

Self-assessment of the performance of the compensation committee

Collective performance – does your committee measure up?

To assess its effectiveness, the committee should review what it has accomplished and whether it has fulfilled its responsibilities.

This questionnaire has been devised to enable you to assess the effectiveness of your compensation committee. It may also serve as an aide-memoire for planning and conducting/participating in your compensation committee meetings. The questions are split between those which focus on the compensation committee’s conduct and those which look at its processes. Follow-up questions are encouraged and the committee should plan for further action as appropriate. The results of the evaluation should be discussed with the board.

Questionnaire

The following questionnaire is provided for your use in assessing your compensation committee’s performance. You may find it useful to rate the extent to which your committee complies with each statement, on a scale where 5 = all of the time/fully satisfactory, 4 = most of the time/above average, 3 = some of the time/average, 2 = occasionally/below average, 1 = hardly ever/poor. If the practice is not being followed or if the rating is below what you consider acceptable, space is provided to note steps your committee should take to raise performance. You might also want to use it to record any personal actions you wish to take.

Your compensation committee ...	Rating					
Charter, roles and responsibilities	1	2	3	4	5	N/A

Understanding of core business objectives

All compensation committee members have a good understanding of the group’s business objectives and group-wide reward programmes, and utilise this understanding during committee discussions on remuneration policy.

Comments/measures:

Assessment of possible outcomes of decisions

The compensation committee understands in detail all aspects of the executive directors’ and executive board members’ remuneration packages and assesses the possible future outcomes of decisions.

Comments/measures:

Appreciation of potential risks

The compensation committee considers the behavioural impact on the executive board and other employees arising from policies and their implementation.

Comments/measures:

Approach to individual executive’s performance objectives and performance assessment

In considering specific awards, the compensation committee understands the basis of the assessment of the performance of executive board members and is prepared to deal with the remuneration aspects of any performance that is below expectations.

Comments/measures:

Your compensation committee ...	Rating					
Charter, roles and responsibilities	1	2	3	4	5	N/A

Quality of interaction with the executive board

The compensation committee retains the initiative in setting remuneration policy and structures, and listens to, but also challenges, proposals put forward by the executive board.

Comments/measures:

.....

.....

Focus on various investor perspectives

The compensation committee consults with shareholders and anticipates reactions to changes in remuneration policy, and is aware of the sentiments of the group’s shareholders and other stakeholders with respect to executive board member’s remuneration.

Comments/measures:

.....

.....

Rigour of debate

Meetings of the compensation committee are conducted in such a way as to encourage robust and probing debate. All members contribute proactively.

Comments/measures:

.....

.....

Willingness to take unpopular decisions

The compensation committee is prepared to make unpopular decisions and deliver ‘bad news’ to the executive board, if this is considered to be necessary in the light of group or individual performance, or is appropriate in the context of current best practice.

Comments/measures:

.....

.....

Quality of chairmanship

The chairman of the compensation committee promotes effective and efficient meetings, and encourages involvement by all members, both within the formal meetings and informally.

Comments/measures:

.....

.....

Clear terms of reference

There are clear terms of reference for the compensation committee that define the committee’s role in relation to the board as a whole. They are available to shareholders and other interested parties and the compensation committee adheres to these.

Comments/measures:

.....

.....

Members with appropriate skills and experience

Members of the compensation committee are individuals with an appropriate range of experience and skills including a working knowledge of remuneration structures commonly applied in similar groups and of the current corporate governance framework applicable to the group.

Comments/measures:

.....

.....

Ongoing briefing and knowledge update

Each member of the compensation committee has committed to undertake regular personal development to update his or her skills and knowledge.

Comments/measures:

.....

.....

<i>Your compensation committee ...</i>	<i>Rating</i>					
Charter, roles and responsibilities	1	2	3	4	5	N/A

Structured and appropriate annual agenda

A structured annual agenda exists setting out the timing of critical decisions and the processes to be undertaken to enable compensation committee members to make such decisions.

Comments/measures:

.....

.....

Regular, appropriately timed and well-attended meetings

A sufficient number of meetings, of adequate length, are held to allow the compensation committee to fully discharge its duties. All compensation committee members are in attendance at all meetings.

Comments/measures:

.....

.....

Access to relevant, concise and timely information

The members of the compensation committee are provided with complete but concise information sufficiently in advance of each meeting to allow them to assimilate the key issues for debate and decision-making.

Comments/measures:

.....

.....

Restrictions on non-member invitees to compensation committee meetings

Executive board and other non-members are invited to attend compensation committee meetings to provide information or to make presentations on relevant topics but do not attend as a matter of course. No member of the executive board is present when his or her remuneration is being discussed.

Comments/measures:

.....

.....

Assumption of responsibility for content of the published compensation report

The compensation committee takes full responsibility for the content of the published compensation report and proactively drives the decisions on the disclosures contained therein. The chairman of the compensation committee attends the annual general meeting to answer questions relating to directors' and executive board members' remuneration.

Comments/measures:

.....

.....

Personal information

Last name/first name:

.....

Function:

.....

Company:

.....

Date:

.....