INSTITUTE OF DIRECTORS
SOUTHERN AFRICA

Remuneration Committee Forum

Position Paper 1 – May 2013

A framework for remuneration committees

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The Remuneration Committee Forum (the "Forum") is constituted as a forum of the Institute of Directors in Southern Africa ("IoDSA"), and is sponsored by Ernst & Young Advisory Services Limited ("EY"). The activities of the Forum have specific focus on the governance and accountability roles and duties of remuneration committee members.

Working groups of the Forum are convened with the purpose of developing thought leadership material. The working group meetings are chaired by the representative from the Sponsor. The current members of the working group are:

- Mr R Harraway — EY (Chairman)
- Mr C Blair — 21st Century
- Ms J Cuffley — Orient Capital
- Mr R Hogben — Independent
- Mr M Hopkins — PwC
- Mr R Moholane — Nedbank
- Mr B Olivier — Vasdex
- Mr M Pannell — HayGroup
- Ms D Pillay — IoDSA
- Ms A Ramalho — IoDSA
- Ms S Tosh — Standard Bank
- Mr M Westcott — PE Corporate Services
- Mr T Wixley — Independent

The objective of the Forum is to serve as a platform for dissemination of guidance to remuneration committee members. Such guidance will typically cover the following:

- **Matters that relate to the function, duties and composition of remuneration committees;**
- **Matters concerning remuneration committees in the public domain; and**
- **Thought leadership on the function, duties and composition of remuneration committees by discussing, researching, developing and disseminating position papers and good governance guidelines.**

The dissemination of such guidance will typically take the form of position papers and roundtable discussions.

Contents

Introduction

The relationships between a board of directors, the executive management team, the shareholders and other stakeholders are at the heart of corporate governance. Nowhere is this more important than in the field of remuneration. As a body representing the board, the remuneration committee plays an essential role in overseeing the quality of the remuneration information, disclosures and decisions of a company. The remuneration committee therefore plays a significant role in building both public trust and in making sustainable business decisions.

The remuneration committee is appointed by the board to assist it in ensuring that the remuneration policies of a company are in its long-term interests. The remuneration committee must ensure that the remuneration decisions remunerate executives and all other employees fairly and responsibly, and deliver shareholder value. The remuneration committee has final authority on all remuneration matters of the company, subject only to the approval of the board, and in the case of non-executive director fees, approval by the shareholders.

Effective remuneration committees manage the tensions between the expectations of executives and the needs of the company and its shareholders and stakeholders. Regulators, employees at all levels, and the media are scrutinising ever more closely the role of the remuneration committee. Shareholders in particular are increasing their involvement in the remuneration affairs of the company now that they are expected to give their non-binding advisory vote on the remuneration policy each year. Furthermore, following the introduction of the Code for Responsible Investing in South Africa, effective 1 February 2012, institutional investors are stepping up their engagement in the remuneration affairs of the investee companies.

Remuneration committees in the USA, UK, Australia, and other countries are also dealing with changing regulations and best practice guidelines that affect remuneration. In many cases, these regulations are more stringent than the current South African regulations. Nevertheless, globally, remuneration committees need to be prepared to respond to these new governance challenges.

Purpose of this paper

This paper has been developed to provide high level guidance to members of South African remuneration committees, and those responsible for appointing them, on the prerequisites of an effective remuneration committee and its roles and responsibilities.

Greater demands are falling on remuneration committees to be effective.

Effective remuneration committees are able to demonstrate to a wide group of stakeholders that the remuneration policy and related decisions of the company are based on sound principles.

Robust governance processes need to be in place to support the remuneration decisions. An obvious starting point is to determine the pre-requisities for an effective remuneration committee.

Effective remuneration governance leads to better pay decision-making by the remuneration committee as well as better implementation of those decisions.

This paper should be read together with the King Code of Corporate Governance for South Africa 2009 (King III code) and its related Practice Notes, and other legislation, including, but not limited to, the Companies Act, No. 71 of 2008, and the JSE Limited Listings Requirements.

What is the primary role of the remuneration committee?

Under its terms of reference, the remuneration committee should assist the board in its responsibility for setting remuneration policies in line with the entity's long-term interests. The committee considers and recommends remuneration policies for all employee levels in the entity, but should be especially concerned with the remuneration of senior executives and prescribed officers, and should also advise on the remuneration of non-executive directors. The board should recommend the fees of the remuneration committee members. In terms of the Companies Act, No. 71 of 2008, such fees are subject to advanced approval by the shareholders, as are all fees payable for services rendered as a director, executive or non-executive.

The primary roles of the remuneration committee are to ensure that:

- The directors, executives and prescribed officers are remunerated fairly and responsibly with the long-term interests of the company in mind;
- The remuneration report and disclosure of director and other executive and prescribed officer remuneration is simple to read and understand, accurate and complete; and
- An effective remuneration policy is in place, aligned with the company's strategy, and is applied consistently throughout the entity at all employee levels.

The remuneration committee must have an agenda and processes in place to support it in the execution of its role over an annual cycle. A specimen remuneration committee work plan and timetable is set out in Appendix A.

The remuneration committee proposes the remuneration policy for approval by the board and for the non-binding shareholder vote at the annual general meeting. The specific aspects to be considered for inclusion in the policy are set out in the King III code.

When should a remuneration committee be set up?

Unlike audit committees and social and ethics committees, there is no statutory framework or requirement for a remuneration committee. The remuneration committee's mandate comes from the board of directors. The remuneration committee is therefore established by the board to advise it on matters specifically delegated to the remuneration committee in terms of the remuneration committee's terms of reference.

Listed companies

Under the JSE Limited Listings Requirements, paragraphs 3.84 (d) and 7.F.6 (d), all companies listed on the Johannesburg Stock Exchange must appoint a remuneration committee. The composition of the committee, a brief description of their mandate, the number of meetings held, and other relevant information must be disclosed in their annual integrated reports.

Private Companies and State Owned Enterprises

The King III code recommends the establishment of a remuneration committee. Private companies and State Owned Enterprises would therefore be advised to consider setting up a remuneration committee when warranted by their size and complexity.

State owned enterprises may be required to establish a remuneration committee in terms of the Pubic Finance Management Act or other relevant legislation.

Pre-requisites for an effective remuneration committee

To be effective, a remuneration committee must have at least the following:

- A clear mandate or terms of reference;
- A minimum number of members led by an effective chair;
- Experienced and competent members who are adequately versed in remuneration matters to implement that mandate;
- A majority of members who are independent;
- A remuneration policy, supported by an effective remuneration system; and
- Clarity on roles and responsibilities.

Each of the above items is dealt with below.

Mandate or Terms of Reference

As is called for under the King III code, a remuneration committee would normally operate under a written mandate or terms of reference outlining its duties and responsibilities. This mandate would need to be approved by the board or group board where the group remuneration committee undertakes the functions of the remuneration committee of the subsidiaries. The terms of reference should, among others:

- Define the overall purpose and objectives of the committee;
- Provide a clear understanding of the remuneration committee's roles and responsibilities;
- Set out the requirements for its composition, meeting procedures, delegations of authority and evaluation of its effectiveness; and
- Be reviewed periodically to ensure that the remuneration committee objectives are being met and amended when necessary to adjust to the changing needs of the business.

Refer to Annexure B for a specimen remuneration committee terms of reference.

Remuneration Committee Members

Composition

Audit committees are required to have no less than three members, all of whom must be independent non-executive directors. Similarly, it is recommended that the remuneration committee should comprise at least three non-executive directors, a majority of whom should be independent non-executive directors. Depending on the size and complexity of the entity, the most appropriate number of members is between three and five.

Members of the remuneration committee should also be members of the board or the group board. External parties, such as paid advisors, may be present at the meeting by invitation, but will have no vote.

In the case of a subsidiary, it may be useful to appoint a director of the holding company to the remuneration committee of the subsidiary company.

The board appoints the remuneration committee members. The chair of the remuneration committee should not be the chair of the board. The chair of the board may however be a remuneration committee member. The remuneration committee should always obtain the input from the chair of the board on the performance of the CEO regardless of whether or not the chair of the board is a remuneration committee member.

Usually, the remuneration committee would require input from the CEO, Group HR director and the executive responsible for reward and employee relations. These executives may attend by invitation for part of the meeting, but may not vote. They must also not be present when their remuneration is discussed.

Experience

The task of a remuneration committee member has become increasingly onerous and complex. This is particularly evident in the design of variable pay plans, either long or short term incentive schemes. The onus is on the remuneration committee, as a collective, to understand the complexities of these schemes in order to fulfill its mandate. The composition of the remuneration committee should therefore include competent members able to meet the following diverse mix of requirements:

- Have an understanding of typical remuneration practices and processes;
- Be familiar with the terminology and basics of remuneration design;
- Be able to understand expected outcomes of different pay schemes; and
- Have experience as a business leader.

Each member should have a thorough understanding of:

- The entity's business and the industry sector in which it operates;
- The entity's business strategy and key operational requirements;
- The entity's remuneration strategy and remuneration policy;
- The culture of the entity;
- The individual incentive schemes and plan documents;
- The latest regulatory and reporting requirements, including knowledge of international trends, for approval and disclosure of remuneration;
- Relevant legislation as well as industry specific regulation, for example, the Companies Act, No. 71 of 2008, the JSE Listings Requirements, the South African Reserve Bank regulations, and the Public Finance Management Act; and
- The King III code, particularly its principles and related practice notes on remuneration.

Newly appointed remuneration committee members should receive induction training addressing the above items. Remuneration committee members should also receive regular updates on developments in the field of remuneration.

An effective remuneration committee must have a chair with strong leadership skills and good relationships with the CEO and the senior executive management team. The chair should have broad business experience, including prior remuneration committee experience in other entities, experience in conflict management and in managing investor relations.

Remuneration committee members should be willing and able to invest sufficient time to fulfill their responsibilities.

Ultimately, professional relationships between management, the remuneration committee and the board will determine the effectiveness of the remuneration committee.

Independence

A majority of members of the remuneration committee should be independent non-executive directors who are not involved in the day to day management of the business. The remuneration committee does not assume the functions of management which remains the responsibility of executive management. The remuneration committee must therefore operate as an independent body responsible for considering proposals from management and from outside advisors regarding the remuneration policy and its implementation, and making final recommendations to the board of directors.

An effective remuneration system

The effectiveness of the remuneration committee depends on an effective remuneration system within the company. To this end, Appendix C lists a series of questions that remuneration committee members may use as a guide to determine whether basic remuneration programmes, policies, processes and practices are in place.

Roles and responsibilities

The specimen terms of reference in Appendix B lists the main responsibilities of the remuneration committee.

Concerning the preparation and oversight of the annual remuneration report, the remuneration committee should ensure that the report:

- Is simple to read and understand, accurate and complete;
- Contains a narrative on how the principles of the King III code, and of any other relevant regulations, have been applied and reasons for non-application of any of the principles;
- Includes an executive summary;
- Is concise and not repetitive;
- Includes highlights of changes from the previous financial reporting year;
- Includes the main features of all incentive schemes;
- Adequately reports on achievements against targets;
- Provides a clear explanation of how the remuneration policy has been implemented, including any deviations there from; and
- Provides sufficient forward looking information for the shareholders to pass a special resolution, in terms of section 66(9) of the Companies Act, No. 71 of 2008, concerning directors' fees.

From time to time the remuneration committee should also undertake reviews to ensure the effectiveness of the remuneration policy and system. For example, the remuneration committee should undertake a review of:

- The Employment Equity reports, including information on pay differentials and staff turnover;
- Relevant tax legislation, and any changes thereto, ensuring that the company's pay arrangements are tax efficient;
- For listed companies, compliance with the JSE Limited Listings Requirements;
- Compliance with the Companies Act, No. 71 of 2008, concerning remuneration matters;
- Realised cash remuneration, i.e. the actual amount received in the year, compared to expected values at grant or award date; and
- Financial modelling of variable pay plans including the financial reporting impact to understand the likely range of pay outcomes.

In the management of stakeholder relations on remuneration matters, the remuneration committee should take care not to reveal 'price sensitive' information.

The roles and responsibilities of all functions within the organisation that influence remuneration matters must be clear and documented. Appendix D sets out a specimen matrix allocating the typical responsibilities on remuneration matters.

Evaluation

The performance and effectiveness of the remuneration committee should be subject to regular evaluation. Such evaluations typically occur on three levels:

- Self evaluation, by all the members of the remuneration committee, as stipulated by the chair of the committee;
- Annually, by the main board; and
- Annually, albeit indirectly, by the shareholders at the annual general meeting, in the exercise of their annual non-binding vote on the remuneration policy.

Appendix A: Specimen Remuneration Committee Annual Work Plan

The following 'steady state' framework is a specimen that may be used to plan the activities of the remuneration committee by quarter where FY0 represents the most recent financial year to be reported on and FY1 represents the new financial year. The framework would need to be amended to reflect additional activities and timing where, for instance, new incentive schemes are being introduced, or there are leadership changes.

Quarter 1

- Formulate decisions on FY0 performance and incentives
- Formulate targets and performance conditions for FY1 incentive plan
- Prepare and finalise the remuneration report for FY0
- Finalise decisions on FY1 salary increases
- Finalise approach to stakeholder communication
- Formulate recommendations on non-executive director fees for FY1

Quarter 2

- Stakeholder communications - AGM

Quarter 3

- Review of incentive plans (e.g. tax optimisation)
- Review of remuneration committee's effectiveness
- Review effectiveness of external and internal advice
- Review effectiveness of remuneration policy and system (see Appendix C)
- Review objectives and measures for annual incentive plan
- Review succession plan including review of senior new appointments and resignations
- Review of retirement plans

Quarter 4

- Benchmarking: review external market competitiveness of pay
- Briefing on remuneration trends from external advisors or HR
- Preliminary discussion on FY1 company performance and salary increases
- Agree mandate for wage negotiations
- Discussion on FY1 performance of executive directors

A typical work flow of activities applicable to a single financial year would be as follows:

Appendix B: Specimen Remuneration Committee Terms of Reference

This template has been drafted from the terms of reference of a number of major organisations and is in line with the King Code of Corporate Governance for South Africa 2009. This template should be adapted for the size and complexity of the entity and the duties as delegated to the remuneration committee by the board.

1. Introduction

The Remuneration Committee (the Committee) is constituted as a committee of the board of directors of [insert the name of the company] (the Company). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.

The deliberations of the Committee do not reduce or replace the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference are subject to the provisions of the Companies Act, No. 71 of 2008, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

2. Purpose of the terms of reference

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

2.1 Composition

(i) The Committee shall comprise at least three non-executive directors, a majority of whom are independent.

(ii) Members of the Committee and its chair are appointed by the board.

(iii) The members of the Committee as a whole must have sufficient qualifications, experience and competence to fulfil their duties. In particular this includes commensurate financial, human resources and remuneration knowledge and experience.

2.2 Role

The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The Committee does not assume the functions of management.

The role of the Committee is to assist the board to ensure that:

- The directors, executives and prescribed officers are remunerated fairly and responsibly with the long-term interests of the company in mind;
- The remuneration report and disclosure of director and other executive remuneration is simple to read and understand, accurate and complete; and
- An effective remuneration policy is in place, aligned with the company's strategy, and is applied consistently throughout the entity at all employee levels.

2.3 Responsibilities

The Committee must perform all the functions necessary to fulfil its role as stated above, and shall include, without limitation, the following:

(i) Oversee the establishment and maintenance of a remuneration philosophy and policy that will promote the achievement of the strategic objectives and performance in line with board objectives;

(ii) Oversee the preparation and recommendation to the board of the Remuneration Report, to be included in the integrated report;

(iii) Manage the stakeholder relations with investors and other stakeholders deemed appropriate on remuneration matters at the annual general meeting and throughout the year;

(iv) Ensure that the remuneration policy is put to a non-binding advisory vote at the annual general meeting of shareholders;

(v) Review the effectiveness of the implementation of the remuneration policy so as to establish whether the board's set objectives are being met;

(vi) Ensure that the structure and mix of fixed and variable pay, in cash, shares and other elements, meets the board's objectives;

(vii) Oversee the setting of remuneration quanta and terms and conditions for fixed and variable pay at all levels in the company, but especially at senior executive, prescribed officer and board level. This includes recommending the mandate to the board for union negotiations;

(viii) Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
(ix) Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and appropriately valued;
(x) Liaise with the nominations committee and board chair on the succession plans of senior management;
(xi) Liaise with other board committees, including the risk committee, the audit committee and the social and ethics committee, on remuneration affairs in the broader context of risk, disclosure and social responsibility matters;
(xii) Ensure an appropriate comparator group is selected when comparing remuneration levels;
(xiii) Ensure that fixed and variable pay are compared against relevant market comparators on a regular basis to establish compliance with the remuneration policy and strategy;
(xiv) Formulate and recommend to the board the remuneration of non-executive directors, for final approval by the shareholders;
(xv) Ensure that the chair of the Committee, or in his/her absence an appointed deputy, attends the annual general meeting or similar forums to answer questions about remuneration;
(xvi) Ensure that the minutes of subsidiary company remuneration committees are reviewed; and
(xvii) Ensure that the chair of the Committee reports to the board after each meeting of the remuneration committee on its critical issues, including compliance with the terms of reference.

2.4 Authority

The Committee acts in terms of the delegated authority of the board as recorded in these terms of reference. It has the power to investigate any activity within the scope of its terms of reference. The Committee, in the fulfilment of its duties, may call upon the chair of the other board committees, any of the executive directors, officers or company secretary to provide it with information relating to the company.

The Committee has full access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated member/s of the Committee.

The Committee has the right to obtain independent external professional advice to assist with the execution of its duties subject to following a board approved process.

The Committee makes recommendations to the board that it deems appropriate in any area within the ambit of its terms of reference where action or improvement is required.

3. Meeting procedures

3.1 Frequency

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may be held at the request of the chief executive officer, head of human resources or other members of senior management or at the instance of the board or a member of the Committee.

The chair of the Committee will also usually meet separately from the remuneration committee meeting with the chief executive officer, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

3.2 Attendance

The chief executive officer, head of human resources or other members of senior management, assurance providers, professional advisors and board members may be in attendance at Committee meetings by invitation and may not vote. These executives are required to leave the meeting when their remuneration is discussed.

The company secretary is the secretary to the Committee.

If the nominated chair of the Committee is absent from a meeting, the members present must elect one of the members present to act as chair.

3.3 Agenda and minutes

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, with adequate notice prior to each meeting to the members of the Committee and other invitees.

The minutes must be recorded, circulated to the members of the Committee, and approved at the next Committee meeting.

3.4 Quorum

A representative quorum for meetings is a majority of members present.

4 Evaluation

In addition to an annual self-evaluation by the remuneration committee, the board must review the effectiveness of the Committee annually.

5. Any amendments to the terms of reference require approval by the main board.

These terms of reference were approved by the chair of the board and chair of the Committee on [insert date] and will be due for review on [insert date].

Appendix C: Suggested Requirements for an effective remuneration system

An effective remuneration committee needs strong support from the internal functions of the entity and quality information for their decision making. To this end, a remuneration system should have all or most of the following policies, processes and practices in place:

- Remuneration policy and strategy
- Payroll administration and HR information
- Job grading
- Pay scales
- Short term incentive and bonus schemes
- Long term incentive schemes
- Performance management
- Succession planning
- Retirement and other benefits
- Reward oversight or governance function
- Delegation of authority framework

A specimen list of questions for each of the above is set out below as further guidance:

1. Remuneration policy and strategy

a) Is there a documented remuneration policy and strategy?
b) Is it aligned with the company's overall strategy?
c) How have the shareholder's (if a listed company) voted on the remuneration policy?
d) Is it in line with the King III code and related Practice Notes and have any deviations been documented?
e) Does the entity apply it?
f) Is there congruence between employee and shareholder needs?
g) Is pay equitable, both across and vertically, in the company?
h) Are all required remuneration and benefit related policies in place and up to date?

2. Payroll administration and HR information

a) Is there a sound HR payroll and HR information reporting system in place?
b) Is there a single payroll or is it dispersed?
c) Does the entity comply with tax and other related legislation, including employment equity?
d) Is there adequate data about each employee, and is this data aggregated and current?
e) Is the payroll system subject to audit, either as part of the internal audit program, or by external auditors?
f) Is the audit report available to the remuneration committee?
g) Is the payroll information consistent and easily accessible?

3. Grading

a) Is there a universal job grading system in place?
b) Is it regularly maintained?
c) Do appropriate governance rules exist for new job grading, or re-grading. Is there a grading committee?
d) Is equal pay for equal work considered a key outcome of the grading exercise?
e) Is there a high level review and approval of all grade changes?
f) Is the grading system transparent and understood by employees?

4. Pay scales

a) Are pay scales per grade in place, and is individual pay measured against these scales?
b) Is there a defined comparator group? Is the comparator group relevant to the entity, and are pay scales regularly reviewed a gainst the market?
c) Are individuals reviewed against pay scales and are compa-ratios reviewed?

5. Incentive schemes

a) Is the incentive scheme clear, transparent and understood by participants?
b) Is there an alignment between management and shareholder objectives, and is there a reward balance between shareholder gains and management incentives?
c) Historically, how does executive pay correlate with corporate performance? Performance data would include operating income, net income, margin, and total shareholder return;
d) Is there integration of performance assessments with incentive rewards?
e) Are the incentive schemes in line with principles in the King III code?
f) Are the schemes equitable, both across and vertically, in the company?
g) Does the company obtain assurance (internally or externally) that the incentive plans operate as intended across all regions and locations?

6. Performance management

a) Is there a performance management system in place?
b) How rigorous is performance management in the organisation?
c) Historically, how does actual corporate performance compare against the plan or budget, and against that of peers.
d) Are performance contracts in place and reviewed at least annually?
e) Do they correlate with the overall strategic and operational goals of the business?
f) Are assessments done regularly (at least twice per annum for individuals)?
g) Are individual performance assessments and ratings made annually?
h) Is there an appropriate spread of performance ratings?
i) Do we include non-financial metrics?

7. Succession planning

a) Is there an annual succession plan review?
b) Is a management action plan prepared as a result, and is performance against that plan managed? Does this plan highlight risk areas?
c) Is an Individual Development Plan in place for every potential successor identified?
d) Is the process of identifying high potentials transparent and without prejudice?

8. Retirement and other benefits

a) Is there provision for retirement, medical and disability cover appropriate to the market?
b) Are all these plans properly governed?
c) Are they applied equitably?

Appendix D: Suggested Responsibility Matrix

An effective remuneration committee will actively engage with the internal functions of the entity. There must be clarity on the roles of these functions ensuring co-operation and accountability for remuneration decision making. The following matrix serves as an example and does not include all elements of responsibilities for remuneration within an entity. Some of these functions may be performed by other committees, such as the nominations committee.

	Human Resources	Finance	Legal/ Company Secretary	Senior management	Remuneration Committee	Board of Directors	Shareholders	Risk Committee	Audit committee	Social & Ethics Committee
Remuneration policy and strategy	Recommend			Recommend • Monitor effectiveness, administer and implement policy • Recommend improvements to enhance alignment with strategy	Approval • Oversee and review effectiveness of policy and strategy • Report to board	Final approval	Non-binding vote			Consult
Remuneration quanta and employment terms and conditions	Recommend	Consult	Consult	Recommend • Provide analysis and research to Remco	Approval • Set executive pay quanta and pay structures • Approve all equity grants	Final approval				Consult
Structure and pay mix	Recommend	Consult	Consult	Recommend • Recommend equity based remuneration structures • Recommend employees eligible to participate in equity plans	Approval • Approve equity based remuneration programmes • Determine employees eligible to participate in plans	Final approval	Approve new share based LTI structure			
Performance metrics for variable pay	Recommend	Consult		Recommend • Recommend variable remuneration performance conditions to align with company strategy • Undertake analysis and modelling to test implications • Provide actual performance data for the performance period	Approval • Approve performance measures • Set performance targets • Approve extent to which targets have been achieved • Review performance data for the performance period	Final approval				
Governance, including assessment of risk elements in remuneration	Recommend	Consult	Consult	Recommend	Approval	Final approval		Approval	Approval	
Stakeholder dialogue	Consult	Consult	Consult	Consult	Approval	Final approval				
Non-executive director fees					Formulate	Recommend	Final Approval			