

The rationale for disclosing actual remuneration

Issue

Current legal rules require the components of executive remuneration to be prepared in accordance with accounting standards.

As the table of statutory remuneration for executive KMP includes accounting expenses for awards which may or may not vest, the values are generally not reflective of remuneration which has actually been received, realised or realisable.

Rationale

Shareholders are interested to know remuneration received by executive KMP in relation to the financial year.

As this is a voluntary disclosure, there has not been a consistent way of disclosing the information. Accordingly, ASA has prepared a template table of actual remuneration.



A template table of actual remuneration

KMP name	Fixed remuneration	Cash STI	Deferred STI realised	LTI vested	Other remuneration	Total remuneration
<p><i>The table should cover all persons listed as executive KMP at any time during the year (not just the CEO)</i></p>	<p><i>This would include salary, non-monetary benefits and superannuation contributions</i></p>	<p><i>This is the non-deferred portion of STI payments in respect of the financial year, which has actually been paid or will be paid shortly after the end of the financial year</i></p>	<p><i>The value of any deferred and unrestricted STIs from prior years that vested in the financial year</i></p> <p><i>This should be calculated as the face value of shares vested on the date of vesting (based on VWAP or closing share price on the vesting date)</i></p>	<p><i>The value of performance rights/options awarded in prior years that vested in the financial year</i></p> <p><i>This should be calculated as the face value of the award at the date of vesting (based on VWAP or closing share price on the vesting date)</i></p> <p><i>If useful, explain any share price gains</i></p>	<p><i>This would include any loans forgiven and fringe benefits tax</i></p> <p><i>Annual service leave and long service leave entitlements need not be included</i></p> <p><i>Any substantial amounts such as termination payments and one-off payments should be explained or listed in a separate column</i></p>	<p><i>This represents the actual total remuneration received by the executive in relation to the financial year, being the sum of the prior columns</i></p>

The table should show what shareholders want to know

Not what the remuneration amounts mean to the company or the executives

What were the remuneration outcomes for the financial year for each executive KMP?

- ▶ Fixed remuneration
- ▶ Cash STIs in respect of that year's performance
- ▶ Deferred STIs from prior years
- ▶ LTIs vested in the year
- ▶ Other remuneration received in the year



These values will relate to performance from a prior year or over a number of years

We suggest including an introductory paragraph to explain each of the components.

