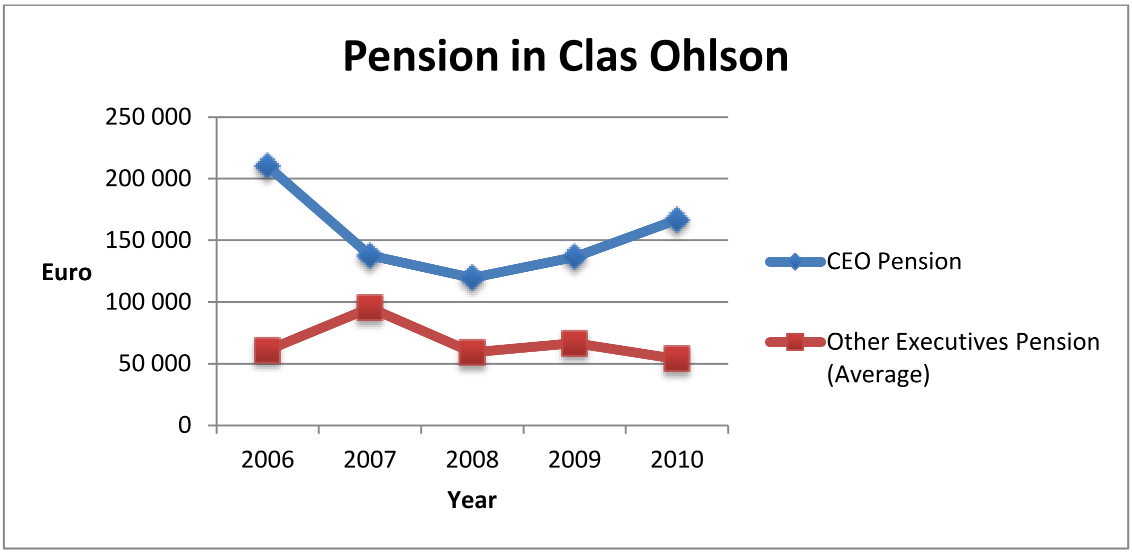

Figure 3 The development of pension benefits for CEO and executive directors in Clas Ohlson, 2006-2010[5]

Note: Year (Number of other executive directors)
2006 (8), 2007/2008 (7), 2009 (6), 2010 (5)

Pension benefits received by the CEO in 2006 were 210 168 EUR, which is the highest amount of CEO pension benefits during the period. The two following years of 2007 and 2008 showed a decline in pension benefits to the amount of 119 595 EUR. The lowest amount of pension benefits received by the CEO in this period was in 2008. The trend of declining CEO pension benefits was no longer present in 2009 when the amount rose to 136 559 EUR. Further the amounts of pension benefits increased to 166 731 EUR in 2010.

Figure 3 shows a fluctuating average amount of pension benefits received by other executive directors. The first year the pension benefits amounted to 60 838 EUR. The following year 2007 showed a high increase in pension benefits. This year the pension benefits were 95 324 EUR, which is the highest amount given to executive director during the study. A decline was present in 2008, only to be followed by a small increase in 2009 and finally a decline in 2010, at the lowest average amount of 53 724 EUR.

The relation between pension benefit and total remuneration is found in Appendix 4. In 2006 CEOs pension benefits were 22,89 % of the total remuneration. In the period

[5] Appendix 4 pension benefits in Clas Ohlson

2006-2010 the percental change in pension benefits as a part of total remuneration had some fluctuations. The fluctuations in percental changes were not significant and with no more than a 3 % change in-between two studied years. Other executives' average pension benefits as a part of total remuneration, was in 2006 23,91 %. In relation to the CEO, other executives had also minor changes of approximately 5 %.

Fenix Outdoor

The first year of this study had a mixture between two CEOs. The following year 2007 Johan Vikman served as the CEO, but only for a year. In 2008 a new CEO, Martin Nordin, was appointed at the age of 46 and served as the CEO of Fenix Outdoors through the remaining period of the study. The calculation of executive pension benefits has been in accordance to a defined contribution scheme. Further information on the percentage of base salary that constitutes pension benefits were not found in the annual reports. The company as such, is according to the defined contribution scheme not obligated for other payments besides the monthly payments deferred to a third legal entity. The retirement age of executive directors is not displayed in the annual reports.

Figure 4 illustrates that the highest amount of CEO pension benefits was in 2006, amounting to 35 507 EUR. The level of pension benefits in the remaining years has overall been at an equal level with an amount of 22 564 EUR in 2010. Figure 4 illustrates that the lowest amount of CEO pension benefits was in 2009 with approximately 19 801 EUR.

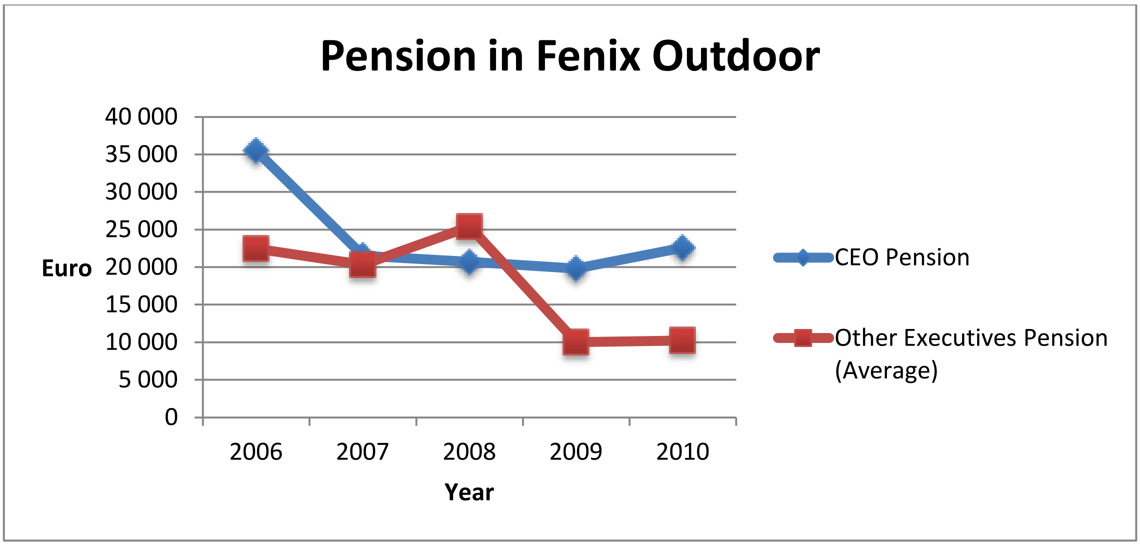

Figure 4 The development of pension benefits for CEO and executive directors in Fenix Outdoor, 2006-2010[6]

Note: Year (Number of other executive directors)
2006/2007/2008 (2), 2009 (7), 2010 (8)

Other executive directors received at an average 22 455 EUR in 2006. Following year had a decline only to have an increase in 2008. In 2008, the average amount of pension benefits was 25 391 EUR which is the highest amount found in this study. The amount dropped more than 100% in 2009 and 2010, to the amount of 10 240 in 2010. The percental part of pension benefits in total remuneration received by the CEO was the highest in 2006, at 18,06 %. After 2006 there was an overall decrease resulting in 8,01% in 2010. The percental part of pension benefits in total remuneration received by other executive directors was somewhat fluctuating and amounted to 10,66% in 2006. However the gap in-between the following years was much lower and had a percental difference of approximately 3 %.

Kappahl

Christian Jansson served as the CEO of Kappahl in-between 2006-2010, with a starting age of 57. The pension benefits received by executive directors were in-between 2006-2007 calculated according to a defined benefit scheme. In 2008 Kappahl switched to the use of a defined contribution scheme. The percentage the defined contributions uses as a base for the calculations was not displayed in the annual reports. Defined contributions are deferred from the company to a third entity. Therefore there is no further obligation for the company besides the monthly contributions of pension benefits to a third entity. The retirement of executive directors is at the age of 65.

[6] Appendix 5 Pension benefits in Fenix Outdoor

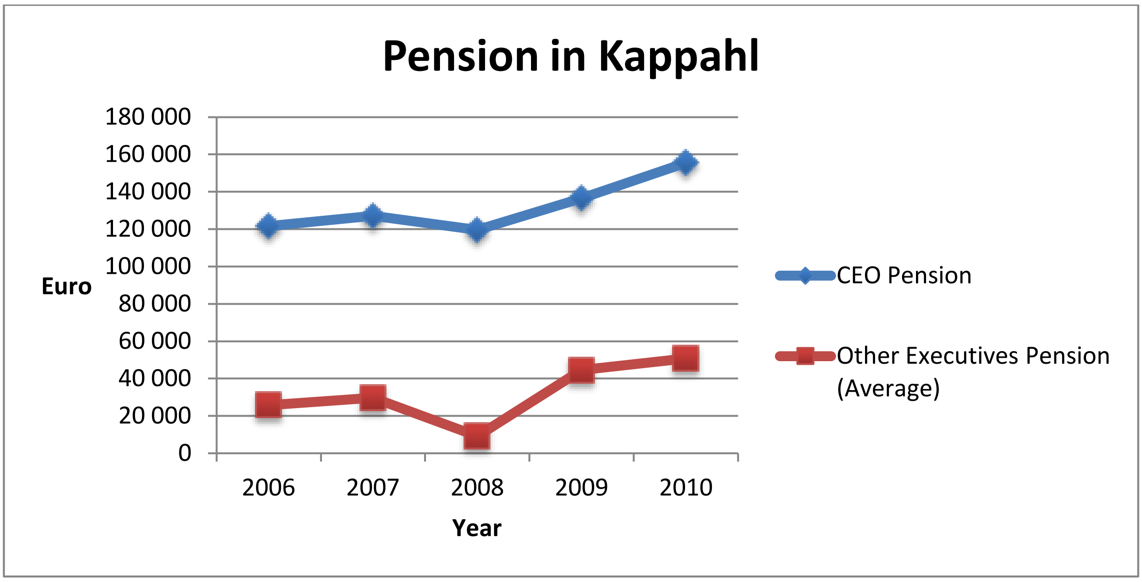

Figure 5 The development of pension benefits for CEO and executive directors in Kappahl, 2006-2010[7]

Note: Year (Number of other executive directors)
2006 (6), 2007 (5), 2008/2009/2010 (7)

Figure 5 illustrates that the amount of CEO pension benefits has been at a quite stable level. In 2006 the CEO received 121 676 EUR in pension benefits. In 2007 there was a minor increase in the amounts followed by the lowest amount of 119 595 EUR in 2008. From 2009 to 2010 there was an increase in CEO pension benefits with the highest final amount of 155 615 EUR in 2010.

The average amount of pension benefits received by other executive directors, as illustrated in figure 5 has been quite fluctuating. In comparison to CEO pension benefits, the amounts of pension benefits for other executive directors shows greater inconsistency. The first three years of this study have a decrease in other executive pension benefits reaching the lowest amount of 9 200 EUR in 2008. Following years 2009 and 2010 display a remarkable increase. The highest average amount of pension benefits of other executive directors was in 2010, with 50 813 EUR.

The CEOs pension benefits were in 2006, 24,44 % of total remuneration. The percentage decreased in the following year but the trend was not consistent. In 2008 the percentage was 25,01 % and kept a stable level in the remaining years of the study. This

[7] Appendix 6 Pension benefits in Kappahl

stable trend was not found in the average of other executive percental part of pension benefits in relation to total remuneration. The first year of 2006 had a percentage of 13,59 and a decrease in percentage for the two following years. This resulted in the studies lowest percentage of 6,54 in 2008. In 2009 and 2010 there was a remarkable increase to approximately 26,50 %[8].

Mekonomen

Roger Gehrman, the CEO of Mekonomen retired in 2006. Therefore Håkan Lundstedht was elected to the new CEO of Mekonomen. His first year as CEO was in 2007, at an age of 41, and served as the CEO for all coming years in the study. The calculation of CEO and all other executive pension benefits is according to a defined contribution scheme. Pension benefits, are corresponding to 29 % of the base salary, for the CEO and 25 % for the other executive directors. The use of a defined contribution scheme reduces the pressure of the company's obligation towards their employees. The contributions are deferred to a third part, often a legal entity and therefore abolishing the obligation the company would otherwise hold. The retirement age of executive directors is not displayed in the annual reports.

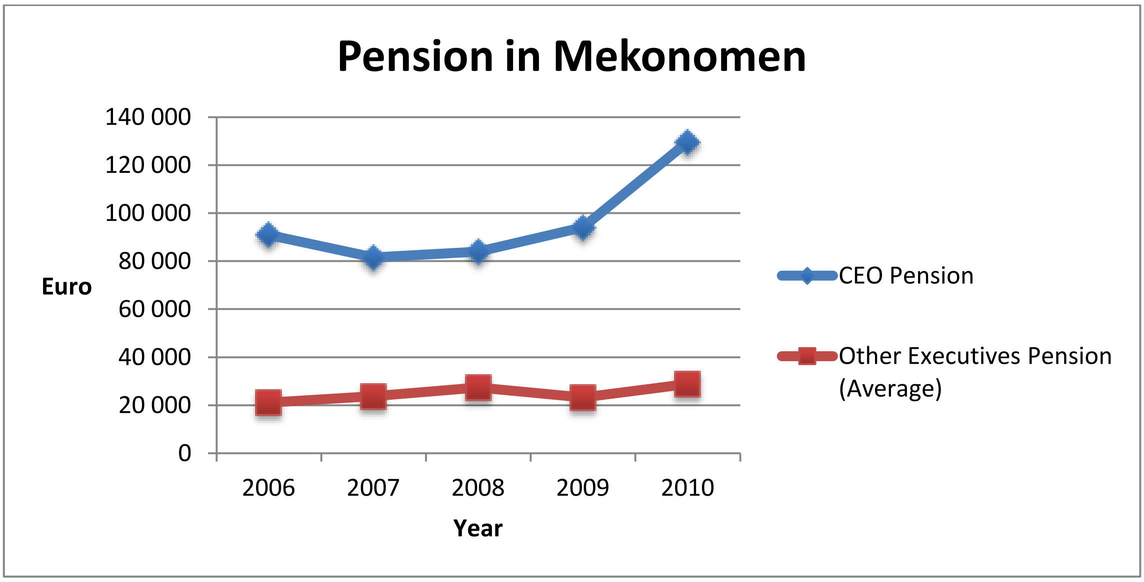

Figure 6 The development of pension benefits for CEO and executive directors in Mekonomen, 2006-2010[9]

[8] Appendix 6 The pension benefits in Kappahl

[9] Appendix 7 Pension benefits in Mekonomen

Note: Year (Number of other executive directors)
2006 (11), 2007/2008 (10), 2009 (12), 2010 (10)

The amount of CEO pension benefits is illustrated in figure 6, as in general having a steady increase with only a minor decline, during 2006-2010. In 2006 the CEO received 90 925 EUR and in the following years the pension benefits somewhat decreased, into the lowest amount of 81 555 EUR in 2007. From 2009 there was an increase in CEO pension benefits followed by 2010 which had the highest amount of 129 605 EUR in pension benefits.

Other executive directors are also represented in figure 6 with a lower average amount of pension benefits when in comparison to the CEO. The amount of pension benefits of other executive directors had an increase from 2006, at 21 137 EUR into 27 341 EUR in 2008. From 2008-2010 there was a dip in the pension benefits which ended in the highest average amount of 28 833 EUR in 2010.

In 2006 the CEO has received pension benefits that constitute 14,15 % of total remuneration. In the remaining years the CEO pension benefits fluctuated somewhere in between 2 %, which is seen as a relative stable development in percental changes. The highest percental amount of pension benefits in relation to total remuneration is at a level of 16,64 % in 2008. Other executive directors have on the other hand somewhat higher average percental changes in between the studied years. Starting in 2006 the percental part was 13,62 % and reached its peak in 2008 with 18,25 %. In 2010 the percentage of pension benefits in relation to total remuneration was 15,94.

4.2 United Kingdom

4.2.1 Compliance with the Code

Findings on the compliance with the Code are based on information found in annual reports. The reports contain information on the compliance and are displayed in Table 3.

Compliance with the Corporate Governance Code	2006	2007	2008	2009	2010
F) Debenhams	C	C	C	C	C
G) Dunelm Mill		C	C	C	C
H) Halfords	C	C	C	C	C
I) JD Sports Fashion	C	C	C	C	C
J) N Brown Group	C	C	C	C	C

Table 3 Compliance with UK Code, 2006-2010

Note:
C: Compliance with the Code

The majority of chosen companies have been disclosing in compliance with UK Code. Debenhams, Halfords, JD Sports Fashion and N Brown Group have for all studied years been complying with UK Code. The only deviation is in Dunelm Mill in 2006, due to non-listing at LSE.

4.2.2 Disclosure of pension benefits

The disclosure of UK executive directors' pension benefits is found in annual reports. Information in the annual reports is summarized and categorized according to a grading system.

Disclosure of CEO and executive directors pension benefits	2006	2007	2008	2009	2010
F) Debenhams	1	1	1	1	1
G) Dunelm Mill		1	1	1	1
H) Halfords	1	1	1	1	1
I) JD Sports Fashion	1	1	1	1	1
J) N Brown Group	1	1	1	1	1

Table 4 Disclosure of executive directors' pension benefits in UK general retailers, 2006-2010

Note: Grading system
1: Complete disclosure of individual directors pension (CEO and executive management)

2: Disclosure of pension for CEO and other executive directors, however no full individual disclosure for other executive director.
3: Disclosure of CEO pensions in complex and non comprehensible manner, however no disclosure for other executive directors pensions.

Debenhams

Debenhams has during the studied period of 2006-2010, complied with the Code and received the maximum grade of one (1) in every studied year. Debenhams has complete disclosure of pension benefits given to the CEO and individual disclosure of other executive directors. The disclosure is easy to understand, good structured and there are no major difficulties in the gathering of such information. Therefore the disclosures on pension benefits are transparent (Debenhams, Annual Reports 2006-2010).

Dunelm Mill

Dunelm Mill deviated from compliance with the Code in 2006 and therefore did not receive any score on the grading system. In 2006, despite the non-compliance, Dunelm Mill did disclose the CEO pension benefits. However there is no disclosure on other executive directors' pension benefits. Dunelm Mill complied with the Code the remaining years 2007-2010 and received the highest grade of one (1) in these years. The disclosure in 2007-2010 contained pension benefits given to the CEO and individual pension benefits of other executive directors. The structure of the disclosure was clear and the information was easy to obtain, resulting in transparent disclosures and valuable information found in annual reports (Dunelm Mill, Annual Reports 2006-2010).

Halfords

The compliance with the Code is present in Halfords for the years 2006-2010. The disclosure of pension benefits is graded to one (1). The CEOs pension benefits are clearly disclosed and there is individual disclosure for all other executive directors. The presentation of the disclosed information is qualitatively structured and easy to grasp. Such quality of the disclosure brings forward transparency, and is a useful source in obtaining information regarding executive directors' pension benefits (Halfords, Annual Reports 2006-2010).

JD Sports Fashion

The findings show that JD Sports Fashion complied with the Code during the years 2006-2010. The overall disclosure of pension benefits in JD Sports Fashion is also graded to one (1). The grade is a result of the company's disclosure of CEO pension benefits and separate disclosure of pension benefits given to other executive directors'. The disclosure of pension benefits in JD Sports Fashion is presented in a simple way and therefore it is easy to allocate the required information (JD Sports Fashion, Annual Reports 2006-2010).

N Brown Group

N Brown Group did according to the findings disclose individual pension benefits for both CEO and other executive directors´ during the years 2006-2010. There is a consistency in compliance with the Code. The overall disclosure of pension benefits is qualitatively structured. Based on the criteria of the grading system, transparent information regarding directors' pension benefits is displayed in the annual reports (N Brown Group, Annual Reports 2006-2010).

4.2.3 The level of pension benefits

The following findings display the development on the level of pension benefits in UK general retailers. Such information is found in annual reports and is presented below.

Debenhams

The CEO of Debenhams, Rob Templeman served at this position for all of the studied years, with a starting age of 48. Pension benefits of executive directors have been calculated as a defined benefit scheme in 2006. In the year of 2007 Debenhams changed from having a defined benefit into a defined contribution scheme. The defined contribution scheme is based on a percentage of the executives' base salary. Executive directors, among other the CEO, had 15 % of his base salary as pension benefits while one of the other executive director received 20 %. Further in 2007-2010, most executive directors choose not to receive pension benefits, but to instead receive the amounts in lieu of pension. These amounts have been granted to the executive directors the same year they were earned. However there was one executive director that accepted the pension benefits in 2007-2010. Despite that the amounts granted to executive directors are not officially pension benefits they are still a part of the findings in figure 7. This is since these amounts were displayed as a part of the executives' total remuneration in

Debenhams annual reports. The executive directors' retirement age is not displayed in the annual reports.

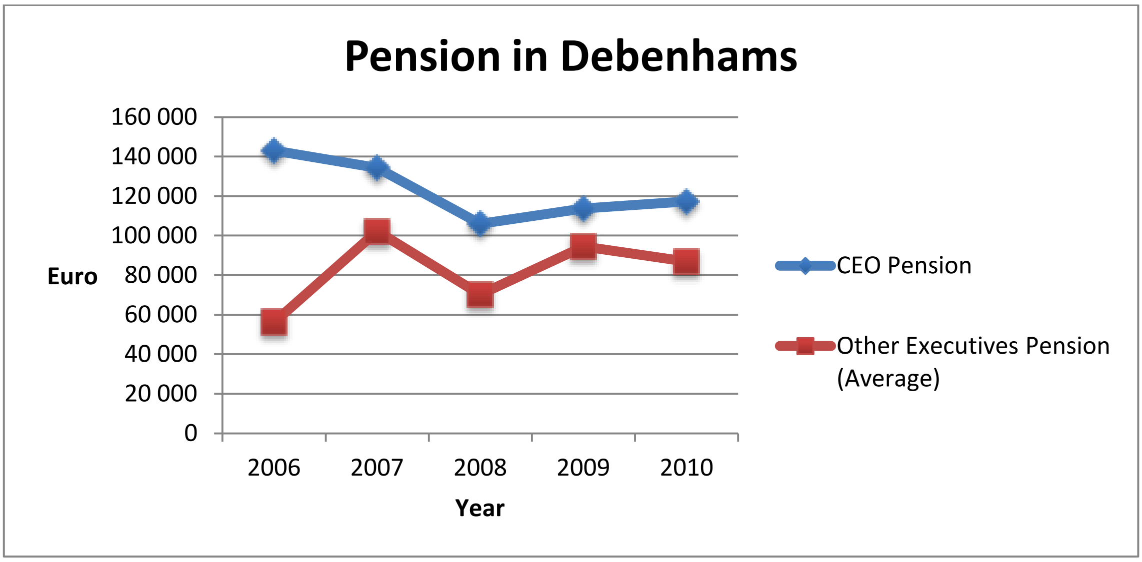

Figure 7 The development of pension benefits for CEO and executive directors in Debenhams, 2006-2010[10]

Note: Year (Number of other executive directors)
2006 (3), 2007 (2), 2008/2009 (3), 2010 (2)

Figure 7 illustrates that the CEO pension benefits had fluctuations in the amounts. In 2006 the CEO received 143 104 EUR in pension benefits which is the highest amount of pension given to the CEO during 2006-2010. The two following years showed a decline in CEO pension benefits reaching the lowest amount of 105 996 EUR in 2008. The remaining years indicated a positive trend of increased CEO pension benefits. In the final year of 2010 the CEO received 117 294 EUR.

In comparison to the CEOs pension benefits, other executive directors seem to have experienced much higher volatility in the amounts. Figure 7 illustrates a steady increase of pension benefits for other executive directors in-between 2006-2007 reaching a peak of 102 255 EUR. The period 2007-2010 illustrates fluctuations within a range of approximately 30 000, ending in an amount of 86 949 EUR in 2010.

CEOs percental part of pension benefits in relation to total remuneration is viewed in Appendix 8 and was in 2006, 8,93 %. There was an increase to 12, 48 % in 2007 which

[10] Appendix 8 Pension benefits in Debenhams

also is the highest percentage in the studied years. Following after the initial increase, there was a yearly decrease in percentage resulting in 6,83 % in 2010. This was the lowest percentage decrease throughout the study. The same pattern of percental fluctuation is found in the average of other executives' percentage of pension benefits in relation to total remuneration. Starting with lowest level of 5,93 % in 2006 and thereafter reaching the highest percentage of 13,98 in 2007. Following years had a decline in percentage reaching the level of 6,81 in 2010.

Dunelm Mill

The CEO of Dunelm Mill in 2006-2010 was Will Adderley, at a starting age of 35. In-between 2006-2010 the pension benefits in Dunelm Mill have been calculated according to a defined contribution scheme. Although there were no contributions to other executives in 2006, Dunelm Mill still displayed their calculation scheme for the CEO. For the period 2007-2010, Dunelm Mill used the same way of calculating pension benefits for both CEO and other executive directors. Pension benefits provided through a defined contribution scheme implies that the company uses a third-party when providing pension benefits to their directors. For Dunelm Mill, it is a way of transferring further obligation upon the pension provider once the executive director retires. The retirement age of executive directors is not displayed in the annual reports.

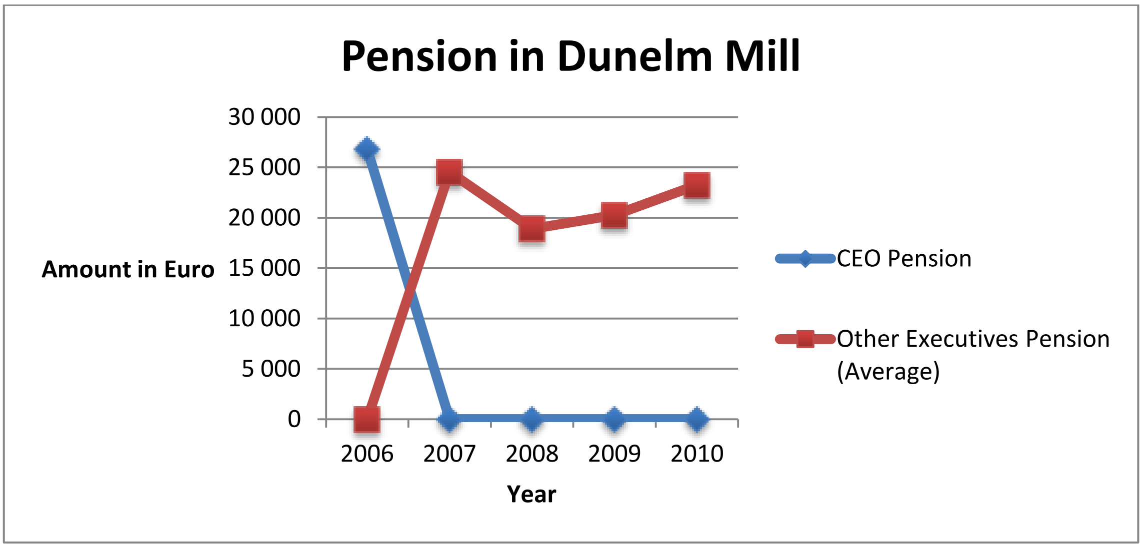

Figure 8 The development of pension benefits for CEO and executive directors in Dunelm Mill, 2006-2010[11]

Note: Year (Number of other executive directors)
2006 (0), 2007-2010 (1)

As seen in figure 8 the CEO only received pensions in 2006, amounting to 26 806 EUR, which was disclosed despite the non-compliance with UK Code. Dunelm Mill did offer the CEO pension benefits for 2007-2010 but it was waived by the CEO. In the same year of 2006 there were no pension benefit given to other executive directors, but this became present later on. Between 2007-2010 only one executive director received pension benefits. The highest amount of pension benefits received by other executive directors was in 2007 with an amount of 24 545 EUR. In 2007-2010 this amount declined to approximately 23 200 EUR.

Due to the rejected offer of pension benefits for 2007-2010 there was no possibility of calculating the percental part of pension benefits in relation to total remuneration. Even though there was information on the CEOs pension benefits in 2006, there was lacking information on the total CEO remuneration. Other executive directors did not have any substantial changes in average percentages due to the low variation in pension benefits. However, 2007 had the highest percentage of 5,92 % with a small decrease during the years. The lowest percentage is found in 2009 reaching 5,17 % of pension benefits in relation to total remuneration.

Halfords

Ian McLeod served as the CEO in Halfords in 2006-2008 and resigned at an age of 49. The new appointed CEO in 2009 was David Wild, at an age that was not stated in the annual reports. The calculations of pension benefits in Halfords are based on a defined contribution scheme. Halfords operated under this scheme in-between 2006-2008. For the period of 2008-2010, Halfords used a contract-based plan by moving from the former defined benefit scheme. The calculations of pension benefits made under the defined contribution scheme are based on a percentage of the pensionable salary. However these percentages have not been displayed in their annual reports for the studied year 2009. In 2010, beside that they use a contract-based plan for calculating

[11] Appendix 9 Pension benefits in Dunelm Mill

pension benefits; percentages for calculating pension benefits through this pension scheme are displayed. For the CEO and one of the executive directors, 15 % of their base salary is contributed into their pension benefits. The second executive director is entitled with a contribution of 26.25 % of the base salary into his pension benefits. The retirement age of executive directors is not found in the annual reports.

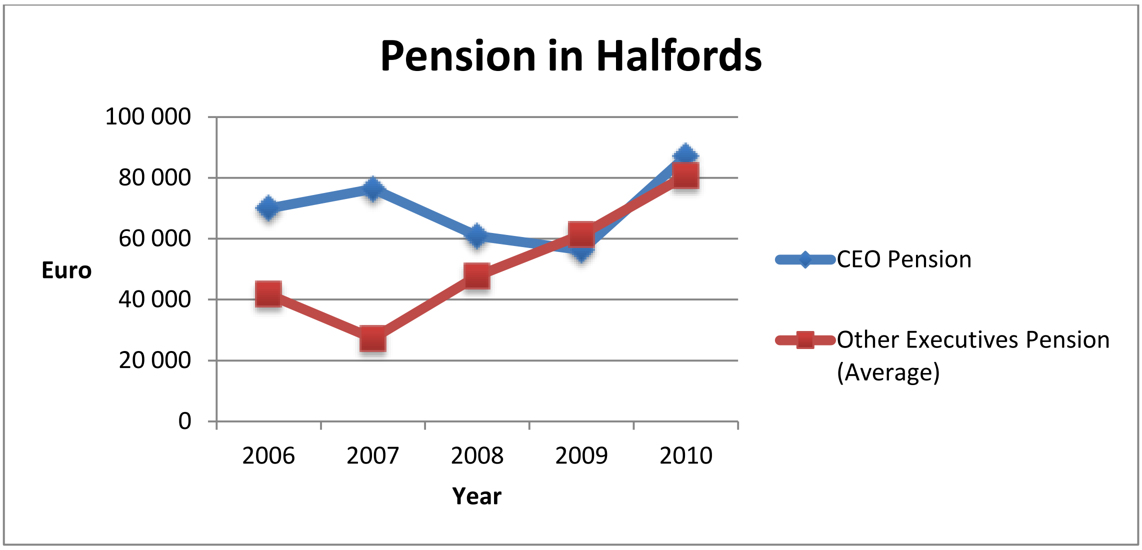

Figure 9 The development of pension benefits for CEO and executive directors in Halfords, 2006-2010[12]

Note: Year (Number of other executive directors)
2006 (1), 2007-2010 (2)

In figure 9 it is illustrated that the CEOs pension benefits in 2006 were 69 993 EUR. In the year of 2007 the pension benefits of the former CEO increased to 76 362 EUR, and decreased the coming year. In the first year of the newly appointed CEO, he received 56 300 EUR in pension benefits which is the lowest amount of CEO pension benefits in the period. In 2010 this amount increased to be the highest amount of pension benefits given to a CEO in Halfords in between 2006-2010.

Other executive directors' pension benefits have as seen in figure 9, had overall a steady growth in amounts. Between 2006 -2007 there was a decline. The lowest starting point was in 2007 at 27 272 EUR and ended in the highest amount of pension benefits of 80 744 EUR in 2010.

[12] Appendix 10 Pension benefits in Halfords

The percental part of pension benefits in relation to total former CEO remuneration is in 2006 14,24 %. This percent decreases in 2007 only to increase in 2008 at approximately the same level as in 2006. The increase occurred in 2008 which was in the period when the former CEO resigned from Halfords. Pension benefits in relation to total remuneration of the new CEO in 2009 were approximately 6,30 %. The final year of this study presents a similar percentage of the total remuneration for the CEO. Other executive directors' average pension benefits in relation to total average remuneration, has through the years small margins in percentage fluctuations. In the first year of 2006 this percentage was 14,21 and reached a number of 12,69 % in 2010.

JD Sports Fashion

Barry Bown served as the CEO of JD Sports Fashion in-between 2006-2010 and had a starting age of 45. The calculations of pension benefits in JD Sports Fashion have been done under the same scheme for all the studied years. JD Sports Fashion operated under the defined contribution scheme which is based on deferred payments to a third party. A third party is a pension provider that carries the risk instead of the company, once the executive director goes to retirement. JD Sports Fashion makes contribution into personal pension schemes and they calculate it by having a defined percentage of the executives' salaries. However, these defined percentages are not displayed in their annual reports. The retirement age of the executive directors is not found in the annual reports.

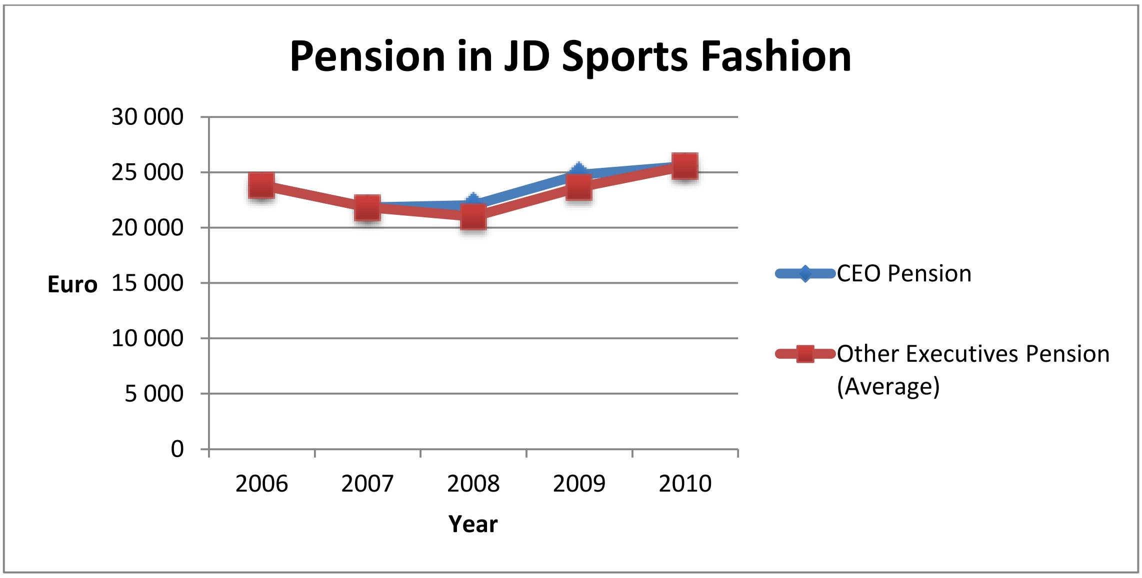

Figure 10 The development of pension benefits for CEO and executive directors in JD Sports Fashion, 2006-2010[13]

Note: Year (Number of other executive directors)
2006-2010 (1)

Figure 10 illustrates a slight decrease of CEO pension benefits in 2006 to 2008. Thereafter the CEOs pension benefits increased and reached its peak in 2010 at 25 559 EUR. The lowest amount of CEO pension benefits is found in 2007 at an amount of 21 818 EUR. However even though the figure illustrates decreases, the amount of CEO pension benefits have been at a similar level throughout the period.

The average amounts of pension benefits of other executive directors have a similar development as the CEOs pension benefits. The trend is as the CEO pension benefits, decreasing in-between 2006-2008 and then has a minor upswing in 2009 and 2010. The amount of pension benefits for CEO and other executive directors was exactly the same in the two first years and in 2010. There were small differences between the amounts of pension benefits in 2008 and 2009, which is illustrated in figure 10.

Both CEO and other executive directors' pension benefits in the part of total remuneration had small fluctuations with a decline in 2007 at 1,54% respectively 2,31 %. The percentage of pension benefits in relation to total remuneration is quite low for both the CEO and the executive director. Therefore there were minor changes with an overall maximal percentage of approximately 4 % for the CEO and a average of 5,60 % for executive director.

N Brown Group

The serving CEO of N Brown Group is Alan White, with a starting age of 51 in 2006. Pension benefits within N Brown Group are calculated through two different pension schemes. The calculations of CEO pension benefits are based on the defined benefit scheme, in-between 2006-2010. For the other executive director a defined contribution scheme is provided in calculating the pension benefits for the period 2006-2010. The main difference is that the CEO was a member of the defined benefit pension funds which in 2006 was closed to new entrants. The payments in the defined contribution scheme for the other executive director are done by a contribution corresponding to 6 %

[13] Appendix 11 Pension benefits in JD Sports Fashion

of his base salary. The retirement age of the CEO was 60 and no information about other executive retirement age was found in the annual reports.

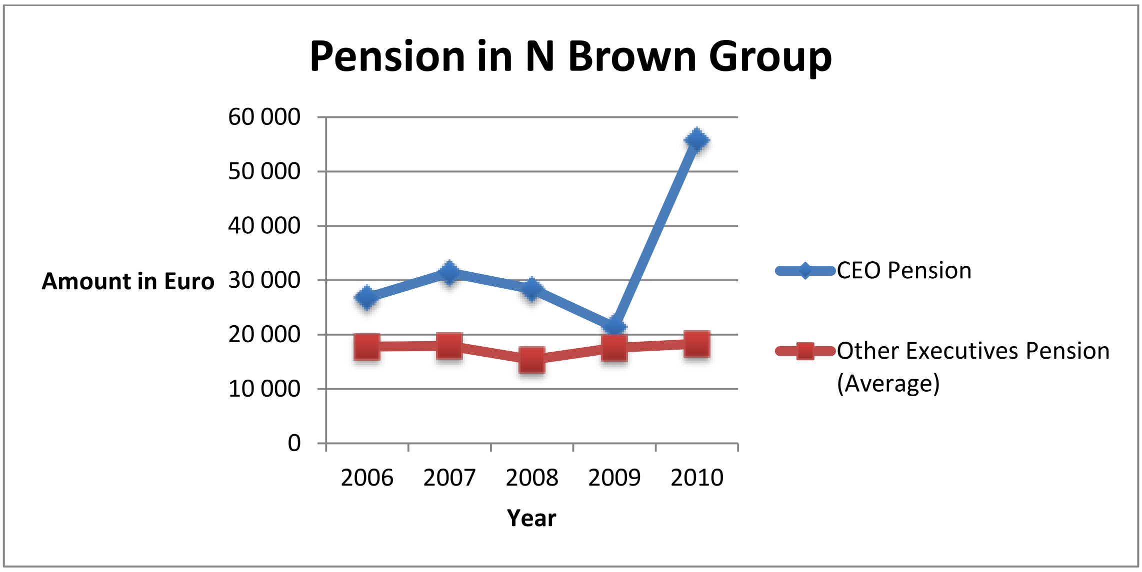

Figure 11 The development of pension benefits for CEO and executive directors in N Brown Group, 2006-2010[14]

Note: Year (Number of other executive directors)
2006-2010 (1)

Pension benefits granted to the CEO has as illustrated in figure 11, been somewhat fluctuating with an increase in 2007 and thereafter a decrease in 2008-2009. The lowest level of pension benefits was in 2009 amounting to 21 394 EUR. Following year, which is the last year of this study illustrated the highest increase and therefore also the highest amount of CEO pension benefits of 55 765 EUR.

Other executive directors have a quite equal average level of pension benefits throughout this study. The lowest amount of pension benefits is in 2008 with 15 339 EUR and the highest according to the figure, is in 2010 with an amount of 18 298 EUR. The level of pension benefits of other executive directors has in comparison to the CEO, a much more stable development throughout 2006-2010.

CEO amount of pension benefits was 2,38 % of total remuneration in 2006. The development of percentage was quite similar until 2009, in which the percentage decreased to 1,97 %. The last year has the highest percentage of 4,81 %. Other

[14] Appendix 12 Pension benefits in N Brown Group

executive directors have also a similar development of average pension benefits in relation to total average remuneration. In 2006 the percentage part was 3,10 % and held a stable level throughout the period 2006-2010. No major fluctuations in percental changes were present, resulting in 2,91 % in 2010.

5 Comparative Analysis

The structure of the comparative analysis is presented in line with the empirical findings. Three sections are analyzed related to the compliance with Code, disclosure of pension benefits and the level of pension benefits. The comparative analysis is based on Sweden and UK and is structured according to the three sections.

5.1 Compliance with the Code

General retailers have, as illustrated in the findings, generally been complying with respective Code. However, some deviations were present in the first year of this study. We found that the underlying cause for deviations in 2006 was due to non-listing at respective stock market exchange. The compliance with respective Code is of importance for the agency relationship between directors and shareholders. As stated in the agency theory, the relationship in-between directors and shareholders has the problem of information asymmetry among other (Holmstrom, 1979; Trontin & Béjean, 2004). By compliance there is a possibility of aligning the interest of both parts. We argue that the outcome of complying with the Code has a positive impact on the conditions encountered within the agency relationship. An outcome of compliance is disclosure. Disclosures that are transparent have the possibility of reducing agency costs, such as monitoring and greater access to mutual information, giving smaller information asymmetry. We argue that compliance with a Code does reduce the agency costs since information has a higher level of accessibility and is given at the same conditions for both parts.

5.2 Disclosure of pension benefits

The findings of our study illustrate differences in the disclosure of pension benefits in Swedish and UK general retailers. The grading system has categorized UK as disclosing pension benefits to executive directors on an individual basis. The names, the amounts and other relevant information, such as gender and age were displayed in each annual report during our study. Sweden, on the other hand, has according to our findings in relation to the grading system a somewhat lower level of disclosure. The Swedish general retailers disclose pension benefits of the CEO and other executive directors, but rarely on an individual basis for other executive directors which may indicate a lower level of transparency.

The expectation on these general retailers and their disclosure was quite high, since their respective country is well established within the field of corporate governance and has a high reputation for qualitative corporate governance codes. Based on the findings there are room for improvements in Sweden when comparison to the UK, since there is a lack of individual disclosures. EUs goal is to have disclosures that are by the shareholder easy to understand and from which valuable information can be extracted from (European Commission 2, 2009). Having disclosures is not enough if the shareholders cannot understand or use the presented information for their own self-interest. In order to increase the level of simplicity we argue that there is a need for heightened transparency. Transparency in the individual remuneration of directors does strengthen the accountability towards shareholders, and holds therefore a significant tool for reducing agency issues (European Commission 1, 2009). We argue that by disclosing pension benefits of all individual executive directors a higher level of transparency and accountability towards shareholders will be obtained.

Besides the non-disclosure of executive directors on an individual basis, there is no clear disclosure of who of the executive directors received pension benefits. The only information given in Swedish general retailers is a number and no personal information about the directors. Such disclosure is relating to higher agency cost for shareholders, lower transparency and therefore increased agency problems in the specific companies. Holmstrom (1979), states that a part of the agency problem is information asymmetry which creates an environment where the shareholders cannot observe the agents actions. Granted access to shareholders is limited and therefore there are difficulties of observing the agents actions from a shareholders point of interest (Matsumura & Shin, 2005). The mentioned situations might be present in Sweden because of the lack of personal information and the disclosure of individual executive directors. We argue that no individual disclosure of executive directors does lower the transparency and create non comprehendible information for shareholders. Non comprehendible information increases agency costs such as information asymmetry and monitoring, since the shareholders do not have the same access to information and no possibility of evaluating what the directors are granted each year.

5.3 The level of pension benefits

The development of CEO pension benefits in Sweden had a declining trend in-between 2007-2009. The findings indicate a change in the trend in 2010 with an increase. Besides the trends, the findings indicate a large yearly gap in-between the CEO's amounts. UK general retailers have a similar declining trend in 2007-2009 and an increase in CEO pension benefits in 2010. The amounts of pension benefits in UK general retailers have a smaller gap in-between yearly CEO's pension benefits.

We bring forward that potential underlying causes for the declining trend in 2007-2009 for Swedish and UK general retailers could be explained by the global financial crisis. We argue that decreasing CEO pension benefits indicate that this remuneration component has indirectly been affected by such a crisis. Pension benefits in this study are classified as other remuneration components. The calculation of pension benefits is often a percentage of the base salary, which is not directly tied to the performance of the company. We argue that there is no direct affect on the pension benefits since they are not classified as variable components. Due to the classification and the calculation of pension benefits, we found reasons for assuming an indirect affect. The indirect affect could be on the market appropriate base salary, performance of directors, the size and prosperity of the companies. The possible influence on these variables can cause modifications in the levels of pension benefits through changes in the percentage and the amount of base salary. The increase in CEO pension benefits in 2010 could be an indication of an ongoing recovery in the economical world market. The comparison in-between UK and Swedish general retailers' amounts of executive pension benefits indicate higher pension benefits for Swedish CEOs. The pension benefit definition as a percentage of pensionable salary is overall higher in Sweden than in UK. Therefore we argue that one of the reasons for the differentiating amounts of pension benefits is traced back to the company specific definition of the percentage.

The retirement of the CEO in combination to the way of calculating pension benefits is of importance. As argued previously, pension benefits derived through a defined benefits scheme are often and to a large extent based on the final salary that the CEO receives. Large amount of pension benefits in this situation is quite common. Our findings in both Swedish and UK general retailers show that the majority of retailers calculate the pension benefits according to a defined contribution scheme. Therefore we found no exceptional high amounts of CEO pension benefits that can be explained by the use of a defined benefits scheme. Some of the CEOs in both Swedish and UK general retailers have retired but at the time of retirement their pension benefits were calculated according to a defined contribution scheme. Such a defined contribution calculation does not take into account the final CEO salary and in turn does not impact on the pension benefits received at the year of retirement.

Further, several of the Swedish and UK general retailers do not disclose the retirement age of the executive directors. The disclosure of the retirement age would provide the shareholders with a greater understanding of the issues associated with retirement. By knowing the retirement age of directors, we argue that shareholders might observe if the short term results are affected by actions of directors, to improve the amounts of granted pension benefits. Another positive outcome is the lowering of the cost of monitoring and creating a greater awareness of what is to be expecting from the directors.

Beside the CEO other executive directors received pension benefits. The development of pension benefits of executive directors has at an average been higher in Sweden. The findings have not been able to illustrate a regular trend in the development in both Sweden and UK. The lowest amount of pension benefits in UK general retailers was in 2007 and 2008. Such low amounts of pension benefits were not that distinctive in Sweden as in UK during these years. The average amount of pension benefits is based on the total amount of pension benefits and the number of other executive directors. The number of other executive directors is somewhat varying. The number is higher in Sweden with a range of 1- 12 directors, which corresponds to 1-3 directors in UK.

We argue that the findings and the differentiating amount partially can be explained by the conversion rate of EUR. This mainly concerns the companies that have a stable average level of pension benefits throughout the period. Further, other executive directors in UK have pension benefits that in general are a smaller percentage of total remuneration, when compared to Swedish general retailers. The other executive directors in Swedish general retailers have a maximum of 50 % corresponding to 15 % in UK. Due to the quite high percentage of total remuneration, especially in Swedish general retailers, we argue that this part of total remuneration does play a significant part of the disclosures.

The Swedish general retailers have illustrated a somewhat lower level of disclosure and therefore also transparency. In combination to higher amounts of pension benefits and percentages this should raise greater awareness surrounding such disclosures in Sweden. The arguments above indicate that there is a possibility of higher agency problem in Swedish general retailers. Due to the level of disclosure and the amounts of pension benefits this can induce unnecessary avoidable agency costs for the shareholders. The disclosure is not an indication that Swedish general retailers are poor at their compliance and disclosure. However in relation to the findings in UK there is space for improvement. Improvement on the disclosure of executive directors at an individual level would be recommended, improving the overall transparency of the disclosures of pension benefits in general retailers.

6 Conclusions

The purpose of this thesis was to examine and compare general retailers' compliance with respective Code, the level of disclosure and the development in amount of pension benefits for executive directors. The time frame 2006-2010 was examined in these aspects. The conclusion drawn from the findings in 2006-2010 is that the majority of general retailers complied with their respective Code, with the deviation of two companies in 2006 due to non-listing. Our conclusion is that the level of disclosure is higher in UK, due to their disclosure at an individual basis. Swedish general retailers did also disclose, but not on an individual basis. The conclusion based on these findings, is that there is a higher level of transparency in the disclosure of UK general retailers, compared to their Swedish counterparts.

The development in levels of pension benefits to executive directors has shown that there are differences between Swedish and UK counterparts. Our conclusion is that Swedish CEOs receive higher levels of pension benefits than compared to what the CEOs in UK receive. The overall development in CEO pension benefits has lead to the conclusion that there has been a declining trend in CEOs pension benefit levels in-between 2007-2009. A positive development of the trend was present in 2010. We also conclude that there are no clear and comprehensive trends in the development of average pension benefits for other executive directors.

7 Discussion

Possible limitation in this case study could be the authors' observations and the difficulty of interpreting the findings into useful information. However, a qualitative case study, such as this, does gain more in-depth inside perception on such issues in these general retailers. We would like to argue that our findings, in this case study act as a good starting point and a parameter for further research within the general retailers segment on executive directors pension benefits.

The currency conversion rate of EUR is another possible limitation and does affect the findings. High changes in the conversion rate were present in 2008 and 2009. Higher rate of EUR might also be an outcome of the instability in the financial market in this period. The effects of the currency on the level of pension benefits are illustrated in the figures, with lower displayed amounts in 2008 and 2009. We argue that the EUR currency is necessary to be able to have a comparison. The decision to implement EUR was based on its acts as the official currency in EU and that it brings more credibility and availability for academic researchers in a European context.

The research findings on relevant literature have indicated that there is no large extent of academic research conducted on the disclosure of pension benefits in the EU. More academic research is preferable within this field since this has implications on shareholders and increases the already existing agency problem in corporate governance. Further research could have the starting point to include a large sample size of companies to extent the area of research. A large area of conducted research within both general retailers and other segments would increase the probability of drawing generalized conclusions on the disclosures of pension benefits. The companies´ disclosure of executive directors' pension benefits has been graded according to a self-developed grading system. The grading system has its limitation in the fact that it is based on personal criteria's and the gathering of information. The advantage with such a grading system, on the other hand is that the gathered information has the possibility of being presented in a simple and comprehensible way. The grading systems criteria's are developed in line with respective Code and EU recommendations, which increase the reliability of the grading system. Further research has the opportunity of increasing the scale to comprise additional criteria’s, which further may increase the reliability of the findings.

Based on the findings there is a need to develop the disclosure of pension benefits. The recommendations should evolve the main principles regarding pension benefits. Greater disclosure of pension benefits at an individual level for all directors should be the main focus of development. In order to achieve the aim, considerations should be made on the usefulness of directives instead of recommendations. Directives as such have to be implemented which contributes to better individual disclosure of pension benefits for executive directors. This is the positive effect of having directives on such issues but there also are complications and weaknesses with implementing directives which have to be taken into account. We argue that in the end the positive aspects outweigh the negative effects, and that the directives would be a possible way of improving the disclosures of pension benefits and the corporate governance in the member states.

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Appendix 1 The history of selected companies

Bilia

Bilia is a car chain retailer that operates in Scandinavia, with 98 facilities in Norway, Denmark and Sweden. The business concept to have a well developed range of cars, products and services to their customers like spare parts, fuel sales and others. The products and services Bilia provides to their customers are meant to simplify the ownership and make the experience more joyful. Bilia sells cars from manufacturers like Volvo, BMW, Honda and others (Bilia, 2012). Bilia was listed in OMX Stockholm in 1984 and in 2010 upgraded to being a medium sized company (Bilia, Annual report 2010). Bilia market capitalization lies at 3 072 448 225 (Swedish kronor) SEK and constitutes the consumer discretion index (Nasdaqomxstockholm.com 3, 2012).

Clas Ohlson

Clas Ohlson was established in 1918 and is a leading retail business with a wide assortment of products to solve the everyday problems to a competitive price. The retail chain stretches over Sweden, Norway, Finland and recently UK. There has been a sound development the last couple of years, with approximately 10-20 newly opened stores each year. Clas Ohlson offers customers to shop their goods in store, online or by phone (Clas Ohlson, 2012). The brand Clas Ohlson is well recognized in the Swedish market where 86 % between the ages of 18-69 recognize the brand "Clas Ohlson" (Clas Ohlson, Annual Report 2010/2011).Clas Ohlson aims at becoming the leading European retailer, with the opening of new stores in UK and in Scandinavia. In 1999 Clas Ohlson was listed on OMX Stockholm as a medium sized company with a market capitalization of 5 265 920 000 SEK and became a part of the consumer discretionary index (Nasdaqomxstockholm.com 1, 2012).

Fenix Outdoor

In 1986 Friluftsbolaget was created by Peter Eklund and Jonas Sagner, and had a great deal of success. Fenix outdoors was established when Fjällräven, Friluftsmagasiner, Tierra, Primus, Hanwag, Brunton and Naturmagasinet were part of the same corporate group (Fenix Outdoors, Annual report 2010). Fenix Outdoors provides their customers with products for an active outdoor life, with high quality and low weight products.

Through the use of the acquired companies Fenix Outdoors, as a retailer, is able to reach their end customers. Fenix Outdoor was listed at OMX Stockholm as a medium sized company, part of the consumer discretionary index and a 1 870 281 732 SEK market capitalization (Nasdaqomxstockholm.com 5, 2012).

Kappahl

The first Kappahl store was established in Gothenburg in 1953 by the founder Per-Olof Ahl (Kappahl 1, 2012). Kappahl is a leading fashion chain with more than 380 stores and 4 900 employed in Sweden, Norway, Finland, Poland and the Czech Republic. Kappahl business concept is to provide affordable fashion for a wide range of customers, with a special focus on women with families and in-between the ages of thirty and fifty. Every clothing good is designed by the leading Gothenburg design team and provide modern fashion for men-, children-, and women (Kappahl 2, 2012). Kappahl provides their customers with high quality goods at a low price, whilst still having an environmental mindset and ways of operating. In recent years Kappahl was sold from the Swedish Cooperative Union to the new owners Nordic Capital and Accent Equity Partners, and in same time listed in OMX Stockholm in 2006 as a medium sized company. Kappahl falls in the consumer discretion index and has a current market capitalization of 1 778 448 000 SEK (Nasdaqomxstockholm.com 2, 2012).

Mekonomen

Mekonomen was established in 1973 under the name Bilenko by two entrepreneurs. Later on in 1987 the two founders decided to purchase Mekonomen store chain containing 17 such stores. In 1996 Bilenko changed name to Mekonomen Grossist making the business into an integrated retailer and wholesaler (Mekonomen 1, 2012). Mekonomen business concept is to have a broad range of quality products that will benefit the consumers “Car Life”. The products offered can be spare parts but also products for all phases a consumer faces when owning a car. Mekonomen covers all of Scandinavia and has approximately 328 stores in the mentioned countries. Mekonomen aim is to improve the consumers CarLife by choosing their products and therefore there are five key terms that Mekonomen strives for; value for money, total solutions, innovation, knowledge and high quality (Mekonomen 2, 2012). Mekonomen listed at

OMX Stockholm in 2000 and have a current market capitalization of 7 908 319 805 SEK (Nasdaqomxstockholm.com 4, 2012)

Debenhams

Debenhams was established in 1778 when a draper store was founded by William Clark. The store was located in London and their sale was focused on gloves, parasols and expensive fabrics. After many decades characterized by acquisition expansion policies and investment partnerships Debenhams became a public company in 1928. Continuing with their acquisition expansion they became one of the leading department stores in UK (Debenhams 1, 2012)

In 2006 the company became listed on the London Stock Exchange and according to the division of company sizes, Debenhams is listed on FTSE 250 equivalent to Mid-Cap. The size of the company in-comparison to other is presented in market capitalization value. Debenhams has a market capitalization of £ 855, 08 million. Their prime sector is General Retailer (Londonstockexchange.com 1, 2012).

The company is one of the leading department businesses in UK, Denmark and the Republic of Ireland, totally covering a market of 24 countries around the world. The main offering of the company is a wide range of products from men-, women- and children clothes to accessories, health and beauty. Debenhams offer a wide range of own brands to different international well-established brands. The company has also a growing business channel in terms of online sale, trying to offer their costumer easier access to their products (Debenhams 2, 2012)

Dunelm Mill

Dunelm Mill trace it origins back to 1969. The company was founded by Bill and Jean Adderley and their first store was opened in Leicester. Today their son Will Adderley, among others, runs the business which still characterizes the company as being a family-run business. Dunelm Mill main product range is home furnishing and their philosophy is to offer “simply value for money”. Their philosophy made them grow through decades and today Dunelm Mill is one of the leading home furnishing retailers in UK (Dunelm, 2012).

Dunelm Mill was listed on the London stock exchange in 2006. Their size, measured in market capitalization determined the division in Indexes. Dunelm Mill is a constituent of the FTSE 250 Index which corresponds to Mid-Cap. The market capitalization of the company is £ 934.40 millions. Being a home furnishing retailer the sector that they belong to on the LSE, is General Retailer concentrated on home improvement retailers (Londonstockexchange.com 2, 2012).

Halfords

Halfords was created in 1892 and was founded by F W Rushbrooke. Until today the company has successively grown into a position that makes them one of the leading retailer of auto parts and other travel solutions in UK. They sell everything from car part and enhancement to mobility, bicycles and mobility. During the 1990's the company concentrated on in-out-town retailing followed by wider product ranges which made them UK market leader in their field of retailing. After an acquisition of Nationwide Autocentres in 2010 the company became the leading car service operator in UK. Today Halfords operate in over 466 stores through UK and Republic of Ireland (Halfords 1, 2012). The range of the company is to offer costumers both own brand alternative products but also branded ranges (Halfords 2, 2012)

During the year 2004 Halfords was listed on the LSE and its market capitalization value is equivalent to £ 639.03 millions. The contribution of the size determines the division and the company is a constituent of the FTSE 250 Index, corresponding to Mid-Cap. The market orientation of the company places them in the sector General Retailer which is subdivided into Specialty Retailers (Londonstockexchange.com 3, 2012).

JD Sports

JD Sports was established in 1981 when their first shop opened in Bury. The company has been for a long time a leading retailer in UK. JD Sports Fashion is a specialist retailer, covering areas of sport clothes and footwear. Their brand-range consist of both own brands but also of other established brands. Company's range of brands cover all from brand sports to casual wear, mainly through their own retail division, JD Sports.

Today, the company can boast with over 500 well-established companies throughout UK, Republic of Ireland and France. Despite their short history, the company has grown successfully and is the most innovative merchandiser in UK within their field of sportswear sale. After been growing organically, the company started after 2002 to grow inorganically through acquisitions and successfully establish their position as the leading UK retailer of sports and casual wear (JD Sports Fashion, 2012).

JD Sports Fashion became listed on the LSE already in 1996. Their main field is classified under the sector of General Retailer while their subdivision is Apparel Retailer. The company is a constituent of the FTSE 250 Index which is limited by the market capitalization value. Today, JD Sports Fashion has a Market cap, corresponding to £ 348.94 million (Londonstockexchange.com 4, 2012).

N Brown Group

N Brown Group was founded in 1859 when James David Williams opened the three first shops. In the beginning the company had combined mobile shops with letter order trading. After a century of success and different acquirers of the origin company, they were finally bought up by N Brown in 1969. Towards the end of 20^{th} century and the beginning of 21th, the company went to provide services through the growing network channel.

Today, N Brown Group is the leading company within internet and catalogue shopping. Their main strategy followed from their roots, is distance shopping market. Company's product range is all from household and electrical goods to footwear and primary clothing. In 2010 N Brown Group became the largest online underwear retailer in UK (N Brown Group, 2012).

N Brown Group was listed on London Stock Exchange in 1972. Their product range classifies them within the sector of General Retailer, more subdivided under Apparel Retailer. The company is a constituent of the FTSE 250 Index which is determined by their market capitalization which today corresponds to £ 659.82 million (Londonstockexchange.com 5, 2012).

Appendix 2 Currency conversion

1 Euro =	2006-12-29	2007-12-31	2008-12-31	2009-12-31	2010-12-31
SEK	9,0404	9,4415	10,870	10,252	8,99655
GBP	0,6715	0,73335	0,9525	0,8881	0,86075
	Retrieved from The European Central Bank 2012-02-28				
	From: http://www.ecb.europa.eu/stats/eurofxref/eurofxref-hist.xml				

Appendix 3 Pension benefits in Bilia

Bilia (€)	2006	2007	2008	2009	2010
CEO Pension	524 202	493 777	445 170	375 634	401 932
Average Executives Pension	248 994	72 488	95 787	135 193	205 634
Sum of Tot. Pension	773 196	546 266	540 957	528 827	607 566
Tot. CEO Remuneration	951 396	906 636	817 847	966 153	1 089 751
Average Executive Remuneration	504 071	273 918	345 998	656 359	1 054 515
Sum of Tot. Remuneration	1 959 537	2 276 228	2 547 838	2 278 872	2 144 266
CEO Pension in % of Tot. CEO Remuneration	55,11 %	54,46 %	54,43 %	38,88 %	36,88 %
Executives' Pension in % of Tot. Executives' Remuneration	49,41 %	26,46 %	27,68 %	20,61 %	19,50 %

Appendix 4 Pension benefits in Clas Ohlson

Clas Ohlson (€)	2006	2007	2008	2009	2010
CEO Pension	210 168	137 690	119 595	136 559	166 731
Average Other Executives Pension	60 838	95 324	59 140	66 654	53 724
Sum of Tot. Pension	696 872	804 957	533 578	536 481	489 077
Tot. CEO Remuneration	918 101	656 675	524 379	721 810	789 191
Average Tot. Executive Remuneration	254 414	434 253	233 934	274 743	259 359
Sum of Tot. Remuneration	2 953 409	3 696 446	2 161 914	2 370 269	2 345 343
CEO Pension in % of Tot. CEO Remuneration	22,89 %	20,96 %	22,81 %	18,92 %	21,12 %
Executives' Pension in % of Tot. Executives' Remuneration	23,91 %	21,95 %	25,28 %	24,26 %	20,71 %

Appendix 5 Pension benefits in Fenix Outdoor

Fenix Outdoor (€)	2006	2007	2008	2009	2010
CEO Pension	35 507	21 501	20 699	19 801	22 564
Average Other Executives Pension	22 455	20 336	25 391	10 019	10 240
Sum of Tot. Pension	57 962	41 837	46 090	29 820	32 804
Tot. CEO Remuneration	196 562	243 288	204 876	228 931	281 552
Average Tot. Executive Remuneration	210 610	156 967	277 185	96 344	126 451
Sum of Tot. Remuneration	407 172	400 255	482 061	325 275	408 003
CEO Pension in % of Tot. CEO Remuneration	18,06 %	8,84 %	10,10 %	8,65 %	8,01 %
Executives' Pension in % of Tot. Executives' Remuneration	10,66 %	13,01 %	9,16 %	10,40 %	8,11 %

Appendix 6 Pension benefits in Kappahl

Kappahl (€)	2006	2007	2008	2009	2010
CEO Pension	121 676	127 098	119 595	136 559	155 615
Average Other Executives Pension	25 810	29 656	9 200	44 591	50 813
Sum of Tot. Pension	147 486	156 754	128 795	181 050	206 428
Tot. CEO Remuneration	497 766	571 943	478 381	536 481	622 461
Average Tot. Executive Remuneration	189 888	271 143	140 623	168 608	201 665
Sum of Tot. Remuneration	687 654	843 086	619 004	695 089	824 126
CEO Pension in % of Tot. CEO Remuneration	24,44 %	22,22 %	25,01 %	25,45 %	25,01 %
Executives' Pension in % of Tot. Executives' Remuneration	13,59 %	10,94 %	6,54 %	26,45 %	25,21 %

Appendix 7 Pension benefits in Mekonomen

Mekonomen (€)	2006	2007	2008	2009	2010
CEO Pension	90 925	81 555	83 901	94 030	129 605
Average Other Executives Pension	21 137	23 725	27 341	23 199	28 833
Sum of Tot. Pension	112 062	105 280	111 242	117 229	158 438
Tot. CEO Remuneration	642 560	586 771	504 324	657 530	814 312
Average Tot. Executive Remuneration	155 232	162 495	149 844	161 749	180 941
Sum of Tot. Remuneration	797 792	749 266	654 168	819 279	995 253
CEO Pension in % of Tot. CEO Remuneration	14,15 %	13,91 %	16,64 %	14,30 %	15,92 %
Executives' Pension in % of Tot. Executives' Remuneration	13,62 %	14,60 %	18,25 %	14,34 %	15,94 %

Appendix 8 Pension benefits in Debenhams

Debenhams (€)	2006	2007	2008	2009	2010
CEO Pension	143 104	134 307	105 996	113 682	117 294
Other Executives Pension	56 217	102 255	70 152	94 453	86 949
Sum of Tot. Pension	199 321	236 562	176 148	208 135	204 243
Tot. CEO Remuneration	1 603 385	1 076 847	986 286	1 402 592	1 716 651
Tot. Executive Remuneration	948 802	731 621	596 807	1 043 679	1 279 504
Sum of Tot. Remuneration	2 552 187	1 808 468	1 583 093	2 446 289	2 996 155
CEO Pension in % of Tot. CEO Remuneration	8,93 %	12,48%	10,75%	8,11%	6,83%
Executives' Pension in % of Tot. Executives' Remuneration	5.93%	13,98%	11,75%	9,10%	6,81%

Appendix 9 Pension benefits in Dunelm Mill

Dunelm Mill (€)	2006	2007	2008	2009	2010
CEO Pension	26 806	0	0	0	0
Other Executives Pension	0 No available data	24 545	18 898	20 268	23 236
Sum of Tot. Pension	26 806	24 545	18 898	20 268	23 236
Tot. CEO Remuneration	0 Not available	529 079	456 693	541 606	619 227
Tot. Executive Remuneration	1 033 507	414 536	328 609	391 848	415 932
Sum of Tot. Remuneration	1 033 507	953 615	785 302	933 454	1 071 159
CEO Pension in % of Tot. CEO Remuneration	Impossible to calculate%	0 %	0 %	0 %	0 %
Executives' Pension in % of Tot. Executives' Remuneration	Impossible to calculate%	5,92 %	5,75 %	5,17 %	5,59 %

Appendix 10 Pension benefits in Halfords

Halfords (€)	2006	2007	2008	2009	2010
CEO Pension	69 993	76 362	60 892	56 300	87 133
Average Other Executives Pension	41 698	27 272	47 769	61 367	80 744
Sum of Tot. Pension	111 691	103 634	108 661	117 667	167 877
Tot. CEO Remuneration	491 437	925 888	437 795	899 674	1 317 456
Average Tot. Executive Remuneration	293373	182 723	382 627	431 821	636 073
Sum of Tot. Remuneration	784 810	1 108 611	820 422	1 331 495	1 953 529
CEO Pension in % of Tot. CEO Remuneration	14,24 %	8,25 %	13,91 %	6,26 %	6,61 %
Executives' Pension in % of Tot. Executives' Remuneration	14,21 %	14,93 %	12,48 %	14,21 %	12,69 %

Appendix 11 Pension benefits in JD Sports Fashion

JD Sports Fashion (€)	2006	2007	2008	2009	2010
CEO Pension	23 827	21 818	22 047	24 772	25 559
Average Other Executives Pension	23 827	21 818	20 997	23 646	25 559
Sum of Tot. Pension	47 654	43 636	43 044	48 418	51 118
Tot. CEO Remuneration	609 084	1 412 695	626 772	978 493	681 963
Average Tot. Executive Remuneration	422 934	946 342	405 249	429 006	456 977
Sum of Tot. Remuneration	1 032 018	2 359 037	1 032 021	1 407 499	1 138 940
CEO Pension in % of Tot. CEO Remuneration	3,91 %	1,54 %	3,52 %	2,53 %	3,75 %
Executives' Pension in % of Tot. Executives' Remuneration	5,63 %	2,31 %	5,18 %	5,51 %	5,59 %

Appendix 12 Pension benefits in N Brown Group

N Brown Group (€)	2006	2007	2008	2009	2010
CEO Pension	26 806	31 363	28 346	21 394	55 765
Average Other Executives Pension	17 771	17 908	15 339	17 524	18 298
Sum of Tot. Pension	44 577	49 271	43 685	38 918	74 063
Tot. CEO Remuneration	1 128 816	1 163 155	1 041 470	1 085 463	1 158 292
Average Tot. Executive Remuneration	580 789	625 895	540 682	586 646	629 683
Sum of Tot. Remuneration	1 709 605	1 789 050	1 582 152	1 672 109	1 787 975
CEO Pension in % of Tot. CEO Remuneration	2,38 %	2,70 %	2,72 %	1,97 %	4,81 %
Executives' Pension in % of Tot. Executives' Remuneration	3,10 %	2,86 %	2,84 %	2,99%	2,91 %