

Chapter 1 : Remuneration | Definition of Remuneration by Merriam-Webster

Macquarie's remuneration system, which has progressively evolved over time, has been designed to balance risk and return. This is reflected in the remuneration system's overarching objective which seeks to align the interests of staff with those of shareholders so as to generate superior returns over time, while having due regard to risk.

The information provided in this report has been approved by the Board on recommendation by the Remuneration and Nomination Committee. The committee is governed by a mandate that incorporates the recommendations of King III and serves to assist members of this committee in the execution of their role and responsibilities. The members of the committee for the year under review were: The committee met twice during the year and details on the attendance of the meetings are set out in the Corporate Governance Report here. The terms of reference set out in the mandate of the committee include the following: As part of the annual review process by the Remuneration and Nomination Committee the committee, guaranteed packages are benchmarked against the upper quartile of the market for comparable companies as indicated per independent survey s. The services of an independent remuneration consultancy are contracted for this purpose. The CEO, who attends all committee meetings by invitation, can propose increases to the guaranteed packages, excluding his own, during such review meetings. During the year under review, the executive directors and members of the Management Board received an average salary increase of The main reason for the higher average increases awarded to executive directors and members of the Management Board compared to that of the general staff in , was the once-off adjustment to the guaranteed package of Mr Jannie Durand in order to adjust his package to a market-related level. Remgro currently has one long-term incentive plan, i. The SAR Scheme is an equity settled scheme and has the aim of retaining the services of executives by incentivising them based on long-term growth in the market capitalisation of the Company. This approach ensures alignment between personal wealth creation and corporate strategy. Participants in the SAR Scheme are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares that must be exercised within a period of seven years after the grant date. The earliest intervals at which the SARs are exercisable are as follows: One-third after the third anniversary of the grant date Two-thirds after the fourth anniversary of the grant date The remainder after the fifth anniversary of the grant date No specific performance criteria are stipulated. Awards to executives in terms of the SAR Scheme are made from time to time by the committee and such awards are usually based on a multiple of the total guaranteed package. No award will be made to a single participant if at the time of or as a result of the making of such grant, the aggregate number of Remgro ordinary shares in respect of which any unexercised SARs granted to the participant may be exercised, shall exceed 2 Remgro ordinary shares. For detail of the current status of awards that were made to executive directors and members of the Management Board in terms of the SAR Scheme, click here. At 30 June Remgro held sufficient treasury shares to settle its obligations to deliver shares to the SAR Scheme participants. The different components of the remuneration paid as described above, are summarised in the table below.

Chapter 2 : How to Develop & Implement a Remuneration Strategy | Expert's Resources Hub

Remuneration approach During the year, Macquarie's Board of Directors (the Board) and the Board Remuneration Committee (the BRC) have assessed whether Macquarie's remuneration approach continues to support its objective of generating superior returns for shareholders having due regard for risk.

Remuneration has attracted significant media attention because of its exponential growth since the early s. Therefore, the need to define and implement a remuneration strategy closely aligned to organisational strategic objectives has become more important than ever. Figure 1 – The increase in the average salary per week in Australia from to Australian Bureau of Statistics Remuneration can be defined as the pay a person receives in exchange for the work that they perform for an organisation. But how do you develop and implement a successful remunerations strategy in your organisation? This blog seeks to explain why it is important to develop an effective remuneration strategy and how to design and implement a remuneration strategy across an organisation. It also outlines the importance of the Human Resources HR department and key governance structures such as the remuneration committee. Finally, the article concludes by discussing the importance of external remuneration consultants in the strategic remuneration process. Why Develop a Remuneration Strategy? Although employers and employees have differing motivations for developing a remuneration strategy, it is important to note that an effective remuneration strategy is designed to assist the organisation in achieving its strategic goals and objectives. Unfortunately, many organisations fail to consider their strategic objectives when developing their remuneration strategy. For example, a strategic goal for many organisations, especially in those industries where labour markets can be restricted, is to attract and retain high quality employees. In addition to ensuring that a remuneration strategy is designed to achieve strategic objectives, other employer-driven reasons that a remuneration strategy is designed may include to: Attract and retain talented employees within the business Promote and reward the right behaviours within the business that drives a high performing organisational culture Ensure that remuneration is fair and equitable for employees across the organisation Motivate employees to increase their productivity and continually improve their performance and output Control employee remuneration costs across the business Comply with workplace laws and regulations. Two of the above reasons, attracting and retaining talented employees and rewarding the right behaviours, are discussed in greater detail. Attracting and Retaining Talented Employees Many executives argue that attracting talent to their business is one of the key challenges to building a successful and profitable business. Developing an effective remuneration strategy, which is well articulated, can attract high calibre staff to a business. An organisational strategy to attract and retain high quality talent by remunerating individuals with above market rates can also increase brand awareness in the marketplace. For example, should a prospective employee have a strong presence in the market they will also have the ability to improve the brand awareness of their new employer. This is especially the case in professional services such as legal, accounting and consulting services where a partner will be lured with higher remuneration than their current firm. A subsequent move driven by higher remuneration to the new firm will also lead to clients following the talent. Rewarding the Right Behaviours Establishing a remuneration strategy can also be important in promoting and rewarding those behaviours that the organisation sees as critical for success. Many corporate regulators are recognising the important role of culture within the organisation. Using a remuneration strategy that rewards the right behaviours will help create a healthy corporate culture leading to ethical conduct and pleased customers. Remuneration is, however, a good starting point to establishing a strong company culture. In this case, an important component of the remuneration strategy is not only promoting the achievement of objectives, but setting out expectations in how those goals are achieved. The next section looks at how a remuneration strategy can be developed and implemented across an organisation. Developing a Remuneration Strategy For each organisation, depending on whether it is a large not-for-profit, a private or public company, it will be different. However, listed below are some types of structures, processes and systems that should be considered when designing and implementing a remuneration strategy. Role of Human Resources The HR team within any organisation has an important role to play in developing and implementing an effective

remuneration strategy. It can be argued that setting a remuneration strategy is in fact one of the most important responsibilities of the HR team. In the context of developing and implementing a remuneration strategy, the HR team are expected to perform the following roles and responsibilities: Generally, a Remuneration Policy will include the following information: For example, it may be that they wish to instil a strong risk culture through providing incentives for ethical and compliant conduct. The guiding principles for setting remuneration across the organisation. The roles and responsibilities of key parties including the Chief Human Resources Officer, the Chief Executive Officer, the Board and the Remuneration Committee. The Remuneration Policy should be clearly articulated across the organisation to ensure that employees are fully aware of how remuneration is set and reviewed. For a remuneration strategy to be successful, it needs to be fair and transparent. Strategic Remuneration After establishing the key governance structure for remuneration, the Remuneration Committee and the HR department can get down to the business of designing and implementing a strategic remuneration framework across the business. There are a number of key steps that must be performed in implementing a strategic remuneration framework. The strategic phases include: Key human resource management objectives are defined by management. Employee remuneration objectives are defined and agreed with relevant stakeholders including employee representatives. Following these three strategic phases, the administrative stages of strategic remuneration are performed. Job analysis is performed which requires the identification and description of jobs to ensure that the desired organisational structure is achieved. This will include tasks such as developing job descriptions, creating job titles and establishing performance standards for each of the identified roles. HR will evaluate jobs to determine the importance of the specific roles within the organisation and establish relativity between jobs. This will include going through a process of job ranking to understand where roles stand in the hierarchy of the organisation. Some organisations then may go through a process of establishing external equity by performing their own surveys and benchmarking against the labour market. The aim of this step is to ensure that employees are fairly remunerated for their services and work. The review of the market can sometimes be awarded to external consultants to ensure that there is an appropriate level of independence. This stage generally requires a match between the internal and external value of the role taking into consideration the job evaluation worth and the labour market worth. This allows the HR function to establish accurate pay ranges for the required roles. Further, it provides an opportunity for HR to determine how an employee can move through the various pay ranges. This stage is where the HR function will communicate the remuneration strategy and ensure that they monitor and review the strategy on an ongoing basis. Any observations from the monitoring and review of the remuneration program are escalated to the Remuneration Committee and where appropriate the Remuneration Committee will make recommendations to the Board. The diagram below demonstrates how a strategic remuneration framework can be implemented throughout an organisation. STIPs are used to align performance with short-term performance indicators and are used to build a results focused culture and to increase employee engagement. STIPs are usually paid in the form of a cash bonus to the employee on achievement of the key metrics. Using External Remuneration Consultants The use of external remuneration consultants is important in developing and implementing a successful remuneration strategy. Specifically, remuneration consultants can act as influencers by playing the role of educator and adviser to the Board and HR department. Further, organisations need to optimise the use of their external remuneration consultants by leveraging their market insights. Administrative Phases Benchmark the market competitiveness of remuneration for key management positions by comparing and contrasting remuneration against peers. Provide assistance in job ranking within the organisation. Summary This blog has explained the key reasons organisations develop and implement a remuneration strategy. The HR team plays a key role in developing the remuneration strategy and articulating the strategy across the organisation. Make sure you share your thoughts on this piece in the comments below. Be part of the discussion!

Chapter 3 : REMUNERATION REPORT

Under the new policy, remuneration is calculated according to a total remuneration approach. The remuneration for any position is set as a single sum. Chief executives can then choose the combination in which they receive the remuneration, whether as salary or benefits-in-kind.

The alignment between the short term performance of the Group and the reward of Executives has been strengthened. Previously, the STI of the Executive Team was determined with reference to individual balanced scorecards that were tied to the performance of the division each Executive managed. Other significant changes to the Group Balanced Scorecard include: To focus Executives on achieving sustainable, long term performance, Executives are provided with Long Term Incentive LTI awards in the form of performance rights. Vesting of the LTI only occurs if the Group exceeds its long term performance targets and delivers superior financial performance over a three-year period for the cash Return on Equity hurdle, and four years in the case of the relative Total Shareholder Return hurdle. As foreshadowed in the remuneration report, a review of the cash Return on Equity hurdle was completed during the financial year. The outcome of this review was that cash Return on Equity was confirmed for this year as an important strategic measure. To attract and retain Executive talent, IAG provides competitive fixed pay. IAG has taken a conservative approach to fixed pay increases, with increases awarded where Executives are below the market for equivalent roles, or where there has been an increase in responsibilities. For the remuneration review conducted in August , two out of 12 Executives will receive a fixed pay increase. After allowing for divestments and new market entry, the business maintained a stable market position and generated a sound underlying performance despite industry wide claim cost pressures. A strong capital position was maintained, while shareholder returns were improved through active capital management. Based on multiple years of strong returns, the cash Return on Equity hurdle for the three-year period up to 30 June vested in full. The Board actively considers the performance tests of the LTI to ensure that the outcome appropriately rewards management for the value created for shareholders and has due regard for risk and compliance. The Board determined that software impairments announced to the market on 19 August would be included in the calculation when determining the cash Return on Equity vesting outcome. On 30 September , the relative Total Shareholder Return hurdle of the LTI grant awarded in the year ended 30 June was tested for the second time. This was the last LTI grant issued with a retesting provision, with the final retest for this grant to be performed on 30 September PARC maintains a strong governance focus to ensure remuneration outcomes support the long term financial soundness of the Group. IAG considers it is important to align the interests of Non-Executive Directors and Executives with those of shareholders. To support this alignment, Non-Executive Directors and Executives are required to hold a significant number of IAG shares with a period allowed to acquire those shares. Non-Executive Directors who had served at least three years and Executives who had served at least four years as at 30 June were tested at this date and all met this requirement. The Board is satisfied that no adjustment was necessary. This information is an extract from remuneration report, which appears on pages of the annual report.

Chapter 4 : Remuneration report - Remgro Limited

understand a company's approach to executive remuneration, we may engage with companies, preferably independent members of the remuneration committee of the board.

J J Durand provided a brief summary of the current Remgro Remuneration Policy and the different components of the policy. Durand also contextualised the role and appropriateness of each of the remuneration elements. Participants were also informed that any potential changes to the current share incentive scheme will only be able to take effect after shareholder approval at the AGM. A summary of the feedback provided is set out below. Remgro acknowledges the theory behind this proposal; however, it is not an established and widely accepted method of measuring performance in the market. There is also subjectivity in the valuation of the NPV of unlisted investments. Lack of performance conditions on Share Appreciation Rights SARs poses risk that executives can receive large payout for below-inflation performance. Further details on the performance conditions selected can be found in the Remuneration Policy. In response to the specific suggestions: Ensuring a level of return to shareholders equal to or in excess of GDP growth is supported by the Company. Considering that Mr J P Rupert chairs the Board as well as the committee, he certainly cannot be the only candidate to be chairman of this committee. Whilst there are other candidates that could be chairman of the committee, the Board believes that Mr Rupert is the most suitable individual to be the chairman of this committee based on the reasons provided later in this report. As such this places him in a strong position to ensure that this strategy flows through to the design and payment of remuneration to the executives. At the AGM Remgro will put its Remuneration Policy and Remuneration Implementation Report to two separate non-binding advisory shareholder votes see resolution numbers 13 and 14 in the Notice to Shareholders on page and the committee looks forward to a positive outcome in this regard. Whilst the strategy of the Company has not materially changed, the committee determined that it was appropriate to revise the LTI arrangement to ensure it continues to attract, retain and motivate employees. SAR awards will continue to be awarded to executive directors and senior management at a strike price equal to the grant price, thereby creating an embedded performance hurdle whereby participants will only benefit if there is long-term share price appreciation and thus value creation for Remgro shareholders. In addition, Remgro will introduce two financial performance measures namely growth in intrinsic net asset value INAV and growth in free cash flow at the centre along with a personal performance modifier. Remgro believes the introduction of performance measures in addition to the share price which we still believe is a very effective performance measure perfectly aligned with shareholder interests will further strengthen the line of sight between long-term value creation and strategic executive influence. As part of our objective to continuously review our remuneration strategy and practices to ensure we remain aligned with market practices, the life cycle of the Company as well as shareholder expectations, the committee has approved the introduction of the CSP with effect from the financial year. One of the key objectives with this change would be to enable the attraction and retention of key individuals at more junior levels to ensure a sustainable talent pipeline. To amend the approach to allocating awards and quantum of awards due to introduction of the CSP. The expected value of an award under the SAR Plan is different to that of an award under the CSP and as such it is necessary for the award multiples to be revised to ensure that market-related levels of awards are made. In addition, historically Remgro has made awards on a top-up basis rather than equal annual allocations. As part of the review it was determined that market best practice is to make annual allocations and as such the committee has decided to move to this method of allocating awards. Going forward the multiples will be disclosed in the Remuneration Policy. These multiples will be within current market parameters. During the financial year the committee will focus on the following forward-looking considerations: To review the performance measures and targets for each of the approved LTI arrangements to ensure they remain relevant for the awards. To review if the current guaranteed remuneration benchmark practice is aligned to best practice and if the comparator group is still appropriate. The information provided in this policy has been approved by the Board on recommendation by the committee. This Remuneration Policy will be put to a non-binding advisory vote by shareholders at the

next AGM on 29 November Ultimate responsibility remains with the Board. The committee is governed by a mandate, reviewed and approved by the Board annually, that incorporates best practice governance recommendations and serves to assist members of this committee in the execution of their role and responsibilities. The members of the committee for the year under review were: Mr J P Rupert chairman Mr P K Harris independent non-executive director Mr G T Ferreira lead independent non-executive director Mr F Robertson independent non-executive director The Board acknowledges the recommended practice in King IV that the Chairman of the Board should not be the chairman of this committee but given the following reasons, this arrangement is deemed appropriate: The committee formally met once during the year and had three further engagements via round robin discussions and decisions. The details on the attendance of the formal meeting are set out in the Corporate Governance Report on page The mandate set out in the terms of reference of the committee includes the following: In respect of its nomination function “ Assist the Board with the process of identifying suitable candidates for appointment as directors; Ensure the establishment of a formal and transparent process for the appointment of directors; Oversee the development of a formal induction programme for new directors; Evaluate the performance of the Board; and Ensure that succession plans for the Board, Chief Executive Officer CEO and other Management Board members are developed and implemented. The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate. During the financial year, the committee has engaged external remuneration consultant PricewaterhouseCoopers Inc. PwC as well as management and the Board in conducting their duties and responsibilities. We have considered the advice, opinions and services received by PwC during the financial year. We are satisfied and regard PwC as being wholly objective and independent. Key remuneration principles embedded in the Remuneration Policy are: The same remuneration principles and components apply to all employees of Remgro. The remuneration policies, principles and practices of investee companies are governed through remuneration committee structures in these organisations. The details of the components are outlined below: Fixed remuneration Purpose To provide competitive fixed remuneration that will attract and retain appropriate talent. What does this contain? All guaranteed benefits are funded from the TGP. Retirement funding contributions range between Retirement savings component with member investment options and a trustee default option; Insured flexible death, disability and funeral benefits; and Preservation options when exiting the fund. Membership to a medical scheme is compulsory for all employees and contributions are funded from their TGP. All employees are eligible for membership of the in-house medical scheme, Remedi, and the scheme provides three different options for members to choose from annually. These options aim to accommodate the different healthcare needs and affordability of the diverse membership of the scheme. Under specific circumstances Remgro also offers employees post-employment medical benefits. Only employees who are required to regularly travel for business purposes receive travel allowances, which is funded from their TGP. Remgro currently makes use of the Mercer Top Executive survey for the Management Board members and senior executives. The services of an independent remuneration consultancy are contracted for this purpose. The TGP is positioned competitively to the market to ensure that the right talent is attracted and retained. It further supports the remuneration approach of no short-term cash bonuses and discourages excessive risk taking which may be driven by leveraged cash bonuses. Annual review process The committee conducts an annual review of the TGP for executives and approves the increase percentage for employees below executive level. The CEO, who attends all committee meetings by invitation, can propose increases to the TGP, excluding his own, during such review meetings.

Chapter 5 : Remuneration | HSBC Holdings plc

remuneration approach IAG's remuneration approach is designed to align the interests of shareholders and Executives as well as to encourage sustainable, superior performance. The alignment between the short term performance of the Group and the reward of Executives has been strengthened.

Without a Total Remuneration clause, it is possible to have two employees being paid different amounts for doing an identical job. The existence of a Total Remuneration clause in the employment contract eliminates this inequality. From the standard salary entry dialog enter the total agreed salary including KiwiSaver Employer Contributions. Place a tick next to Total Remuneration as shown below. If Total Remuneration is ticked, the actual salary paid is reduced by the amount of the employer KiwiSaver contribution. Note that when KiwiSaver employer contribution rates change the salary reduces automatically. If the annual salary shows on the employee payslip, it is the gross salary that is shown, inclusive of KiwiSaver employer contributions. See Payslip Data Options for more info. Note this feature can only be enabled for salaried employees. Total remuneration approaches to Kiwisaver A "total remuneration" arrangement allows an employer to set a fixed remuneration amount for each employee. During and the law relating to total remuneration arrangements was subject to complete legislative confusion. Total remuneration approaches were permitted, then banned, then permitted again. In December , the new Government made several changes to KiwiSaver legislation, and included in this was the unexpected change to total remuneration packages and employer contributions. The Government repealed the amendments made against total remuneration in the Employment Relations Act Those amendments had prevented employers treating otherwise comparable KiwiSaver employees less favourably than non-KiwiSaver employees. The result is that parties can now negotiate in good faith, to include compulsory employer contributions to KiwiSaver in a total remuneration arrangement for all employment agreements made after 13 December Under the current law there are two approaches an employer can take: This is the standard approach taken by employers. A total remuneration approach: The change in legislation has created a risk for employers using total remuneration packages, as the validity of existing total remuneration arrangements will vary, depending on when they were agreed to. It is important for employers to check whether any total remuneration arrangements comply with the law, and, if not, they may want to "re-agree" arrangements made before 13 December to ensure they are legal. Rainey Collins has a suitable standard clause that complies with the legislation. Despite the legislative changes, total remuneration provides several benefits to employers. Wage budgets are certain and all employees are treated equally. If you are considering entering into a total remuneration arrangement and would like to discuss your obligations under the new legislation, please call us on freephone for a relaxed and confidential initial chat.

Chapter 6 : Ace Payroll: Total Remuneration Salary

Our pay strategy is designed to attract and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.

Chapter 7 : KiwiSaver and total remuneration – there and back again - Publications - Chapman Tripp

It is important that HR credentialise the remuneration strategy to employees to ensure they are comfortable with the organisation's approach to remuneration. Any observations from the monitoring and review of the remuneration program are escalated to the Remuneration Committee and where appropriate the Remuneration Committee will make.