



DIRECTOR & EXECUTIVE REMUNERATION SERVICES  
**CAPABILITY STATEMENT**

# BDO'S GOOD GOVERNANCE REMUNERATION APPROACH

## ACCOUNTING

*Understand the accounting implications of your pay approach before adopting any incentive plan.*

Australian Accounting Standards are prescriptive and complex in relation to accounting for share and option schemes.

Under Section 300A of the Corporations Act 2001, listed companies must present a remuneration report to shareholders at every annual general meeting showing the relationship between company performance and the remuneration of its Board and Executives.

Our IFRS specialists within the Remuneration Advisory Team can provide you with accounting advice on how your proposed employee share plan will impact your reported results on inception and over the life of the proposed scheme.

## REMUNERATION DESIGN

*Ensure that you have a valid pay approach that is suited to the nuances of your business.*

Each listed company should design and apply specific, fit-for-purpose pay policies and practices that are appropriate to the circumstances of their business that will attract, retain and motivate the right calibre of executive to grow the

company's long-term shareholder value. Remember, institutional investors have no objection to remunerating highly successful executives, but take exception to high levels of pay for average or below average performance.

Our remuneration specialists within the BDO Remuneration Advisory Team will ensure that you have an effective pay and incentive scheme which is underlined by a rationale and defensible pay philosophy and policy.

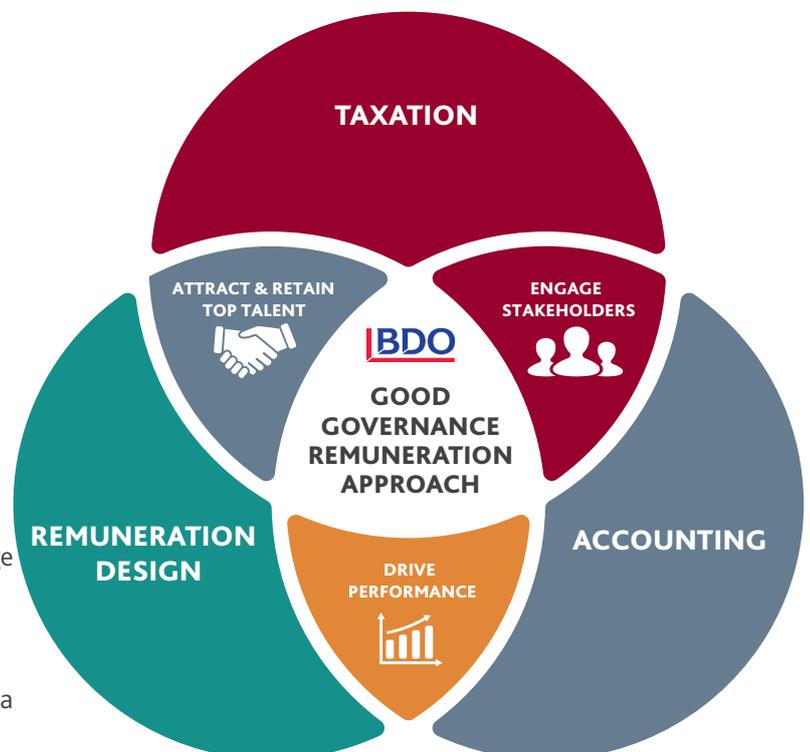
## TAX

*Know the potential tax implications of your incentive arrangements.*

Employee share schemes are either taxed "upfront" or "deferred". The tax treatment will depend on the design of the plan and not on any election made by executives.

The utilisation of awards such as Performance Rights, Zero Exercise Price Options and Premium Exercise Price Options all have their own tax consequences and may be utilised, depending on where your company is placed in its growth cycle.

Our tax specialists in the Remuneration Advisory team will work with you to ensure that desired outcomes, such as good tax governance and compliance, are achieved.



**IMAGE:** BDO's Good Governance Remuneration Approach encompasses accounting, taxation, and remuneration design advice, in a complete 'end to end' process. This seamless approach creates remuneration strategies that drive performance, attract and retain top talent, and engage and inform stakeholders.

# ABOUT BDO

We operate in more than 162 territories supported by over 73,000 staff.

# 1,388

STAFF 

10 OFFICES 

174 PARTNERS

AS AT 01 OCTOBER 2018 NATIONAL TOTAL 1,562



## LOCAL KNOWLEDGE, GLOBAL REACH

Our Perth office has 25 Partners and over 230 people. Our focus is to support and work with iconic Western Australian organisations ranging from large corporate organisations, private businesses, families, Government and not for profit organisations, across a wide range of industry sectors.

# OUR APPROACH

*We work with businesses to develop remuneration and reward strategies that are appropriate, competitive and simple to implement.*

Our approach to remuneration encompasses technical accounting, taxation, and remuneration planning and design advice.

We engage our experts from the outset of all remuneration reviews, meaning that we get in front of issues and truly understand all the implications of a prospective remuneration plan prior to implementation.

We work with your board and executive team to design a remuneration strategy that nullifies commonly encountered problems and works alongside the long-term objectives of your company to attract and retain top talent, engage and inform stakeholders, and drive performance.



## BDO GOOD GOVERNANCE REMUNERATION PRINCIPLES

### Ownership

Executives must hold a material long-term investment in their company's shares and this should be facilitated through the incentive arrangements.

### Harmony

Pay must work in harmony with the long term objectives of the business and executives must be rewarded for 'line of sight' value creating activities. These executive rewards must reflect long term investor outcomes.

### Clarity

Pay schemes must be clear, understandable and quantifiable to shareholders and executives.

### Line of Sight

Reward and performance goals should be designed in such a way that executives see a common line of sight between their actions and achieving the broader, long-term objectives of the organisation. This ensures executives and shareholders, alike, can see how rewards align to the organisation's greater vision and strategic objectives.

### Stewardship

Greater stewardship and accountability is needed along the ownership chain, extending past the remuneration committee. All stakeholders must be engaged to ensure unanimity towards, and custody of, any remuneration arrangements.

# OUR LEADERS



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