

Executive Remuneration

A Solution for Calculating Performance Hurdles

Standard & Poor's Index Services is an independent third party with the expertise to manage the accurate calculation and reporting of a company's remuneration performance hurdles.

Directors, shareholders, and governing bodies both globally and locally are demanding increased scrutiny of company corporate governance. One area of particular concern to all parties is executive remuneration.

How an executive remuneration plan performance hurdle is actually prepared and calculated is becoming increasingly important, not only to company directors but also to the company's shareholders. With professional reputations at stake, many of Australia's leading companies have taken the opportunity to outsource this crucial responsibility to Standard & Poor's Index Services—an independent third party.

How Does Your Company Compare?

S&P Custom Index Solutions can provide assistance in constructing and reporting your executive remuneration performance calculations. Executive remuneration plans come in many forms, and can be as simple as reaching a target share price or beating the S&P/ASX 200 index performance within a specified time period. Some companies use more sophisticated hurdles such as beating a customised index or comparing your company against a selected peer group of stocks.

Company vs Benchmark Performance

Measure company performance against a recognised benchmark such as the S&P/ASX 200 or any other published index.

Company vs Custom Index Performance

Construct your own comparator group index by picking stocks from the universe of Australian and international stocks, or select industry sectors from S&P's Global Industry Classification Standard (GICS) to construct your own customised index.

Company vs Peer Group Performance

Construct your own peer group of stocks to compare individual companies' total shareholder return (TSR) against your own. Compare report rankings and percentile group performance statistics against your peer group.



Meeting the Need for Independence, Credibility, & Accuracy

S&P Index Services is best placed to meet the need for an *independent* and *accurate* calculation. S&P is recognized globally as a leader in the supply of independent and accurate financial information, and is one of the acknowledged global leaders in index development.

S&P is responsible for the daily management and calculation of the major headline equity indices in Australia, including the S&P/ASX 200, the primary institutional benchmark index for our market. Companies can be assured that any performance hurdle calculated by S&P would be maintained with the same level of accuracy and independence on which financial markets around the world have come to depend.

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Analytic services and products provided by Standard & Poor's are the result of separate activities designed to preserve the independence and objectivity of each analytic process. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during each analytic process.

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