



Remuneration Trends

Sue Tosh
Head of Reward

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Remuneration Trends

Agenda

- 1. Reward Philosophy role in Attraction and Retention**
- 2. Trend 1 Total reward components**
- 3. Trend 2 Customize**
- 4. Trend 3 Pay for performance/Variable Pay**
- 5. Trend 4 Executive Pay**
- 6. South Africa in a global context**
- 7. Questions**



Reward Philosophy

■ Reward philosophy drivers:

- Business strategy
- Organisational design and consistency across the group
- People strategy and needs
- Company's values and culture



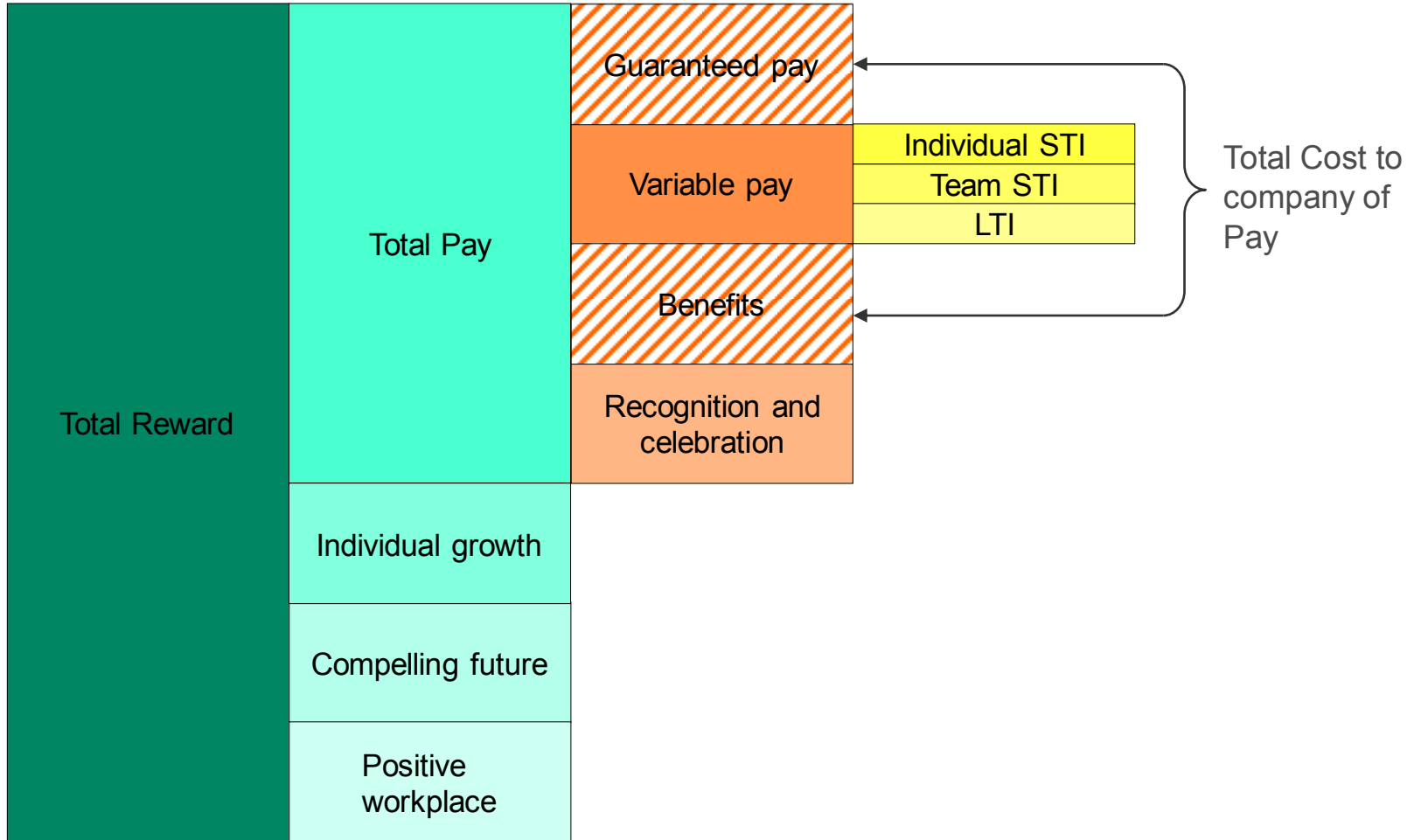
Reward Philosophy

■ Rewards need to:

- Attract, energise and retain people
- Encourage learning and growth
- Be credible and well-understood
- Support an integrated business
- Acknowledge continuous and volatile change
- Be unique in the market
- Be fair and equitable
- Support the fostering of the corporate culture
- Recognise people's contribution and value-add
- Encourage people to take responsibility and accountability
- Value entrepreneurship



Trend 1 Total Reward Elements





Trend 1: Total Reward Elements

Total Pay

- **Guaranteed (Base) Pay (Success Making)**
 - ❖ Rewards demonstrated, consistent and sustained personal capability
 - ❖ Recognises the individual's capability to contribute to success
- **Variable Pay**
 - ❖ STIs (Success Share)
 - Recognises the contribution to success made by teams and business units
 - Dependent on business success - employee shares in success
 - ❖ LTIs (Wealth Creation)
 - Rewards longer term contributions to the organisation's success
 - May assist in retaining talent

Individual Growth

- **The components of this elements are:**
 - ❖ Investment in its employees
 - ❖ Development and training
 - ❖ Performance management
 - ❖ Career management and enhancement



Trend 1: Total Reward Elements

Compelling Future

- **The components of this element are:**
 - ❖ Your company's vision and values
 - ❖ Celebrating your company's growth and success
 - ❖ Positioning your company as an employer of choice through its image and reputation
 - ❖ Presenting your company as a winning one over the longer term – success in the past, dealing with the current, building for the future

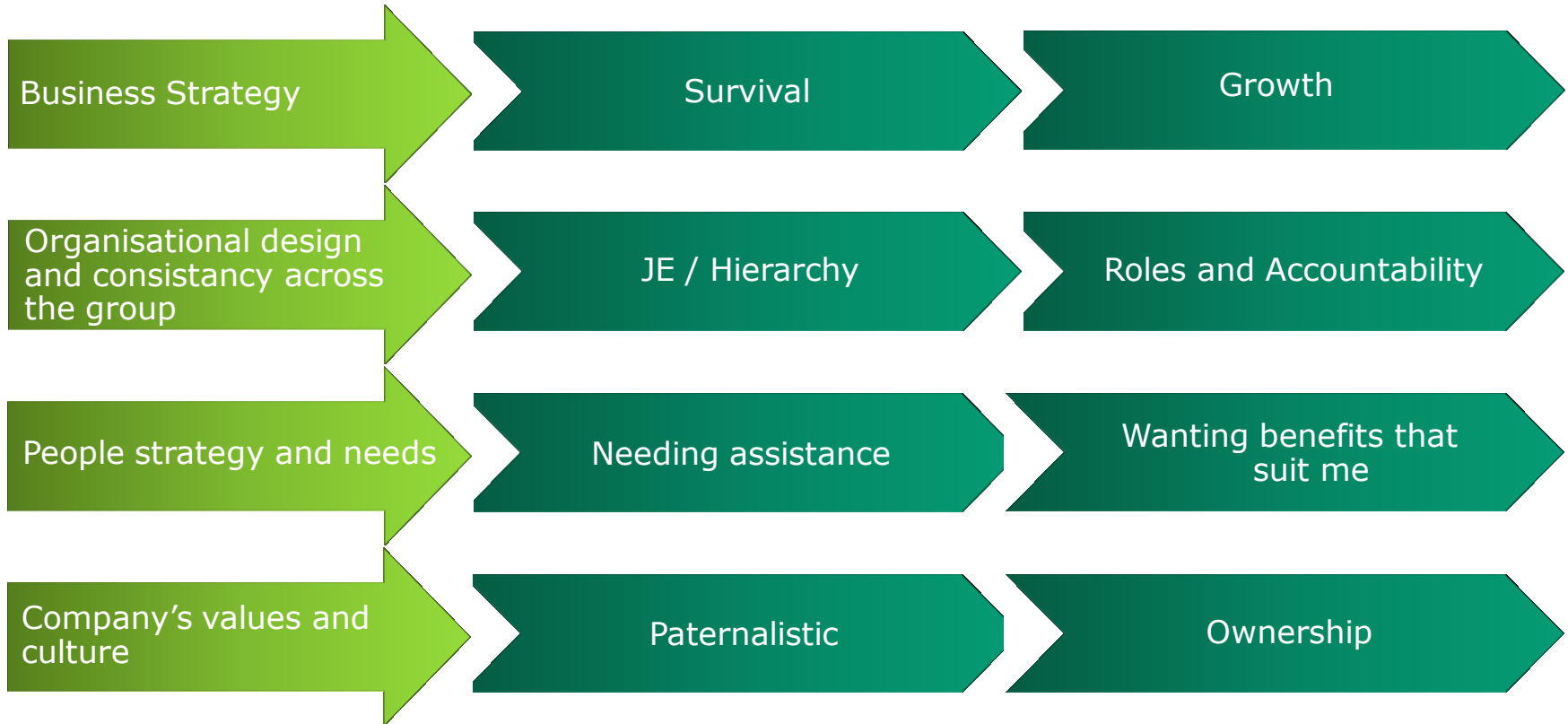
Positive Workplace

- **The components of this elements are:**
 - ❖ Truly having a people focus and expressing this in the business strategy
 - ❖ Building strong and credible leadership
 - ❖ Creating a respectful workplace by emphasising values
 - ❖ Ensuring that work is meaningful
 - ❖ Involving employees
 - ❖ Building trust and commitment
 - ❖ Having open and transparent communication (all types)





Trend 2: Customize your Reward Philosophy





Trend 3: Pay for Performance / Variable Pay

Variable pay is the way to drive company , business unit and personal performance

It creates value for Shareholders/Stakeholders

Short term and Long term incentives are in place to

- Attract and retain staff
- Reward employees for creating value
- Facilitate a high-performance culture

"If you talk about change, but you don't change the reward and recognition system, nothing changes"

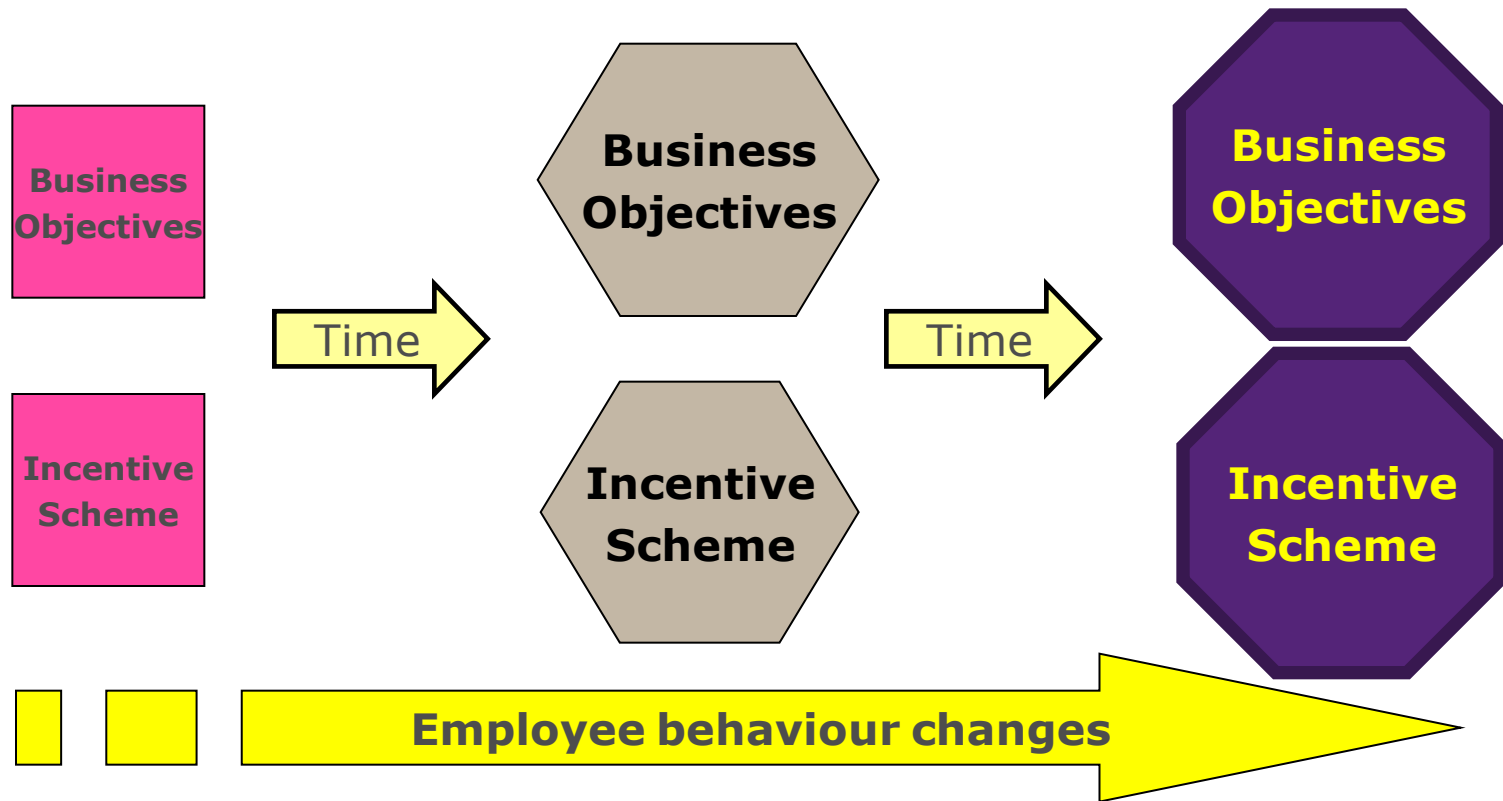
Paul Allaire, CEO, Xerox Corp





Trend 3: Variable pay aligns effort with business objectives

As a business develops, it is important that incentive schemes be reviewed and aligned to achieve the desired results





Trend 4: Executive Pay

- **Governance – King III, other legislation outside SA**
Remuneration policy to shareholders for approval, fair and responsible compensation, focus on enhancing shareholder value in the longer term. The Remuneration Committee recommend the policy for executives, align the mix of fixed and variable, ensure performance measures are accurate, regular review of incentive schemes. Shareholder approval for new long term incentive plans and major changes to existing schemes
- **Government – New Growth Path ?**
Cap on pay and bonuses for senior mgrs and executives earning > R 550 000 pa?
Limiting annual increases to inflation for those earning > R 20 000 pm?



South Africa in a global context

Coy	Mkt cap Rbn (29/3)	CEO Name	Total Pay *(Rm)	Year before (Rm)	Total exec pay (Rm)	% change	Nonexec pay	% change	Director pay/taxed profit (%)
							(Rm)		
MTN *	256,3	P Nhieko	15,7	20,0	30,6	-24%	11,5	40	0,28
Sasol	243,1	P Davies	20,6	10,3	47,8	75	11,5	4	0,36
Ang Plat	176,2	N Nicolau	19,85	17,3	54,5	13	4,1	24	1,2
Std Bank	162,3	J Maree	6,5	5,9	12,9	-10,4	38,2	117	0,45
Naspers	153,7	K Bekker	-	-	6,2	17	10,2	82	0,5
Kumba	143,2	C Griffith	4,4	n/c	8,9	11,7	3,1	36	0,17
Ang Ashanti	122,0	M Cutifani	22,4	21,0	117,9	-7,6	7,2	18,5	Loss
Implats	120,8	D Brown	14,2	15,6	32,5	44	5,6	4	0,6
Vodacom	115,1	P Uys	10,7	14,1	56,2	7,5	3,4	na	1,4
FirstRand	108,8	S Nxasana	12,3	9,9	30,5	4,4	14,6	23	0,5
Absa	96,6	M Ramos	11,1	8,1	35,6	44	13,6	14,2	0,6
Gold Fields	84,5	N Holland	14,4	11,7	36,4	nc	8,1	29	0,8
Nedbank	70,5	M Brown	12,4	7,6	28,2	3,7	11,3	5,6	0,8
Sanlam	57,2	Johan van Zyl	12,8	10,5	54,2	20,2	8,8	-3,1	1,2
Shoprite	53,7	W Basson	32,1	24,1	62,7	5	0,7	9	2,8
Remgro	53,4	MH Visser	10,2	13,9	26,6	-34	1,4	8	0,8
Bidvest	48,4	B Joffe	18,5	15,4	80,6	17,7	3,6	39,8	2,5
ARM	46,3	A Wilkens	13,0	7,0	53,8	110	5,3	19	3,5
Harmony	42,8	G Briggs	6,6	6,7	25,0	2,7	16,8	22,6	Loss
Arcelor M	39,9	N Nyembesi Heita	4,1	4,9	7,4	-59	2,7	31	5,4
Steinhoff	37,8	M Jooste	13,8	15,1	42,5	4,9	8,5	-6,9	1,4

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*2009 annual report. All figures excludes share awards, etc



Questions?