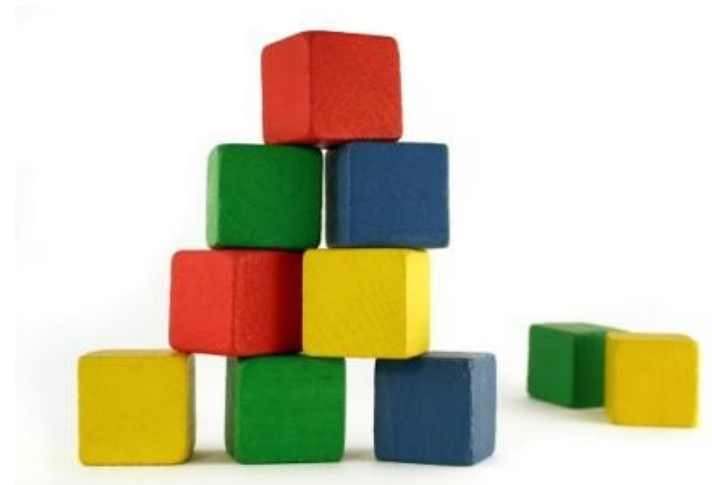

The Obligation of South African Organisations to Pay Responsibly

Kris Crawford
29 October 2009



Discussion Items

1. A glance back at the Economic Outlook for South Africa

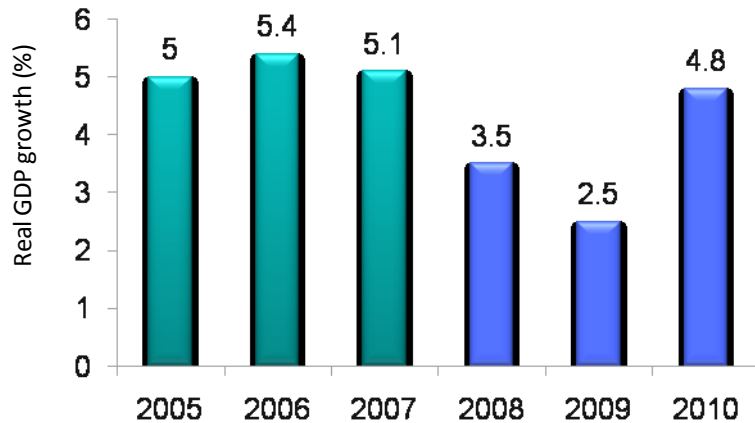
2. Market Practice and Public Sentiment

3. The Role of the Remuneration Committee

4. Where will the Rollercoaster ride end

Economic Outlook for South Africa – Late 2008

GDP forecast



The South African growth outlook looked substantially worse, on the back of

Global deterioration – particularly manufacturing exports
Vehicle production is one of the largest industries in South Africa's manufacturing sector, contributing about 7.5% to the country's gross domestic product (GDP) and employing around 36 000 people.

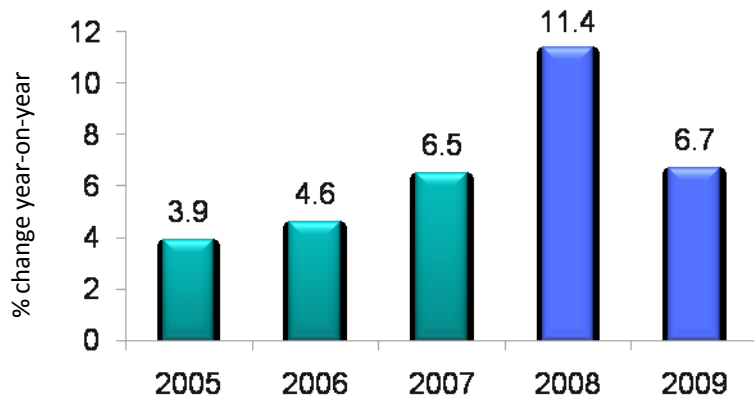
High interest rates

High inflation

Electricity crisis

External vulnerability

CPI forecast



Economic growth was forecast to slow to 2.5% in 2009, owing to power shortages, weak household demand and a global downturn, before rebounding to 4.8% in 2010, helped by the hosting of the World Cup

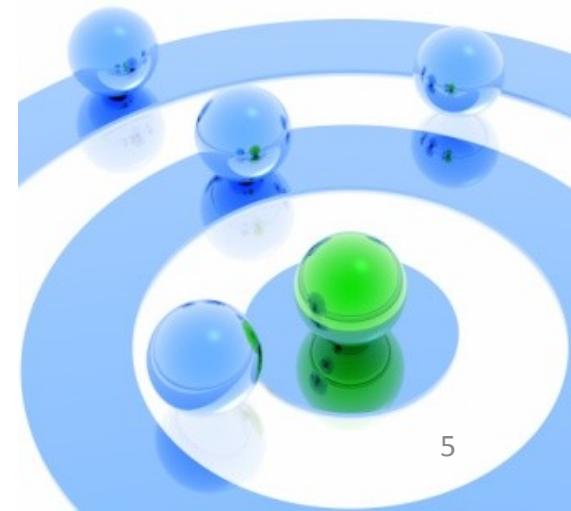
Special Report

What The Boss Makes

[Scott DeCarlo](#), 04.22.09, 06:00 PM EDT

Our analysis of executive pay shows which big bosses made the most and which deserved what they made.

After a 15% collective pay cut in 2007, chief executives of the 500 biggest companies in the U.S took another reduction in total compensation, 11%, for 2008. The last time the big bosses took a pay hit for two consecutive years was in 2001 and 2002.



India's Richest Man Praised for Pay Cut

New Delhi - India's richest man, Mukesh Ambani, has won government praise for taking a 66 percent pay cut, after a minister called for "vulgar" executive salaries to be curbed, a report said Saturday.



WORTH THEIR WEIGHT IN GOLD?

Much has been said about the issue of director remuneration, but it's unlikely that this debate will ever be resolved to everyone's satisfaction. That's because while South African society espouses socialist principles, our economy is based on pure capitalism. It's not nice to admit, but while noble words abound concerning the need to level the playing fields, human nature is essentially greedy. Save for Mother Theresa, I don't know anyone who's ever turned down a big pay cheque.

Tony Dixon, Executive Director of the Institute of Directors in Southern Africa (www.iod.co.za).

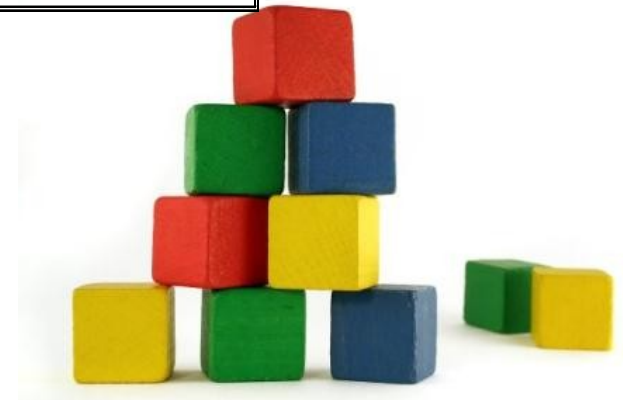




"I'm not complaining. I was just hoping for a more emotionally satisfying reward."

Market Movement - Executives

YEARS	OVERALL AVERAGE PERCENTAGE MOVEMENT	
	BASIC	GUARANTEED PACKAGE
Aug 2007 - July 2008	9.3	9.3
Aug 2006 - July 2007	7.6	7.4
Aug 2005 - July 2006	8.3	8.1
Aug 2004 - July 2005	8.6	8.4
Aug 2003 - July 2004	10.0	9.9



The Role of the Remuneration Committee



King III - Principle 1.28:

“The remuneration committee should issue a remuneration report to explain the company’s remuneration philosophy and how it has been implemented”



King III - Principle 1.28:

191. In its **annual remuneration report** the company should explain the remuneration policies followed and the strategic objectives that it seeks to achieve and should provide clear disclosure of their implementation. The report should enable stakeholders to form a view of those policies and how they are implemented.

192. **The remuneration report should explain the policy on base pay, including the use of appropriate benchmarks. A policy to pay salaries on average at above the median requires special justification**

193 .Any material payments that may be viewed as being ex-gratia in nature should be fully explained and justified



A high-angle, low-perspective shot of a roller coaster track. The track is primarily red with yellow support structures. It curves sharply over a city street, with buildings and trees visible in the background. The image is framed by a blue border.

**Where will the
Rollercoaster Ride
End**

Deloitte.

Where to from Here?

- Has the economic downturn eased the skills shortage in the South African market?
- Have salary levels been affected positively or negatively?
- Will employers take a stand against outrageous salary demands from prospective employees?
- Will employers engage employees around Rewards Transformation?



